ANNUAL REPORT 2020-2021

UNICHEM LABORATORIES LTD.

Corporate Information

Board Committees

Audit Committee	Mr. Prafull Anubhai - Chairman Mr. Prafull Sheth Mr. Dilip Kunkolienkar Mr. Anand Mahajan Dr. (Mrs.) B. Kinnera Murthy	**Risk Management Committee**	Dr. Prakash A. Mody-Chairman Mr. Dilip Kunkolienkar Mr. Prafull Sheth
Nomination and Remuneration Committee	Mr. Prafull Anubhai - Chairman Mr. Prafull Sheth Mr. Anand Mahajan	**Corporate Social Responsibility Committee**	Dr. Prakash A. Mody - Chairman Mr. Prafull Anubhai Dr. (Mrs.) B. Kinnera Murthy
Stakeholders Relationship Committee	Mr. Prafull Anubhai - Chairman Dr. Prakash A. Mody Dr. (Mrs.) B. Kinnera Murthy		
Company Secretary & Compliance Officer	Mr. Pradeep Bhandari Head - Legal & Company Secretary	**Deputy Chief Financial Officer**	Mr. Sandip Ghume

Registered Office

Unichem Laboratories Limited
CIN:L99999MH1962PLC012451
Unichem Bhavan, Prabhat Estate, Off S. V. Road
Jogeshwari (West), Mumbai - 400 102
Tel.: (022) 6688 8333 • Fax.: (022) 2678 4391
Website: www.unichemlabs.com
E-mail Id.: shares@unichemlabs.com

Statutory Auditors

N. A. Shah Associates LLP
Chartered Accountants
B 41-45, Paragon Centre
Pandurang Budhkar Marg
Worli, Mumbai - 400 013

Registrar and Share Transfer Agents

Link Intime India Private Limited
C 101, 247 Park, L B S Marg
Vikhroli (West), Mumbai - 400 083
Tel.: (022) 4918 6000 • Fax.: (022) 4918 6060
E-mail Id.: rnt.helpdesk@linkintime.co.in

Cost Auditors

Kishore Bhatia & Associates
701/702, D-Wing, 7th Floor
Neelkanth Business Park
Nathani Road, Vidyavihar (West)
Mumbai – 400 086

Plant Locations

FORMULATION PLANTS

GHAZIABAD
C 31, 32 & D10, Industrial Area
Meerut Road, Ghaziabad - 201 003
Uttar Pradesh

GOA
Plot No. 10, 11, 12 to 14, 15 to 18 & 17(A)
Pilerne Industrial Estate
Pilerne, Bardez - 403 511, Goa

BADDI
Bhatauli Kalan
District Solan, Baddi - 173 205
Himachal Pradesh

API PLANTS

ROHA
99, MIDC Area, Roha
District Raigad - 402 116
Maharashtra

PITHAMPUR
Plot No. 197, Sector - I
Pithampur, District Dhar - 454 775
Madhya Pradesh

KOLHAPUR
Plot No. T – 47, Five Star MIDC
Kagal - Hatkanangale, District Kolhapur - 416 236
Maharashtra

Board of Directors

(L) to (R)

Mr. Dilip Kunkolienkar
Director Technical

Mr. Prafull Sheth
Independent Director

Mr. Anand Mahajan
Independent Director

Mr. Prafull Anubhai
Independent Director

Dr. Prakash A. Mody
Chairman & Managing Director

(Dr.) (Mrs.) B. Kinnera Murthy
Independent Director

Message from the Chairman

Dear Shareowners,

It is my pleasure to present before you the 58th Annual Report of your Company. I hope that you all are keeping safe and healthy!

Before I deliberate on various aspects, let me take this opportunity to pay my sincere gratitude to each one working at the frontline combating the pandemic namely the medical fraternity, sanitation workers, essential service providers, and the law enforcement agencies who have endeavored to make the world safer and more convenient for all of us.

As the world reels under the Covid-19 pandemic, which has disrupted our collective sense of the 'normal', I am sure we will emerge out of this crisis stronger, resilient, and wiser. In its initial stages, as the world braced itself for an extended lockdown, the pharmaceutical industry proved to be a consistent and reliable supplier of life-saving medicines in the world. Your Company's response was twofold: First, we had to ensure the safety and well-being of our employees. Secondly, we had to ensure an uninterrupted supply of medicines to our customers. On both counts, I am pleased to report that your Company did an excellent job.

With over five decades of expertise, we have progressed on the path to providing high-quality products to patients globally. This was possible due to our relentless commitment to quality, adherence to manufacturing excellence, and strong supply chain capabilities. As the second wave of the pandemic unfolds with predictions of a third wave in the offing, our focus will continue to be on our people's health and safety, ensuring uninterrupted supplies to our customers and caring for the communities in which we operate.

Like the earlier years, we remain committed to strengthening our R&D capabilities. The Centre of Excellence in Goa, fuelled by a team of scientists and PhDs, is the place where the potential of Unichem is brought to life. Offering the most conducive environment for value-added research, the R&D has to date developed novel, innovative and efficient processes for 77+ new generation molecules and 72+ ANDAs across markets and therapeutic categories. This talent pool enables us to leverage our investments in manufacturing capabilities by increased filings with various regulators.

Further, as a part of the Company's strategy of further expanding its export business with a focus on large regulated and emerging markets, Unichem filed 5 ANDAs (Abbreviated New Drug Applications) (including one Para 4), 2 USDMFs (US Drug Master Files), and 1 CEP (Certification of Suitability of European Pharmacopoeia), and other regulatory submissions to various health authorities. The R&D efforts were strategically focused on reverse engineering, launch planning, and cost rationalization efforts. The sustained efforts of R&D over the years resulted in 9 ANDA approvals this year highest so far and 8 launches in the largest generic market of the USA and 2 launches in Brazil. We expect an increase in the number of filings and approvals in time to come. Your Company is also building a pipeline of product dossiers for emerging markets other than the key US market. Your Company plans to launch products in the other regulated markets either through strategic collaborations or with local partners.

The Covid-19 crisis has brought about an unprecedented focus on health care, in particular preventive health. We believe that the unique challenge posed by the magnitude of such a health crisis shall put a spotlight on the need for more fundamental health care reforms and investment in public health infrastructure. This will force governments to explore innovative partnerships with the private sector to address essential healthcare infrastructure, create viable healthcare contingency plans and build strategic reserves of key supplies.

Your Company is continuously investing in the Company's complex manufacturing capabilities and fortifying its supply chain practices to achieve operational excellence. As a Company with a rich legacy of serving the pharma market, we remain focused on complete compliance to regulatory norms and have integrated human resources management processes to drive a culture of integrity. The year also saw the continued implementation of your Company's capital expenditure program funded through internal accruals with significant emphasis on modernization and expansion of capacities. With 'Health for All' being the new mantra, your Company's investment in capital expenditure is well geared to participate in this opportunity. All our manufacturing sites are compliant with the requirements of international accredited regulatory agencies. During the year under review, Unichem successfully underwent the European Union (EU) audit at Baddi and the Ukraine audit at Ghaziabad plant. Continuous improvement and striving to attain the highest levels of quality are ingrained in the culture of your Company.

We have been able to bring down the curtains on the financial year 2020-2021 with substantial growth in revenue and profits. During the financial year ended 2020-2021, the Consolidated Revenue from Operations was ₹ 1,23,513.53 lakhs as against ₹ 1,10,371.28 lakhs in the previous year, representing a growth of 12%. The Profit after tax for the year was ₹ 3,432.48 lakhs against a loss of ₹ (6,018.25) lakhs, representing a growth of 157% for the year ended 2020-2021.

During the year ended 2020-2021, the standalone Revenue from Operations was ₹ 1,12,397.28 lakhs as against ₹ 90,444.07 lakhs in the previous year, representing a growth of 24%. The Profit after tax for the year was ₹ 5,408.23 lakhs against a loss of ₹ (5,631.62) lakhs, representing a growth of 196% for the year ended 2020-2021.

Revenue from the international formulation business contributed 82% of Net Revenue from Operations, which increased from ₹ 72,498.24 lakhs in the financial year 2019-2020 to ₹ 92,559.80 lakhs in the financial year 2020-2021, representing a growth of 28%. The year was benefited by new launches, a better product mix in the international formulation business, and increased leverage from manufacturing overheads and logistics costs.

As a continuous effort towards rewarding Shareholders, it gives me immense pleasure to inform you that the Board of Directors of the Company has recommended a dividend of ₹ 4/- (200%) per share. The dividend shall be paid if approved by Shareholders at the ensuing 58th Annual General Meeting.

For Unichem, CSR is more than just a statutory mandate. We have contributed to various CSR activities in our support to the nation in its fight against coronavirus. Your Company continues its efforts to the welfare of the communities where it operates, with a key focus on addressing societal and environmental concerns, while co-creating value with local institutions and people. Most of our CSR expenditure is focused on education, health and sanitation, and women empowerment.

Although the future is full of uncertainty and challenges, we are hopeful that with our R&D strength, manufacturing capabilities, and stringent CGMP (Current Good Management Practice) being followed, we will continue to motivate ourselves to outperform. We will continue to deliver value, invest for the future, and strengthen our foundation for growth. We have a strong team built on a legacy of integrity, excellence, and commitment that will continue to grow, expand, and innovate.

Your Company's abiding belief in its unwavering quality and reliability has been experienced by all its customers over the years. I place on record my sincere appreciation to our customers, business associates, banks, suppliers, shareholders and our employees for their continued support and trust reposed in us. I also take this opportunity to extend my gratitude to our esteemed Board members for their invaluable guidance and support in steering your Company in this journey towards being a global pharma player.

Get vaccinated and stay safe!

Dr. Prakash A. Mody
Chairman & Managing Director
29th May, 2021

Corporate Social Responsibility (CSR)

Unichem - Touching Lives

Distribution of tablets

School and hostel renovation

Corporate Social Responsibility (CSR)

Unichem - Touching Lives

Distribution of ration kits and essentials to needy during the pandemic

HR Activities

Uniconnect launch

Training Sessions

Awards distribution

HR Activities

Fever screening system, plasma donation, vaccination drives during pandemic

Corporate Social Responsibility (CSR)

Unichem's interwoven DNA of supporting society from the past five decades encourages all of us to continue to contribute towards social responsibility and make attempts to touch lives in society.

The entire world faced a weighty and unprecedented issue of the pandemic during the year. Amidst this, all nations started supporting society to combat this crisis and like every year, Unichem also participated in serving society.

Your Company being part of essential services, ensuring business continuity was important. This was made possible by our ably supported heroes, "our employees" who run the operations within and outside the office to help the community.

Unichem offered its support to the front-line runners, like medical professionals and police authorities, for their safety and security based on their requirements.

Necessary precautions and covid guidelines were adopted while executing all CSR activities.

Some of the ways in which Unichem extended support during the pandemic were as follows:

- Contributing to the PM CARES Fund. In addition to its contribution to a recognised CSR Fund, Unichem has also extended its support to other relief funds in states like Goa and Himachal Pradesh.
- Donation of preventive health gear like masks, sanitizers, disposable gloves, shoe covers, and PPE kits. These were used by medical professionals and local police authorities near Unichem's Roha, Baddi, Ghaziabad, Kolhapur and Goa plants.
- Donated 250 pumps used for sanitizing activities in the local areas of Roha.
- Provided food packets, water, and other required refreshments to the local authorities, which were distributed amongst the deprived.
- Our Medical Head led from the front during the COVID-19 operations as a medical expert with the Brihanmumbai Municipal Council for screening, treatment, quarantine, and overall planning for the patients at various hospitals in Mumbai.
- Plasma donations were made by employees.

While we focus our attention on fighting the pandemic, which was unparallel and unheard of, at the same time your Company continued in its goals of providing support to the underprivileged and deprived sections of the society during the year. The activities included:

- Adiwasi Unnati Mandal is an organization supporting local adiwasis in Shahpur, Maharashtra. Your Company continued to support them in addressing the educational and medical needs of the locals in that area.
- In the past few years, your Company has built sanitation units for locals in Baddi and Ghaziabad. During the year, your Company continued to upkeep the hygiene maintenance for these units.
- Your Company was engaged in the redevelopment and refurbishment of a government hospital for the past couple of years, in Pithampur. Last year marked the third year of this engagement. The focus this year was on the renovation of the hospital building to make it more conducive for the treatment of patients.
- Unichem is associated with Sardar Vallabhbhai Samaj Sewa Trust for several years now. The trust is working towards benefiting needy students in Gujarat. Last year your Company supported them in commencing the College on Wheels project. This project aims at providing education at the doorstep to those girls from rural areas who cannot enroll in colleges due to geographical challenges. Through this Trust, your Company continued to contribute to Amrut Mody School of Mass Communication and Journalism based at Nadiad, Gujarat, to provide better educational opportunities to needy students.
- Unichem supported the underprivileged individuals in Bicholim and Sattari talukas in Goa through Goa Development and Welfare Public Charitable Trust. The contribution made by the Company was used towards providing financial assistance to the needy to seek admission to nursing colleges and diploma programmes and providing medical assistance wherever required.
- Unichem participated in several social initiatives through Yusuf Meherally Centre, a non-profit organization. The contribution was used to support schools, junior colleges, and hostels for Adivasi girls, and other educational activities for the underprivileged in areas of Raigad and Kutch.
- Unichem supported a Primary Health Centre (PHC) in the Saligao Village, district of Goa which was identified by the Department of Health in Goa to address the public health system in that village. Your Company created necessary infrastructures such as furniture, sanitation, plumbing, electrical fittings, and water supply. This PHC will cater to a population of around 28,000 and will provide general medical treatments.
- Water shortage was another area where your Company contributed to constructing a pond in Ghaziabad, to help solve the drinking water needs of locals residing in the nearby areas. Around 200 families are going to benefit from this initiative. The construction of the pond is completed, and it is expected to be operational soon.

The Company believes in contributing to the growth of communities where it operates. Your Company is committed to our deeply ingrained culture of responsibility and will continue to run and monitor the initiatives in the areas of health, education, and women's empowerment.

Inside This Report

Five-Year Financial Highlights (Standalone)

Balance Sheet

(₹ in Lakhs)

As at 31st March	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
I. ASSETS					
Non-current assets					
(a) Property, plant and equipment	46,417.02	55,111.92	78,515.58	79,615.13	81,637.22
(b) Right-of-use assets	-	-	-	2,878.65	2,985.65
(c) Capital work-in-progress	24,725.96	23,553.08	9,025.44	33,083.54	56,773.16
(d) Investment property	378.53	372.22	365.90	359.59	353.28
(e) Other intangible assets	-	-	-	-	-
(f) Financial assets	9,404.24	9,272.35	25,150.28	25,928.58	29,432.65
(g) Other non-current assets	643.41	1,246.34	4,655.20	10,176.48	10,187.11
Current assets					
(a) Inventories	25,398.41	20,775.60	27,417.85	31,556.80	38,611.65
(b) Financial assets	31,723.53	1,83,020.19	1,34,683.64	96,294.45	66,374.34
(c) Other current assets	11,602.94	17,409.21	23,121.29	22,620.23	25,550.67
Non Current Assets held for sale	-	-	87.19	-	-
TOTAL ASSETS	**1,50,294.04**	**3,10,291.70**	**3,03,022.37**	**3,02,513.45**	**3,11,905.73**
II. EQUITY AND LIABILITIES					
Equity					
(a) Equity share capital	1,817.53	1,406.74	1,407.67	1,408.12	1,408.12
(b) Other equity	1,11,255.27	2,74,759.86	2,71,785.74	2,63,310.26	2,68,325.35
Liabilities					
Non-current liabilities					
(a) Financial liabilities	43.77	32.68	-	148.00	146.16
(b) Provisions	2,532.61	1,075.90	1,459.90	2,351.21	3,041.36
(c) Deferred tax liabilities (net)	2,449.51	3,429.01	749.57	-	1,370.22
(d) Other non-current liabilities	-	469.21	469.21	469.21	469.21
Current liabilities					
(a) Financial liabilities	27,319.24	25,315.81	22,614.16	29,464.66	30,425.87
(b) Other current liabilities	1,236.33	1,875.18	3,411.06	4,381.19	5,236.84
(c) Provisions	1,457.39	1,935.27	1,125.06	980.80	1,482.60
(d) Current tax liabilities (net)	167.80	461.25	-	-	-
TOTAL EQUITY AND LIABILITIES	**1,50,294.04**	**3,10,291.70**	**3,03,022.37**	**3,02,513.45**	**3,11,905.73**

Five-Year Financial Highlights (Standalone)

Profit and Loss Account

(₹ in Lakhs)

For the year ended 31st March	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Revenue From Operations	57,702.28	66,973.05	96,773.89	90,444.07	1,12,397.28
Other Income	719.25	6,288.60	10,154.23	9,917.01	4,737.11
Total Income	**58,421.53**	**73,261.65**	**1,06,928.12**	**1,00,361.08**	**1,17,134.39**
Cost of materials consumed (including provisions)	25,623.05	34,598.21	44,317.29	40,020.76	44,913.87
Purchases of Stock-in-Trade	-	-	20.86	104.37	53.52
Changes in inventories of finished goods and work-in-progress	(667.85)	470.21	(3,053.94)	(1,849.58)	(1,672.68)
Employee benefits expense	11,768.07	14,653.63	17,676.03	20,515.66	23,403.73
Excise Duty	95.26	39.34	-	-	-
Other expenses	26,685.57	30,834.49	43,029.52	40,713.91	36,152.16
Total expenses	**63,504.10**	**80,595.88**	**1,01,989.76**	**99,505.12**	**1,02,850.60**
PBDIT	**(5,082.57)**	**(7,334.23)**	**4,938.36**	**855.96**	**14,283.79**
Finance Cost	199.76	316.69	61.71	128.18	130.06
Impairment loss on financial assets	-	-	863.42	-	-
PBDT	**(5,282.33)**	**(7,650.92)**	**4,013.23**	**727.78**	**14,153.73**
Depreciation & Amortisation	3,941.13	4,504.12	6,171.25	7,108.96	7,589.18
Profit before tax	**(9,223.46)**	**(12,155.04)**	**(2,158.02)**	**(6,381.18)**	**6,564.55**
Current tax	(1,408.08)	-	-	-	-
Deferred tax	(262.25)	1,257.90	(2,737.77)	(749.56)	1,094.30
Short/(Excess) provision for tax (earlier years)	-	(1,271.99)	(124.45)	-	62.02
Profit/(Loss) for the period from continuing operations	**(7,553.13)**	**(12,140.95)**	**704.20**	**(5,631.62)**	**5,408.23**
DISCONTINUED OPERATIONS					
Profit/(loss) from discontinued operations					
A. Profit / (loss) from discontinued operations	22,383.15	15,358.12	246.96	-	-
B. Gain on sale of identified business (net)	-	3,21,731.05	-	-	-
Profit/(loss) for the year from discontinued operations (A+B)	**22,383.15**	**3,37,089.17**	**246.96**	**-**	**-**
Tax on discontinued operations	4,443.30	69,288.37	71.24	-	-
Profit/(loss) from discontinued operations (after tax)	**17,939.85**	**2,67,800.80**	**175.72**	**-**	**-**
Profit/(loss) for the year	**10,386.72**	**2,55,659.85**	**879.92**	**(5,631.62)**	**5,408.23**
Other Comprehensive Income	(280.53)	(180.08)	(28.49)	299.50	2,130.49
Total Comprehensive Income	**10,106.19**	**2,55,479.77**	**851.43**	**(5,332.12)**	**7,538.72**

Key Ratios and EPS

Ast at 31st March	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021
Debt :Equity Ratio	0.001:1	0.0001:1	-	0.006:1	-
Per share Data					
Earnings per equity share (for continuing operations):	(8.31)	(13.39)	1.00	(8.00)	7.68
Earnings per equity share (for discontinued operations):	19.74	295.27	0.25	-	-
Earnings per equity share (for discontinued & continuing operations):	11.43	281.88	1.25	(8.00)	7.68
Dividend (%)	150%	250%	200%	200%	200%
Dividend (in ₹) per Share	3.00	5.00	4.00	4.00	4.00
Book Value per Share (₹)	124.42	392.63	388.15	375.99	383.11

Notice of the 58th Annual General Meeting

NOTICE is hereby given that the 58th Annual General Meeting (AGM) of the Members of **Unichem Laboratories Limited,** will be held on Saturday, 31st July, 2021 at 3:00 p.m. (IST) through Video Conference (VC)/Other Audio-Visual Mode (OAVM) to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited standalone financial statements of the Company for the financial year ended 31st March, 2021 and the reports of the Board of Directors and auditors thereon.
2. To receive, consider and adopt the audited consolidated financial statements of the Company for the financial year ended 31st March, 2021 and the reports of the auditors thereon.
3. To declare a dividend of ₹ 4/-(200%) per equity share for the financial year ended 31st March, 2021.
4. To appoint a Director in place of Mr. Dilip Kunkolienkar (DIN: 02666678) who retires by rotation and, being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

5. To consider and, if thought fit, to pass, the following Resolution as a **Special Resolution**:

   "RESOLVED THAT pursuant to Sections 196, 197, 198, Schedule V and any other provisions if any, of the Companies Act, 2013 (the Act), and the Rules made thereunder, the Articles of Association of the Company, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and any other applicable Laws, Rules, Regulations, such approvals as may be required and, pursuant to the recommendation of the Nomination and Remuneration Committee and approval of the Board of Directors, consent of the Members of the Company, be and is hereby accorded for the payment of remuneration to Dr. Prakash A. Mody (DIN:00001285), Chairman & Managing Director of the Company, for his remaining tenure of appointment of 2 (two) years with effect from 1st July, 2021, up to 30th June, 2023, upon the terms, conditions, and stipulations, as set out in the explanatory statement annexed hereto; and this be paid as the minimum remuneration in the event of loss or inadequacy of profits in any financial year during his remaining tenure of re-appointment, with full liberty to the Board (which term shall be deemed to include any Committee of the Board constituted to exercise its powers, including the powers conferred by this Resolution) to alter and vary terms and conditions of the remuneration in such manner as may be agreed to between the Board and Dr. Mody;

   RESOLVED FURTHER THAT pursuant to the provisions of Sections 196, 197 read with Schedule V and other applicable provisions, if any, of the Act and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), consent of the Members be and is hereby accorded for the continuation of the appointment of Dr. Prakash A. Mody (DIN: 00001285), Chairman & Managing Director, on attaining the age of 70 (Seventy) years on 14th November, 2022 for the remaining period of his term ending on 30th June, 2023 on the same terms of appointment and remuneration as approved by the Shareholders at the Annual General Meeting of the Company held on 28th July, 2018 and as approved at this 58th AGM respectively;

   RESOLVED FURTHER THAT pursuant to Regulation 17(6)(e) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 (Amended Listing Regulations), consent of the Members be and is hereby accorded for payment of remuneration to Dr. Prakash A. Mody, Chairman & Managing Director of the Company, in excess of ₹ 5 crores or 2.5% of the net profits of the Company (whichever is higher), but within the terms and conditions as set out in this Resolution, anytime during the remaining tenure of his appointment ending on 30th June, 2023;

   RESOLVED FURTHER THAT save and except as aforesaid, the Special Resolution approved and passed by the Members on 28th July, 2018, with respect to the appointment of Dr. Prakash A. Mody as Chairman and Managing Director of the Company shall continue to remain in full force and effect;

   RESOLVED FURTHER THAT the Board be and is hereby authorized to take such steps as may be necessary for obtaining such approvals, statutory, contractual or otherwise, in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such other acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution."

6. To consider and, if thought fit, to pass, the following Resolution as an **Ordinary Resolution**:

   "RESOLVED THAT pursuant to Section 148 and all other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), a remuneration not exceeding ₹ 8.25 lakhs (Rupees Eight Lakhs Twenty-Five Thousand Only) plus applicable taxes and reimbursement of out-of-pocket expenses as approved by the Board of Directors of the Company payable to Kishore Bhatia & Associates, Cost Accountants, (Firm Registration No. 00294); for conducting Cost Audit of the records maintained by the Company for the financial year ending 31st March, 2022, be and is hereby ratified;

   RESOLVED FURTHER THAT the Board be and is hereby authorised severally to do all such acts, deeds, matters, and things as may be necessary to give effect to this Resolution."

By order of the Board of Directors,
For **Unichem Laboratories Limited**

Pradeep Bhandari
Head – Legal & Company Secretary
Membership No.: A14177

Mumbai
29th May, 2021

Registered Office:
Unichem Bhavan, Prabhat Estate, Off S. V. Road
Jogeshwari (West), Mumbai – 400 102

NOTES:

1. In view of the COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020 and 13th April, 2020, permitted the holding of the Annual General Meeting (AGM) through Video Conference (VC)/Other Audio-Visual Mode (OAVM), without the physical presence of the Members at a common venue. The MCA vide its General Circular No. 02/2021 dated 13th January, 2021 (collectively all circulars are referred to as MCA Circulars) and SEBI vide its circular SEBI/HO/CFD/CMD2/CIR/P/2021 dated 15th January, 2021 extended the above exemptions till 31st December, 2021. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), and MCA Circulars, the AGM of the Company is being held through VC. The deemed venue for the 58th AGM shall be the Registered Office of the Company.

2. A Statement setting out material facts pursuant to Section 102(1) of the Act, with respect to the items of Special Business is annexed hereto.

3. In compliance with the aforesaid MCA Circulars, Notice of the AGM along with the Annual Report 2020-2021 is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories.

4. 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.

5. 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/Authorization, etc. authorizing 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 Company at shares@unichemlabs.com.

6. Pursuant to Section 108 of the Act and the Rules made thereunder, Regulation 44 of the Listing Regulations, and the MCA Circulars, the Company is providing the 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 Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-voting agency. The facility of casting votes by a Member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.

7. Members can join the AGM in the VC/OAVM mode 15 (fifteen) minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1,000 Members on a 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 can attend the AGM without restriction on account of first come first-served basis.

8. Members attending the AGM through VC/OAVM shall be counted for the purpose to reckon the quorum under Section 103 of the Act.

9. In the case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

10. The Register of Members and the Share Transfer Books of the Company will remain closed from Monday, 26th July, 2021, to Saturday, 31st July, 2021 (both days inclusive) for the 58th AGM and payment of dividend, if declared, at the forthcoming AGM.

    (i) If the dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend will be subject to deduction of tax at source and will be paid on Friday, 6th August, 2021, to those Members whose names are registered in the Register of Members of the Company as on Friday, 23rd July, 2021 and to the beneficiary holders as per the beneficiary list as on Friday, 23rd July, 2021 provided by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

    (ii) The Company provides the facility to the Members for remittance of dividend directly in electronic mode through National Automated Clearing House (NACH). In view of the continuing COVID-19 pandemic and resultant difficulties involved in dispatching of physical dividend warrants, Members holding shares in physical form and desirous of availing this facility of electronic remittance are requested to provide their latest bank account details (Core Banking Solutions Enabled Account Number, 9 digit MICR and 11 digit IFSC Code), along with their Folio Number on the link of the Company's Registrar and Share Transfer agents (RTA) Link Intime India Private Limited at https://www.linkintime.co.in/EmailReg/Email_Register.html. Shareholders holding shares in dematerialized form are requested to provide the said details to their respective Depository Participants.

    (iii) The above link may also be used by the Members holding shares in physical form to request changes, if any, about their postal and e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), etc.

    (iv) Members holding shares in the dematerialized form are hereby informed that the bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its RTA cannot act on any request received directly from the Members holding shares in the dematerialized form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant of the Members.

11. (i) Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of Shareholders with effect from 1st April, 2020, and the Company is required to deduct tax at source from dividend paid to Shareholders at the prescribed rate. For the prescribed rates for various categories, Shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.

(ii) A separate e-mail will be sent at the registered e-mail id of the Members describing the detailed process to submit/upload the documents/declarations along with the formats in respect of deduction of tax at source on the dividend payout. The intimation will also be uploaded on the website of the Company at www.unichemlabs.com.

12. As per Regulation 40 of SEBI Listing Regulations, as amended, securities of Listed Companies can be transferred only in dematerialized form with effect from, 1st April, 2019, except in case of request received for transmission or transposition of securities. Given this and to eliminate all risks associated with physical shares, Members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Company's RTA, Link Intime India Private Limited for the same.

13. As per the provisions of Section 72 of the Act, the facility for making a nomination is available for the Members in respect of the shares held by them. Please write to the Company's RTA at rnt.helpdesk@linkintime.co.in.

14. The unclaimed interim dividend(s) for the financial year 2013-2014 and dividends before that, have already been transferred to the Investor Education and Protection Fund (IEPF), as required under Section 124(5) of the said Act. Pursuant to the provisions of the Investor Education and Protection Fund (Uploading of Information regarding unpaid and unclaimed amounts lying with the Companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on 31st March, 2020, on the website of the Company at www.unichemlabs.com and the website of the Ministry of Corporate Affairs at www.iepf.gov.in.

15. Members are requested to note that no claim shall lie against the Company in respect of any amount of dividend remaining unclaimed/unpaid for 7 (seven) years from the dates they became first due for payment. Any Member, who has not claimed the final dividend for the financial year 2013-2014 and onwards is requested to approach the Company/the Company's RTA for claiming the same as early as possible, but no later than Tuesday,10th August, 2021. The Company has already sent reminders to all such Members at their registered addresses in this regard.

16. Pursuant to the provisions of the IEPF Rules read with Section 124(5) and Section 124(6) of the Act all shares on which dividend has not been paid or claimed for 7 (seven) consecutive years or more shall be transferred to demat account of IEPF authority. The Company has uploaded full details of such Shareholders and shares transferred to the IEPF suspense account on its website www.unichemlabs.com. Shareholders are requested to refer to the link on the Company's website namely https://www.unichemlabs.com/unclaimed-dividend.php to verify the details of un-encashed dividends and the shares transferred to the IEPF suspense account.

In view of this, Members are requested to claim their dividends from the Company, within the stipulated timeline. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 which is available on www.iepf.gov.in.

17. The Securities and Exchange Board of India has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in the electronic form are, therefore requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in the physical form should submit their PAN to the Company's RTA, Link Intime India Private Limited.

18. Since the AGM will be held through VC/OAVM, the Route Map of the AGM is not annexed in this Notice.

19. Due to the current pandemic, the Registers as required under the Act and the documents referred to in the Notice shall not be available for physical inspection at the Registered Office of the Company. Interested Shareholders seeking an inspection of the same may write to the Company Secretary at shares@unichemlabs.com for an electronic copy.

20. Shareholders who would like to express their views/ask questions during the Meeting may register themselves as a speaker by sending their request in advance atleast 15 (fifteen) days prior to Meeting mentioning their name, demat account number/folio number, e-mail id, mobile number at shares@unichemlabs.com. The Shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 15 (fifteen) days prior to Meeting mentioning their name, demat account number/folio number, e-mail id, mobile number at shares@unichemlabs.com. These queries will be replied to by the Company suitably.

21. Those Shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the Meeting.

22. The Company has appointed Ms. Ragini Chokshi of Ragini Chokshi & Associates, Practicing Company Secretary (C.P.No.1436) as a Scrutinizer for conducting the remote e-voting and voting at the Meeting fairly and transparently.

23. Instructions for e-voting and using VC/OAVM

THE INTRUCTIONS TO SHAREHOLDERS FOR REMOTE E-VOTING AND E-VOTING DURING AGM AND JOINING MEETING THROUGH VC/OAVM ARE AS UNDER:

(i) The voting period begins on Tuesday, 27th July, 2021 at 9:00 a.m. (IST) and ends on Friday, 30th July, 2021 at 5:00 p.m. (IST). During this period, Shareholders of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date Friday, 23th July, 2021 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

(ii) The Shareholders who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC/OAVM but shall not be entitled to cast their vote on such Resolution again.

(iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its Shareholders, in respect of all Shareholders' Resolutions. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the Shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/websites of Depositories/Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

(iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 9th December, 2020 on e-voting facility provided by Listed Companies, Individual Shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and e-mail id in their demat accounts in order to access e-voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-voting and joining virtual Meetings for Individual Shareholders holding securities in Demat mode is given below:

Login Method for Individual Shareholders holding securities in Demat mode with CDSL

1) Users who have opted for CDSL Easi/Easiest facility, can login through their existing user id and password. Option will be made available to reach e-voting page without any further authentication. The URL for users to login to Easi/Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.

2) After successful login the Easi/Easiest user will be able to see the e-voting option for eligible companies where the e-voting is in progress as per the information provided by Company. On clicking the e-voting option, the user will be able to see e-voting page of the e-voting service provider for casting your vote during the remote e-voting period or joining virtual Meeting and voting during the Meeting. Additionally, there is also links provided to access the system of all e-voting service providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-voting service providers' website directly.

3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration.

4) Alternatively, the user can directly access e-voting page by providing Demat Account Number and PAN No. from an e-voting link available on www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered mobile and e-mail as recorded in the Demat Account. After successful authentication, user will be able to see the e-voting option where the e-voting is in progress and also able to directly access the system of all e-voting service providers.

Login Method for Individual Shareholders holding securities in Demat mode with NSDL

1) If you are already registered for NSDL IDeAS facility, please visit the e-services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a personal computer or on a mobile. Once the home page of e-services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-voting services. Click on "Access to e-voting" under e-voting services and you will be able to see e-voting page. Click on company name or e-voting service provider name and you will be re-directed to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual Meeting and voting during the Meeting.

2) If the user is not registered for IDeAS e-services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS" Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp.

3) Visit the e-voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a personal computer or on a mobile. Once the home page of e-voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-voting page. Click on Company name or e-voting service provider name and you will be redirected

to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual Meeting and voting during Meeting.

Login Method for Individual Shareholders (holding securities in demat mode) login through their Depository Participants

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-voting facility. After successful login, you will be able to see e-voting option. Once you click on e-voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-voting feature. Click on company name or e-voting service provider name and you will be redirected to e-voting service provider website for casting your vote during the remote e-voting period or joining virtual Meeting and voting during the Meeting.

Important note: Members who are unable to retrieve User ID/Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

FOR CDSL

Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 22-23058542-43.

FOR NSDL

Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

(v) **Login method for e-voting and joining virtual Meeting for Shareholders other than individual Shareholders holding in Demat form and physical Shareholders.**

1) The Shareholders should log on to the e-voting website www.evotingindia.com

2) Click on "Shareholders" module.

3) Now enter your User ID:

   a. For CDSL: 16 digits beneficiary ID.

   b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID.

   c. Shareholders holding shares in physical form should enter folio number registered with the Company.

4) Next enter the Image Verification as displayed and Click on Login.

5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

6) If you are a first time user follow the steps as given herein:

For Shareholders holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat Shareholders as well as Physical Shareholders). Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company's records in order to login. If both the details are not recorded with the depository or Company, please enter the Member id/folio number in the Dividend Bank details field as mentioned in instruction (v).

(vi) After entering these details appropriately, click on "SUBMIT" tab.

(vii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, Shareholders holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that the Company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(viii) For Shareholders holding shares in physical form, the details can be used only for e-voting on the Resolutions contained in this Notice.

(ix) Click on the EVSN for the relevant <Company Name> on which you choose to vote.

(x) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xi) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xii) After selecting the Resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xiii) Once you "CONFIRM" your vote on the Resolution, you will not be allowed to modify your vote.

(xiv) You can also take a print of the votes cast by clicking on "Click here to print" option on the voting page.

(xv) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password and enter the details as prompted by the system.

(xvi) **Facility for Non – Individual Shareholders and Custodians - Remote Voting**

- Non-Individual Shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a compliance user should be created using the admin login and password. The compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the Scrutinizer to verify the same.
- Alternatively, Non-Individual Shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the e-mail address namely shares@unichemlabs.com, if they have voted from individual tab and not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM AND E-VOTING DURING MEETING ARE AS UNDER:

1) The procedure for attending Meeting and e-voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2) The link for VC/OAVM to attend Meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for Remote e-voting.
3) Shareholders who have voted through Remote e-voting will be eligible to attend the Meeting. However, they will not be eligible to vote at the AGM.
4) Shareholders are encouraged to join the Meeting through Laptops/IPads for better experience.
5) Further Shareholders will be required to allow camera and use internet with a good speed to avoid any disturbance during the Meeting.
6) 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.
7) Only those Shareholders, who are 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 available during the AGM.
8) If any votes are cast by the Shareholders through the e-voting available during the AGM and if the same Shareholders have not participated in the Meeting through VC/OAVM facility, then the votes cast by such Shareholders shall be considered invalid as the facility of e-voting during the Meeting is available only to the Shareholders attending the Meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE E-MAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1) For physical Shareholders- please provide necessary details like Folio No., Name of Shareholder, scanned copy of the share certificate (front and back), PAN (self- attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by e-mail to RTA at rnt.helpdesk@linkintime.co.in.
2) For Demat Shareholders- please update your e-mail id and mobile no. with your respective Depository Participant (DP)
3) For Individual Demat Shareholders - please update your e-mail id and mobile no. with your respective Depository Participant (DP) which is mandatory while e-voting and joining virtual Meetings through Depository.

   If you have any queries or issues regarding attending AGM and e-voting from the CDSL e-voting System, you can write an e-mail to helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542/43.

   All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an e-mail to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

24. The voting rights of Shareholders shall be in proportion to their share of the paid-up capital of the Company as of the cut-off date i.e. Friday, 23rd July, 2021. Any person who becomes a Member of the Company after dispatch of the Notice of the AGM and holding shares as on the cut-off date i.e. Friday, 23rd July, 2021 and wishing to participate in the e-voting may obtain User ID and password by sending a letter or e-mail to the Company's RTA at evoting.investors@linkintime.co.in providing details such as the name of the Member, DP ID/Client ID no. and name of the Company. User ID and password will be provided through e-mail or SMS or letter as per details of the Member provided by the Depositories or available with the

RTA. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.

25. The Scrutinizer shall after scrutinizing the votes cast through remote e-voting not later than 48 (forty-eight) hours from the conclusion of the AGM shall submit the Scrutinizer's Report to the Chairman or any person authorized by the Board, who shall counter sign the same. The results declared along with the Scrutinizer's report shall be placed on the website of the Company at www.unichemlabs.com and of CDSL at www.evotingindia.com. The results shall also simultaneously be disseminated to the Stock Exchanges at www.bseindia.com and www.nseindia.com.

26. Subject to the receipt of the requisite number of votes, the Resolutions shall be deemed to be passed on the date of the AGM i.e., Saturday, 31st July, 2021.

27. As required by Regulation 36(3) of the Listing Regulations and the Secretarial Standards on General Meetings (SS-2) as laid down by The Institute of Company Secretaries of India, additional information relating to the particulars of the Director retiring by rotation and seeking re-appointment is given below:

    Mr. Dilip Kunkolienkar aged 70 (seventy) years is a Bachelor of Pharmacy from Mumbai University. He has more than four decades of rich exposure at various positions in the Pharmaceutical industry in various leading Pharmaceutical houses like Richardson Hindustan Limited, Geigy Limited, Raptakos Brett Company Limited, and German Remedies Limited.

    Before being appointed as the Director Technical of the Company on 1st April, 2018, Mr. Kunkolienkar served as Vice President–Global Generics & Compliance at the Company with an additional charge of rendering formulation operation and technical services to unit heads and the Management.

    He has diverse experience in the manufacture of tablets, capsules, parenterals, Oral Solid and Liquid Dosage forms, suppositories of various forms; with additional exposure to Bio studies, Product Viabilities, Planning, General Administration, Documentation, Regulatory Audits, Capex/Revenue budgeting, Research & Development and API Marketing.

    He is also a member of the Audit Committee and Risk Management Committee of the Company. He also serves as a Director in the Company's Wholly Owned Subsidiaries namely Unichem Pharmaceuticals (USA) Inc, Niche Generics Limited, UK, Unichem Laboratories Limited, Ireland, and Unichem (China) Private Limited, China.

    He currently holds 75,538 equity shares of the Company allotted in terms of Employee Stock Option Schemes of the Company. Further 246,176 options have been granted to Mr. Kunkolienkar in terms of the Employee Stock Option Scheme 2018 yet to be exercised by him on the vesting date in terms of the said Scheme. Mr. Kunkolienkar has attended all the 4 (four) Board Meetings of the Company held during the financial year 2020-2021.

    He is not related to any Director or KMP of the Company.

By order of the Board of Directors,
For **Unichem Laboratories Limited**

Pradeep Bhandari
Head – Legal & Company Secretary
Membership No.: A14177

Mumbai
29th May, 2021

Registered Office:
Unichem Bhavan, Prabhat Estate, Off S. V. Road
Jogeshwari (West), Mumbai – 400 102

Statement setting out material facts pursuant to Section 102(1) of the Companies Act, 2013, (the Act).

Item No. 5

(I) The Members of the Company at its AGM held on 28th July, 2018 re-appointed Dr. Prakash A. Mody as the Chairman & Managing Director of the Company for 5 (five) years with effect from 1st July, 2018 up to 30th June, 2023. Pursuant to Section II of Part II of Schedule V to the Act, the remuneration payable to Dr. Mody was approved by the Members on 13th December, 2018 for 3 (three) years with effect from 1st July, 2018 up to 30th June, 2021.

The approval of the Members pursuant to Section 197(1) of the Act, as amended from time to time is now sought for the remuneration payable to Dr. Prakash A. Mody as the Chairman and Managing Director of the Company for the remaining period of his tenure from 1st July, 2021 to 30th June, 2023.

The Board at its Meeting held on 29th May, 2021 had approved the revised remuneration payable to Dr. Mody for the remaining period of 2 (two) years of his term at a Basic Salary of ₹ 23,43,750 per month (with effect from 1st July, 2021) up to a maximum of ₹ 25,00,000 per month, which is within the basic scale of remuneration of ₹ 20,00,000 per month up to a maximum of ₹ 25,00,000 per month as approved by the Shareholders on 13th December, 2018.

Broad terms and conditions of the remuneration payable to Dr. Prakash A. Mody during the period 1st July, 2021 to 30th June, 2023 is given below:

(A) SALARY, COMMISSION AND RETIREMENT BENEFITS

1. Salary

₹ 23,43,750/-(Rupees Twenty Three Lakhs Forty Three Thousand Seven Hundred and Fifty Only) per month with such increments as the Board may decide from time to time, subject however to a ceiling of ₹ 25,00,000 (Rupees Twenty-Five Lakhs only) per month over the remaining tenure.

2. Commission

Dr. Mody shall be entitled for a commission @1% on the net profits of the Company in a financial year computed in terms of Section 198 of the Act .

3. Contribution to Provident Fund

Contribution by the Company to the Provident Fund at a rate not exceeding 12% of the Salary.

4. Contribution to Pension Fund/Superannuation Fund/National Pension Scheme

Contribution to a pension fund and/ superannuation fund and/or National Pension Scheme at a rate not exceeding 15% of the Salary.

5. Gratuity

Gratuity payable in accordance with the gratuity scheme of the Company provided that it does not exceed one half month's salary for every completed year of continuous service, since the date on which Dr. Mody was first appointed as the Managing Director.

(B) PERQUISITES

In addition to salary, the Chairman & Managing Director will be entitled to the following perquisites:

1. Housing

The Company shall provide a fully furnished rent-free residential accommodation. If he is not provided accommodation by the Company, he shall be paid house rent allowance @ 60% of salary monthly.

The Company shall bear expenses which may be incurred on such a house in accordance with Dr. Mody's status, on insurance, security charges, maintenance and repair of the house and the furniture and fixture therein, gas, electricity, and water.

2. Medical reimbursement

Reimbursement of actual medical expenses incurred in India and/or abroad for himself and his family members. Such reimbursement shall be subject to approval of the Board if the same exceeds 5 (five) months average salary over a period of five years. In addition, the Chairman & Managing Director and his family members shall be covered under Company's Group Mediclaim Policy.

3. Leave Travel Concession

Leave Travel Concession shall be made available to the Chairman & Managing Director for himself and his family once in a year in accordance with the Rules of the Company. The total in a year, shall not exceed one month's salary.

4. Club fees

Fees of corporate/health clubs (not exceeding two clubs) shall be borne by the Company.

5. Conveyance

Free use of Company's cars, not exceeding two in number, for the work of the Company as well as for personal use along with driver, insurance, fuel, cost of repairs, overhauling, maintenance, and garage rent.

6. Communication Facilities

The Company shall bear all expenses of communication facilities installed at the residence of the Chairman & Managing Director including but not limited to telephones (land lines/mobiles), faxes, computers/laptops, and internet connection.

7. Personal Accident Insurance

Personal Accident Insurance as per the Company's policy.

8. Leave

Dr. Mody shall be eligible for leave as per the Rules of the Company.

9. Entertainment, Travelling and other incidental Expenses

The Company shall reimburse to Dr. Mody entertainment, traveling and other incidental expenses actually and properly incurred for the business of the Company.

10. Other benefits

Dr. Mody shall be entitled to the other benefits, schemes, privileges and amenities as may be granted from time to time to the top management of the Company in accordance with the relevant schemes.

11. Valuation of perquisites

Perquisites mentioned above shall be evaluated in accordance with the Income Tax Rules, 1962 wherever applicable, and in other cases at the actual cost to the Company.

(C) OTHER TERMS RELATED TO REMUNERATION

1. Minimum Remuneration

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 Dr. Mody as minimum remuneration subject to such approvals as may be required, and in terms of the provisions of the Act as applicable at the time of payment of such remuneration.

2. Disentitlements

The Chairman & Managing Director shall not be entitled:

(a) To supplement his earnings under the Agreement with buying or selling commission involving the Company's transactions.

(b) To sitting fees for attending Meetings of the Board of Directors of the Company or any Committee or Committees thereof.

Pursuant to Section 190 of the Companies Act, 2013 a copy of the Agreement dated 19th September, 2018 and the draft First Supplementary Agreement to be executed by the Company with the Chairman and Managing Director (on approval by the Members of this Resolution) will be available for inspection of the Members. Please refer to point no.19 of the Notes to this Notice for seeking an inspection of the same.

(II) Section 196(3) of the Act read with Part-1 of Schedule V provides that no Company shall appoint or continue the employment of any person as the Managing Director, Whole-time Director or Manager who has attained the age of Seventy years unless it is approved by the Shareholders vide a Special Resolution. Dr. Prakash A. Mody was re-appointed as the Chairman & Managing Director of the Company by the Members at the AGM of the Company held on 28th July, 2018 for 5 (five) years with effect from 1st July 2018 to 30th June, 2023. He will attain the age of 70 (Seventy) years on 14th November, 2022. It is proposed to obtain approval of the Shareholders as per the provisions of Section 196(3) of Act for continuation of his employment as the Managing Director, notwithstanding Dr. Mody attaining the age of 70 (Seventy) years on 14th November, 2022 on the same terms of appointment and remuneration as approved by Members earlier on 28th July, 2018 and at this AGM, respectively.

Keeping in view that Dr. Prakash A. Mody has a rich and varied experience in the industry to which the Company belongs and has been at the helm of the affairs of the Company for over forty years and during this period the Company has achieved growth and has spread its footprints in the international markets to more than eighty countries in US, Europe, Ireland, South Africa, Brazil, etc, it would be in the interest of the Company to continue the employment of Dr. Mody, as the Chairman & Managing Director of the Company even on his attainment of Seventy years on14th November, 2022.

(III) Further in terms of Regulation 17(6)(e) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 issued on 9th May, 2018 ("Amended Listing Regulations"), which became effective from 1st April, 2019, the remuneration payable to the Executive Directors who are promoters or Members of the promoter group, shall be subject to the approval of the Members by Special Resolution in General Meeting, if:

a. the annual remuneration payable to such Executive Director exceeds ₹ 5 crore or 2.5% of the net profits of the Listed Entity, whichever is higher; or

b. where there is more than one such Director, the aggregate annual remuneration to such Directors exceeds 5% of the net profits of the Listed Entity.

Provided that the approval of the Shareholders under this provision shall be valid only till the expiry of the term of such Director.

The proposed remuneration payable to Dr. Mody being the promoter of the Company, may exceed the above limits during his remaining term of re-appointment which shall end on 30th June, 2023, but within the limits as specified in this Resolution.

(IV) As required under Regulation 36(3) of the Listing Regulations and the Secretarial Standards on General Meetings (SS-2) as laid -down by The Institute of Company Secretaries of India, additional information seeking remuneration of the Director is given below:

Dr. Prakash A. Mody, aged 68 (sixty-eight) years, is the son of founder promoter, Late Shri Amrut Mody. He completed his post-graduation from the University of Mumbai followed by a Ph.D. in organic chemistry. He is a graduate alumnus of Harvard Business School and the former president of the Indian Pharmaceutical Alliance, the industry body representing research-based national pharmaceutical companies. He was appointed as the Director of the Company in the year 1974. He holds 32,499,392 (46.16%) equity shares of the Company. He is not disqualified to act as the Director in terms of Section 164 of the Act. He has given necessary declarations to this effect under the Act.

Dr. Mody is not related to any Director or Key Managerial Personnel of the Company. He is the Chairman of the Corporate Social Responsibility Committee and Risk Management Committee and Member of the Stakeholders Relationship Committee of the Board of Directors of the Company. He has attended all the 4 (four) Board Meetings of the Company held during the year. He is also a Director of the Company's Wholly Owned Subsidiary, Unichem Pharmaceuticals (USA) Inc. and Unichem Farmaceutica Do brazil Ltda. He is also on the Board of SPM International Private Limited and a designated partner in Elemage Wellness LLP. Dr. Mody is an Independent Director of Kewal Kiran Clothing Limited and is a Member of its Nomination and Remuneration Committee.

The terms, conditions and details of his remuneration sought to be paid is given in this Statement above. Please refer the Statement providing additional information pursuant to Section II, Part II of Schedule V of the Act for remuneration last drawn by Dr. Mody.

Dr. Mody and his relatives are concerned or interested (financially or otherwise) in the above Resolution. None of the other Directors, Key Managerial Personnel or their relatives are concerned or interested in this Resolution.

The Board recommends the Resolution as set out at Item No. 5 of the Notice for the approval of the Members by way of a Special Resolution.

Item No. 6

The Board of Directors at its Meeting held on 29th May, 2021, based on the recommendation of the Audit Committee, appointed Kishore Bhatia & Associates, (Firm Registration No. 00294) Cost Accountants, Mumbai as Cost Auditors for undertaking Cost Audit of the Cost Accounting Records maintained by the Company for the financial year ending 31st March, 2022, at a remuneration not exceeding ₹ 8.25 lakhs (Rupees Eight Lakhs Twenty-Five Thousand Only) plus applicable taxes and out-of-pocket expenses at actuals. The auditors have confirmed that they are eligible for appointment as Cost Auditors.

As per Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the said Cost Auditors is required to be ratified by the Members of the Company.

None of the Directors or Key Managerial Personnel or their relatives are in any way, concerned or interested, financially or otherwise, in the Resolution set out at Item No. 6.

Hence, Resolution at Item No. 6 of the Notice, is recommended by Board of Directors for Members approval as an Ordinary Resolution.

THE STATEMENT CONTAINING ADDITIONAL INFORMATION PURSUANT TO THE PROVISIONS OF SECTION II, PART II OF THE SCHEDULE V OF THE COMPANIES ACT, 2013 IN RESPECT OF ITEM NO. 5 OF THE NOTICE

(I) GENERAL INFORMATION

1. **Nature of Industry**

   Unichem is an international, integrated, specialty pharmaceutical Company. It manufactures and markets a large basket of pharmaceutical formulations as branded generics as well as generics in several markets across the world. The Company has strong skills in manufacturing complex API as well as dosage forms. The Company has 6 (six) plants situated at Roha and Kolhapur, Maharashtra; Pilerne, Goa; Baddi, Himachal Pradesh; Pithampur, Madhya Pradesh and Ghaziabad, Uttar Pradesh. The R&D Centre called the Centre of Excellence is in Goa. The Company has a global footprint including in the US, UK, South Africa, Brazil and China.

2. **Date or expected date of commencement of commercial production**

   The Company started commercial production in the year 1962.

3. **In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus**

   Not Applicable.

4. **Financial performance based on given indicators**

   See **Table-1**.

5. **Foreign investments or collaborations, if any**

   The Company does not have any foreign investment or collaborations except direct investments in 6 (six) Wholly Owned Overseas Subsidiaries (WOS) and an Associate Company in India as given in **Table-2**.

(II) INFORMATION ABOUT THE APPOINTEE

Dr. Prakash A. Mody

1. **Background details**

   Refer the Statement above setting out material facts pursuant to Section 102(1) of the Act and is not repeated here for the sake of brevity.

2. **Past Remuneration**

   Remuneration drawn by Dr. Mody over the past 3 (three) financial years is given in **Table-3**.

3. **Recognition or awards**

   Not applicable.

(₹ in lakhs)

Table 1	2020-2021 (Audited)		2019-2020 (Audited)		2018-2019 (Audited)	
	Standalone	Consolidated	Standalone	Consolidated	Standalone	Consolidated
Total Income	1,17,134.39	1,28,532.29	1,00,361.08	1,19,502.59	1,06,928.12	1,27,845.97
Profit before Depreciation, Interest and Tax	14, 283.79	14,095.43	855.96	4,130.64	4,074.94	1,498.38
Profit After Tax	5,408.23	3,432.48	(5,631.62)	(6,018.25)	704.20	(2,555.76)

(₹ in lakhs)

Table 2. Name of the Wholly Owned Subsidiary (WOS) and Associate Company	Invested Value as per Standalone accounts
Niche Generics Limited, UK (WOS)	7,014.36
Unichem Farmaceutica Do Brasil Ltda, Brazil (WOS)	7,086.72
Unichem Laboratories Limited, Ireland (WOS)	2,145.27
Unichem Pharmaceuticals (USA) Inc (WOS)	3,548.36
Unichem SA (Pty) Limited, South Africa (WOS)	12.14
Unichem (China) Pvt. Ltd. (WOS)	143.73
Synchron Research Services Pvt. Ltd. (Associate)	569.31

Table 3 (₹ in lakhs)

Financial Year	Consolidated Salary	Perquisites and Allowances	Total Amount
2020-2021	542.24	0.39	542.63
2019-2020	526.73	12.02	538.75
2018-2019	395.82	16.62	412.44

i. Dr. Mody currently holds 32,499,392 (46.16 %) equity shares of the Company.
ii. His contract of employment can be terminated by the Company and Dr. Mody by giving 6 (six) months written notice or such mutually decided period.

4. **Job Profile and his suitability**

   Refer the Statement above setting out material facts pursuant to Section 102(1) of the Act and is not repeated here for the sake of brevity.

5. **Remuneration proposed**

   Refer the Statement above setting out material facts pursuant to Section 102(1) of the Act and is not repeated here for the sake of brevity.

6. **Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case of expatriates the relevant details would be w.r.t. the country of origin)**

   The remuneration payable to Dr. Mody has been considered by the Nomination and Remuneration Committee based on the profile, knowledge, experience, and responsibilities discharged by him and has been benchmarked with the remuneration being drawn by peers in similar capacity in other Companies.

7. **Pecuniary relationship directly or indirectly with the Company, or relationship with the managerial personnel, if any.**

   Dr. Mody has no other pecuniary relationship with the Company, Directors or any Key Managerial Personnel or their relatives except to the extent of his remuneration and shareholding in the Company and that held by his relatives. He is not related to any Directors or Key Managerial Personnel or their relatives.

(III) OTHER INFORMATION

1. **Reasons of loss or inadequate profits**

   On 14th December, 2017, the Company sold and transferred its business of manufacture, sale marketing, and distribution of domestic formulations in India and Nepal, together with all specified tangible and intangible assets, contracts, rights, personnel and employees, data and records, inventory and other assets and liabilities by way of slump sale on a going concern basis, to Torrent Pharmaceuticals Limited, upon terms and conditions, as mutually agreed by the Parties.

   The Company now focuses on the international market and Research & Development (R & D).

   This change in business strategy to focus on international markets was expected to give the desired results over a period. Even though the financials of the Company have improved substantially, and the Company has started generating profits, it is envisaged that there may be loss/inadequacy of profits during the period for which remuneration is payable to Dr. Mody and hence the said Resolution for the approval of the Members.

2. **Steps taken or proposed to be taken for improvement**

   The Company has taken/ proposes to:

   (i) focus attention on all aspects of the international business including finished formulations, API, contract manufacturing, and contract research;

   (ii) increase its investments at existing facilities including in R&D;

   (iii) control operating expenses and overheads cost across the organization; and

   (iv) initiate various measures towards achieving organizational and operating efficiencies and strengthening core competencies.

3. **Expected increase in productivity and profits in measurable terms**

   In addition to steps proposed to be taken for improvement as detailed hereinabove, key focus areas would be profit maximization, conservation of cash, operational efficiencies, cost, and working capital containment. This will further lead to improvement in productivity, sales, and profitability.

(IV) DISCLOSURES

The disclosures on the remuneration package of each managerial person and Director and details of all elements of the remuneration package, details of fixed components, etc. is mentioned in the Corporate Governance Section of the Annual Report 2020-2021 of the Company.

By order of the Board of Directors,

For **Unichem Laboratories Limited**

Pradeep Bhandari

Mumbai — Head – Legal & Company Secretary

29th May, 2021 — Membership No.: A14177

Registered Office:

Unichem Bhavan, Prabhat Estate, Off S. V. Road

Jogeshwari (West), Mumbai – 400 102

Directors' Report

Dear Members,

Your Directors have the pleasure of presenting the audited accounts of your Company for the financial year ended 31st March, 2021.

Financial Highlights

The table below gives the financial highlights of the Company for the year ended 31st March, 2021 on a standalone and consolidated basis as compared to the previous financial year.

(₹ in lakhs)

Particulars	Standalone (Audited)		Consolidated (Audited)	
	For the year ended		For the year ended	
	31st March, 2021	31st March, 2020	31st March, 2021	31st March, 2020
Revenue from operations	1,12,397.28	90,444.07	1,23, 513.53	1,10,371.28
Other Income	4,737.11	9,917.01	5,018.76	9,131.31
Total Income	**1,17,134.39**	**100,361.08**	**1,28, 532.29**	**1,19,502.59**
Profit/(Loss) before tax	**6,564.55**	**(6,381.18)**	**5,147.94**	**(4,821.02)**
Current tax	-	-	1,668.26	547.24
Deferred tax	1,094.30	(749.56)	(14.82)	649.99
Short/(excess) provision for tax (earlier years)	62.02	-	62.02	-
Profit (Loss) for the year	**5,408.23**	**(5,631.62)**	**3,432.48**	**(6,018.25)**
Other comprehensive Income	2,130.49	299.50	1,639.47	305.64
Total Comprehensive Income	**7,538.72**	**(5,332.12)**	**5,071.95**	**(5,712.61)**

Management Discussion and Analysis

As required by Regulation 34(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations), a Management Discussion and Analysis Report is part of this Report as Annexure A.

The state of the affairs of the business along with the financial and operational developments has been given in this Report.

Appropriations

An amount of ₹ 2,592 lakhs, after considering dividend paid during the year, is proposed to be carried forward in the Profit & Loss Account. Your Company does not propose to transfer any amount in the General Reserves of the Company.

Dividend

The Board has recommended a dividend of ₹ 4/- (200%) per equity share of ₹ 2/- each for the year ended 31st March, 2021. The dividend will be paid after approval of Members at the ensuing Annual General Meeting (AGM) of the Company which will result in a cash outflow of ₹ 2,816.23 lakhs.

The Register of Members and Share Transfer Books shall remain closed from Monday, 26th July, 2021, to Saturday, 31st July, 2021 (both days inclusive) for AGM and, dividend, if approved by the Members.

Pursuant to Finance Act, 2020, dividend income will be taxable in the hands of Shareholders with effect from 1st April, 2020 and the Company shall deduct tax at source from dividends paid to the Shareholders at the prescribed rates. A detailed communication on this shall be separately sent to the Shareholders.

Dividend Distribution Policy

Pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has formulated a Dividend Distribution Policy and is available on the Company's website https://www.unichemlabs.com/dividend-distribution-policy.php.

Employees Stock Options Schemes

During the year under review, no employee stock options were granted to the Senior Management under the Employees Stock Option Scheme 2018. In terms of the requirements specified under the SEBI (Share-Based Employee Benefits) Regulations, 2014, details of this scheme form part of the Director's Report and are available on the Company's website at https://www.unichemlabs.com/annual-report.php.

Research and Development (R&D)

Kindly refer to the write-up in the Section, Management Discussion and Analysis Report.

Corporate Governance

As required under Regulation 34 of the Listing Regulations, a Report on Corporate Governance along with a Certificate of Compliance from the Auditors is given in Annexure B of this Report.

Corporate Social Responsibility (CSR)

The Board has constituted a Corporate Social Responsibility (CSR) Committee to monitor the implementation of CSR activities of your Company. The Annual Report on CSR activities as amended in terms of Section 135 of the Act and the Rules made thereunder, is annexed as Annexure C to this Report.

During the year under review, there was no mandatory requirement to spend towards CSR. However, the Company has voluntarily spent ₹ 328.45 lakhs which includes an amount of ₹ 5.00 lakhs which has remained unutilized with an implementing agency as on 31st March, 2021 due to the Covid-19 pandemic. This is expected to be utilized in the subsequent financial year.

Consolidated Financial Statements

The annual audited consolidated financial statements together with the report of the Auditors thereon form part of this Annual Report.

Review of Subsidiaries and Associates

Your Company has 6(six) subsidiaries and 1(one) associate company. A statement containing salient features of the financial statements of the subsidiaries and associate company, pursuant to Section 129 of the Companies Act, 2013 (the Act), and the Rules made thereunder, is annexed to this Report as Annexure D in the prescribed Form AOC -1 and hence not repeated here for the sake of brevity.

Synchron Research Services Private Limited (Synchron) is an associate company in terms of Section 2(6) of the Act. Synchron is a contract research organization in India that offers competitive and high-quality clinical trial services to domestic and international pharmaceutical and bio-pharmaceutical companies.

Particulars of Loans, Guarantees and Investments

Details of Loans, Guarantees, and Investments covered under the provisions of Section 186 of the Act are given in the notes to the financial statements.

Deposits

The Company has not accepted any deposits within the meaning of Section 73 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014.

Risk Management

Your Company considers risk management as a key element of its business operations and has put in place effective systems to identify, monitor, and mitigate risks to ensure sustained operations. Your Company has constituted a Risk Management Committee, details of which are disclosed in the Corporate Governance Report. A section on Risk Management practices of the Company is included in the Management Discussion and Analysis Report.

Directors and Key Managerial Personnel

The Members of the Company on 27th May, 2021, approved the re-appointment of Mr. Dilip Kunkolienkar (DIN: 02666678) as the Whole-time Director of the Company, designated as Director Technical with effect from 1st April, 2021.

Mr. Kunkolienkar, Director Technical retires by rotation and being eligible has offered himself for re-appointment.

All Independent Directors have declared that they meet the criteria of Independence as laid down under Section 149(6) of the Act and Regulation 16(b) of the Listing Regulations. All Independent Directors have given declarations stating compliance with the Code of Ethics and Business Conduct. There has been no change in the circumstances affecting their status as Independent Directors of the Company. In the opinion of the Board, the Independent Directors fulfill the conditions specified in these Regulations and are independent of the management.

During the year under review, the Non-Executive Independent Directors of the Company had no pecuniary relationship or transactions with the Company, other than sitting fees, and the dividend paid on the equity shares held by them.

In terms of Section 203 of the Act, Dr. Prakash A. Mody, Chairman & Managing Director, Mr. Dilip Kunkolienkar, Director Technical, Mr. Sandip Ghume, Deputy Chief Financial Officer, and Mr. Pradeep Bhandari, Head-Legal & Company Secretary are the Key Managerial Personnel of the Company.

Directors' Responsibility Statement

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134 (3) (c) of the Companies Act, 2013 (Act):

1. that in preparation of annual accounts for the year ended 31st March, 2021, the applicable accounting standards have been followed and no material departures, have been made from the same;
2. that such accounting policies have been selected and applied consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at the end of the financial year and Profit /Loss for that year;
3. 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;
4. that the annual accounts have been prepared on a going concern basis;
5. that the internal financial controls were in place and that they were adequate and operating effectively; and
6. that systems to ensure compliance with the provisions of all applicable laws were devised and such systems were adequate and operating effectively.

Board performance and evaluation

Pursuant to the provisions of the Act and the Listing Regulations, the Board has carried out an annual performance evaluation of the working of its performance, its Committees, and the Directors individually. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation, the Directors who were subject to evaluation did not participate. A structured questionnaire was prepared after taking into consideration inputs received from the Directors covering various aspects of the functioning of the Board and its Committees.

The evaluation of the Directors was done on various parameters such as vision and strategy, Board participation, Board disclosures of interests, review of management policies, budget concerning the risk and return, and leadership skills. The Directors expressed their satisfaction with the evaluation process.

Salient features of the Nomination and Remuneration Policy

The Board, on the recommendation of the Nomination and Remuneration Committee, has adopted a policy for selection, appointment, and remuneration of Directors, Key Managerial Personnel, and Senior Management. The policy is available on the Company's website at https://www.unichemlabs.com/nomination-and-remunerationpolicy.php.

The Company considers human resources as its invaluable assets. The Nomination and Remuneration Policy aims to pay equitable remuneration to all Directors, Key Managerial Personnel (KMP), and employees of the Company and is linked to the overall individual performance. The Remuneration policy for all employees is designed to attract talented personnel and remunerate them fairly and responsibly, this being a continuous, ongoing exercise at each level in the organization.

Whole-time/Managing Director

The Company pays remuneration by way of salary, perquisites, and allowances (fixed component) and commission (variable components wherever applicable as per terms of appointment) to its Whole-time Directors. A proper balance between fixed and variable components is aimed at. Salary is paid based on the recommendation of the Nomination and Remuneration Committee and as approved by the Board of Directors, subject to the approval of the Shareholders within the limits stipulated by the Act and the Rules made thereunder. The remuneration paid to the Whole-time Directors is determined keeping in view the industry benchmark and the relative performance of the Company compared to the industry performance.

Non-Executive Directors

Non-Executive Directors receive sitting fees for attending Meetings of the Board and its Committees as per the provisions of the Act and the Rules made thereunder. Besides payment of sitting fees and dividends on equity shares, if any, held by the Directors, no other remuneration is paid to the Non-Executive Directors.

Key Managerial Personnel (KMP) and Senior Management

The remuneration of KMP other than the Executive Directors and other Senior Managerial Employees largely consists of basic salary, perquisites, allowances and performance incentives (wherever paid). Perquisites and retirement benefits are paid according to the Company's policy. The components of the total remuneration vary for different grades and are governed by the industry pattern, qualification and experience, merits, and performance of each employee. The Company while deciding the remuneration package takes into consideration the current employment scenario and remuneration package prevalent in the industry and peer group companies.

Board Meetings

During the year, 4 (four) Board Meetings were held, the details of which are given in the Corporate Governance Report.

Audit Committee

The Company has an Audit Committee pursuant to the requirements of the Act read with the Rules framed thereunder and Listing Regulations. The details relating to the same are given in the report on Corporate Governance forming part of this Report. During the financial year 2020-2021, the recommendations of the Audit Committee were duly accepted by the Board.

Whistle Blower Policy

The Company has in place a Whistle Blower/Vigil Mechanism through which its Stakeholders, Directors, and Employees can report genuine concerns about unethical behaviour and actual or suspected fraud or violation of the Company's Code of Business Conduct and Ethics. The said policy provides for adequate safeguards against victimization and direct access to the Audit Committee. The e-mail id for reporting genuine concerns is whistleblower@unichemlabs.com. During the year, 1 (one) complaint was received and the same has been resolved in terms of the policy.

Significant and Material Orders passed by the Regulators /Courts/Tribunals

No significant or material orders were passed by the regulators or courts or, tribunals which impact the Company's going concern status and its operations in the future.

However on 9th July, 2014, the European Commission ("EU") decided to impose an unjustified fine of Euro 13.96 million, jointly and severally on the Company and its subsidiary Niche Generics Limited ("Niche") contending that they had acted in breach of EU competition law as Niche Generics Limited had, in early 2005 (when the Company was only a part-owner and financial investor in Niche) had agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Company and Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated 12th

December, 2018 and confirmed the fine of Euro 13.96 million. The Company and its subsidiary based on legal advice and merits have filed appeals against the decision of the General Court before the Court of Justice of the EU, and the outcome of the appeals is awaited. Considering the above in view of the management, no provision for the aforesaid fine is considered necessary. Based on the above a fine imposed by the EU of Euro 13.96 million (equivalent to ₹ 12,044.69 lakhs) is disclosed under contingent liability.

Material changes and commitment, if any, affecting the financial position of the Company from the end of the financial year till the date of this Report

There have been no material changes and commitments, affecting the financial position of the Company between the end of the financial year to which the financial statements relate and the date of this Report.

Related Party Transactions

During the year under review, approval of the Audit Committee and Board of Directors was sought for Related Party Transactions wherever required.

The Audit Committee has given prior approval for all Related Party Transactions wherever applicable. The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website and the weblink is https://www.unichemlabs.com/related-party-transactions-policy.php. The particulars of contracts or arrangements with Related Parties referred to in Section 188(1) of the Act are provided, in the prescribed Form AOC-2 annexed as Annexure E to this Report.

Except to the extent of the shares held in the Company and the remuneration drawn from the Company, none of the Directors and Key Managerial Personnel have any pecuniary relationships or transactions *vis-à-vis* the Company.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Company has in place a policy on Prevention, Prohibition and Redressal of Sexual Harassment at the Workplace in line with the requirements of The Sexual Harassment of Women at the Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. The policy has set guidelines on the redressal and inquiry process that is to be followed by complainants and the ICC, whilst dealing with issues related to sexual harassment at the workplace. All women employees (permanent, temporary, contractual, and trainees) are covered under this policy. The policy also provides for the requisite checks, balances, and safeguards to ensure that no employee is victimized or harassed for reporting and bringing up such incidents in the interest of the Company. The ICC did not receive any complaints during the year under review.

Auditors

Pursuant to provisions of Section 139 of the Act read with the Companies (Audit and Auditors) Rules, 2014, N.A. Shah Associates LLP (Firm Registration No. 116560W/W100149), Chartered Accountants, were appointed as Statutory Auditors of the Company, to hold office from the conclusion of 54th AGM until the conclusion of 59th AGM, subject to ratification by Members at every subsequent AGM.

The provisions of Section 139 of the Act were amended and notified with effect from 7th May, 2018. In terms of the said amendment, the appointment of the Auditors is no longer required to be ratified by the Members at every subsequent AGM. Given this, no Resolution is proposed for ratification of the appointment of the Auditors at the ensuing AGM.

N.A. Shah Associates LLP, (Firm Registration No. 116560W/W100149), Chartered Accountants, have confirmed that they are not disqualified from continuing as Statutory Auditors of the Company.

During the year under review, the Auditors have not reported any matter under Section 143 (12) of the Act and therefore no details are disclosed under Section 134 (3) (ca) of the Act.

The said auditors have confirmed that their firm has been subjected to the peer-review process of the Institute of Chartered Accountants of India (ICAI) and they hold a valid certificate issued by the Peer Review Board of the ICAI.

Cost Auditors

The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Act accordingly such accounts and records are made and maintained by the Company.

The Board of Directors at its Meeting held on 29th May, 2021, based on the recommendation of the Audit Committee, appointed Kishore Bhatia & Associates, Cost Accountants, (Firm Registration No. 00294); as Cost Auditors for undertaking Cost Audit of the Cost Accounting Records maintained by the Company for the financial year 2020-2021 at a remuneration not exceeding ₹ 8.25 lakhs (Rupees Eight Lakhs Twenty -Five Thousand Only) plus applicable taxes and out-of-pocket expenses at actuals. The said Auditors have confirmed their eligibility for appointment as Cost Auditors. The remuneration payable to the said Cost Auditors is required to be placed before the Members at the ensuing AGM for ratification and a suitable Resolution has been set out in the Notice of this AGM. The Cost Audit Report for the year ended 31st March, 2020 was filed with the Ministry of Corporate Affairs on 24th August, 2020.

Secretarial Audit

Pursuant to the provisions of Section 204 of the Act and the Rules made thereunder, the Company has appointed Alwyn Jay & Co., Company Secretaries in practice to undertake the Secretarial

Audit of the Company. The Secretarial Audit Report is annexed as Annexure F to this Report. There is no qualification, reservation, adverse remark, or disclaimer in the said Report.

During the year under review, the Secretarial Auditors have not reported any matter under Section 143 (12) of the Act, and therefore no details are disclosed under Section 134(3) (ca) of the Act.

Compliance with Secretarial Standards

The Company has complied with the Secretarial Standards issued by The Institute of Company Secretaries of India about Board Meetings (SS-1) and General Meetings (SS-2).

Internal control systems and their adequacy

The Company has in place adequate internal financial controls concerning its financial statements. These controls ensure the accuracy and completeness of the accounting records and the preparation of reliable financial statements. The details of the same are included in the Management Discussion and Analysis Report.

Energy Conservation, Technology Absorption, and Foreign Exchange Earnings and Outgo

The particulars as prescribed under Section 134(3)(m) of the Act and Rules made thereunder are set out in Annexure G to this Report.

Particulars of Employees and related disclosures

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, are annexed as Annexure H to this Report.

In terms of the provisions of Section 197(12) of the Act and Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, details of employee's remuneration, form part of this Report. However, as per the provisions of Sections, 134 and 136 of the Act, the Report and financial statements are being sent to the Members and others entitled thereto, excluding the information on employees' particulars. Any Member interested in obtaining a copy of the same may write to the Company Secretary at shares@unichemlabs.com.

Extract of Annual Return

In accordance with the provisions of Section 92(3) and Section 134 of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, Annual Return of the Company is hosted on the website of the Company at https://www.unichemlabs.com/annual-report.php.

Business Responsibility Report

In compliance with Regulation 34(2) of the Listing Regulations, the Business Responsibility Report for the financial year 2020-2021 is set out in Annexure I of this Annual Report.

Human Resources and Employee Relations

The Board of Directors commends the continued dedication of all its employees. Details of Human Resources and Employee Relations and matters incidental thereto are provided in the Management Discussion and Analysis Report.

Acknowledgement

Your Directors place on record its deep appreciation to employees at all levels for their dedication, commitment, and extended splendid support during this period of uncertainty created by the Covid-19 pandemic.

Your Directors acknowledge the support and wise counsel extended to the Company by investors analysts, bankers, government agencies, shareholders, suppliers, and others associated with the Company as its business partners. Your Directors also acknowledge the trust reposed in the Company by the medical fraternity and patients. We look forward to having the same support in our mission to enhance health through quality products.

Cautionary Statement

Statements in this Directors' Report and Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations, or predictions may be "forward-looking statements" within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include raw material availability and prices, cyclical demand, pricing and changes in government regulations, tax regimes, economic developments among the countries in which the Company conducts business, and other ancillary factors.

For and on behalf of the Board of Directors,

Dr. Prakash A. Mody

Mumbai — Chairman & Managing Director

29th May, 2021 — (DIN: 00001285)

Annexure A to Directors' Report

MANAGEMENT DISCUSSION AND ANALYSIS

ECONOMY

More than a year into the deadliest global pandemic for a century, the way we live has changed dramatically, most likely forever. For all of us, there will a pre-and post-COVID-19 world.

The economic devastation brought by the pandemic was unmatched creating an environment of uncertainty. The world was ill-prepared for its scale, magnitude, and duration which has now entered its second year. The key challenge is that infections still need to be controlled, and we are seeing new variants and mutations affecting large populations that pose a significant challenge in terms of recovery and world economic growth.

Global economics is optimistic that recovery is starting to accelerate in the developing countries particularly in the USA, a key market for your Company where a large part of the population is vaccinated. Further, the fiscal stimulus package being given in these countries is expected to mend its economy. But this may be insufficient to lift the rest of the world's economies as the outlook for the countries in South Asia, Sub-Saharan Africa, Latin America, and the Caribbean remains fragile, uncertain, and the inadequate availability of vaccines in many countries threaten its recovery.

Most of us are still optimistic about the global economic recovery but there are uncertainties especially on the coverage of vaccination that needs to happen in the next few months to achieve the growth rate that is being forecasted. The Covid-19 pandemic has resulted in a paradigmatic shift in preference from physical interface to virtual interaction with health and medical professionals. This has come as a boon in disguise to the Indian Pharmaceutical sector, although part of its business was affected by disruption in the supply chain and restrictions in the import of Active Pharmaceutical Ingredients (APIs). Covid-19 is expected to boost the pharmaceutical sector as globally, countries are expected to invest more in the health sector.

GLOBAL PHARMA MARKET

The Indian pharma industry is the third-largest in the world by volume and 14th largest in terms of value. It contributes 3.50% of total drugs and medicines exported globally. India produces affordable drugs in the world. 95% of the drug produced in India are generics. It manufactures 60% of the world's vaccines and is also the biggest player in the global generic drugs market with a 20% market share, its pharma products being exported to every single country with earnings of $16.28 billion in 2019-2020.

The global pharmaceutical market size was valued at USD 324.42 billion in 2019 and is expected to grow at a Compound Annual Growth Rate (CAGR) of 13.74% from 2020 to 2027. One of the reasons for higher growth is increased health spending globally which should also accelerate Indian pharmaceutical exports.

Your Company performed well during this pandemic and could achieve 27% growth in net sales as compared to the previous year. Our success is a story of timely planning, proactive actions, commitment to quality, efficiency, and value creation.

GENERICS AND GENERIC FORMULATIONS

The products manufactured by the Company are exported to many developed as well as developing countries. Over the last 58 years, the Company has been at the forefront in supplying affordable medicines for patients and it offers a wide array of medicines for therapeutic areas such as gastroenterology, cardiology, diabetology, psychiatry, neurology, anti-bacterial, anti-infectives, and pain management.

North America dominated the market for pharmaceutical manufacturing with a revenue share of around 40% and should continue to weigh for 43% of the global pharma market in value and is expected to contribute around 44% to worldwide market growth over the 2019–2024 period. For Unichem, USA stands as the major revenue driver by contributing 57% of the total revenue. We are optimistic to grow our business in this region which is witnessed by the number of filings as detailed in the R&D section.

The Pharmaceutical Market in the European Union (EU) is positioned as the second biggest pharmaceutical market in the world, with Germany, France, Italy, United Kingdom, and Spain as the top 5 countries. The size of the market in EU-5 is set to grow by double-digit between 2017-2022 with a CAGR of 4.5% over this period. Unichem has performed significantly well in this region and going forward we are hopeful to add more products in this market.

In the Asia Pacific, the market for pharmaceutical manufacturing is expected to witness the fastest growth due to a huge customer base, an increase in healthcare expenditure, disease incidence, and the presence of supportive regulatory systems. New regions will emerge as leaders in the low-cost generic market. Unichem also demonstrated the growth trajectory in emerging markets which is called the ACASIA division. With such an immense portfolio of products, we expect to grow considerably in the years to come.

In recent years, key drug manufacturers have shifted their focus towards external service providers for R&D and manufacturing services. The growth in the demand for customized products, the need for enhanced productivity and efficiency across the value chain, and continuous pressure from regulatory bodies on drug pricing have compelled the pharmaceutical companies to rely more on outsourcing mode of drug development which opens the avenue of contract research and manufacturing.

GLOBAL API MARKET

The global API market size is expected to reach over USD 200 billion in 2021. With the expected CAGR of 6.6% from 2021 to 2028, the market size has the potential to reach USD over 310 billion by 2028. The API market is undergoing immense changes due to supply chain disruption by Covid-19. Countries such as India are being preferred over China for the export of APIs owing to geopolitical situations as entities are attempting to mitigate the risk of dependency on a single territory for such products.

The strategic investments in two entities, namely Optimus Drugs Private Limited and Optrix Laboratories Private Limited both engaged in the business of APIs and intermediates continue to provide the Company with additional capacity to meet its immediate requirements and fulfill its export orders. The management of these Companies had decided to merge Optrix Laboratories with Optimus Drugs to combine the activities and operations in a single Company to build strong capability to effectively meet future challenges in a competitive business environment which would benefit your Company.

Unichem today is the partner of choice for global generics companies directly or through its Wholly-Owned Subsidiaries. Looking at the product pipeline and market opportunities, we are confident that it will contribute further to our continual growth.

MANUFACTURING OPERATIONS

We express our heartfelt gratitude towards the government, frontline workers, and our employees for their grit, determination, and perseverance in these unprecedented times. We are humbled to be a part of this industry that came together in solidarity to fight this pandemic. Our employees at the manufacturing locations have demonstrated significant drive and commitment during these testing times to ensure continued production and an uninterrupted supply of medicines.

All our plants continue to deliver as per strategic intent and have focused on a safer and healthier working environment. Further, each one of the facilities has robust quality systems to ensure high standards for product quality. The manufacturing operations are heavily regulated by governmental health authorities around the world, including the US Food and Drug Administration (USFDA), Medicines and Healthcare products Regulatory Agency (MHRA), Ministry of Health of the Russian Federation, European Medicines Agency (EMA), Health Canada, etc which endorse the quality and safety of the product. The Company is incorporating various digital capabilities for data integrity through automation of manufacturing processes and systems.

Unichem has been successfully maintaining high-quality standards as per the CGMP (Current Good Manufacturing Practice) guidelines issued by USFDA, EU, and other global regulators. During the year under review, Unichem successfully underwent the EU audit of Baddi and the Ukraine audit of Ghaziabad plant.

It is expected that the current phase of the epidemic would be less severe on manufacturing as the focus has been on 'micro containment zones' to deal with the second wave of infections as opposed to a nationwide lockdown. Yet, the lockdown, even if localized and partial, will impact the economy as supply chains and production will get disrupted. Your Company is focused to meet these challenges and has completed its expansion plan at Ghaziabad plant to keep up the uninterrupted supply. The expansions at Goa plant is expected to be completed during the financial year and at the Pithampur plant in the next financial year.

OPPORTUNITIES AND THREATS

Covid-19 has been a painful disruption, but it is believed that for the pharmaceutical industry it will create long-term opportunities. Growth will be driven by improved access to healthcare, new product launches, and burgeoning hospital infrastructure.

Most of the advanced countries which have recovered from the pandemic surge are expected to see a sharp economic bounce back particularly in the second half of the year, although concerns are expressed that the growth is more likely to be delayed due to the continued pandemic situation. The second wave of the virus outbreak in several countries is getting controlled with stricter measures of lockdown. The global race to develop effective treatments and vaccines which is in an advanced stage coupled with monetary and fiscal stimulus packages, should provide cushion, and pave the road to recovery.

In our view, the combination of shutting of borders and rising global tariffs amid in Covid-19 had threatened global supply chains. The business of forecasting has been more challenging as manpower in the supply chain gets infected, with more areas moving into macro containment as well as restricted lockdown impacting operations.

While the pharmaceutical industry continues to face other challenges like higher prices of APIs and intermediates resulting in margin pressures, the pandemic has once again realized that health needs to be given higher priority by the policymakers. The expansion of capacity of providing health services as part of overall infrastructure expansion should be taken up on an urgent basis to improve the threat in dealing with the pandemic. This will lead to opportunities that should act as a catalyst in the near term.

The Indian government has approved a 15000 crore Production-Linked Incentive (PLI) scheme for the pharmaceutical sector in a bid to boost domestic manufacturing. This PLI will address the missing link in addition to our excellence in generic drugs where we are a pharmacy to the world. It is a good move to strengthen the pharma industry which is of strategic importance to India.

We remain committed to investing in building new capabilities and capacities across locations including R&D, manufacturing, and quality, as well as strengthen our product portfolio. We are confident that focus on our strategic priorities and execution excellence will ensure that we will continue to deliver long-term sustainable growth.

RESEARCH AND DEVELOPMENT

R&D is the core that will power Unichem's future growth through a dual strategy of development of patent non-infringing processes for APIs and development of Novel Drug Delivery Systems (NDDS). The Centre of Excellence in Goa, fuelled by over 300 scientists including over 30 PhDs, is the place where the potential of Unichem is brought to life. Offering the most conducive environment for value-added research, the R&D has to date developed novel, innovative and efficient processes for 77+ new generation molecules and 72+ ANDAs across markets and therapeutic categories. The R&D Centre boasts of a strong synthesis and analytical team with the latest facilities at their disposal. The Formulations R&D has State-of-the-Art facilities to undertake formulation development of tablets, capsules, liquid orals, creams, ointments and, a separate facility for injectable and pre-formulation laboratories to carry out drug-excipient compatibility studies and physical characterisation of API.

The R&D Centre undertakes formulation services on contract research and development projects for several leading global pharmaceutical companies. It is also responsible for formulation development and ANDA filings following the Quality by Design (QbD) protocol as laid down by the USFDA and has a Bio-Tech facility that engages in developing novel or biosimilar products using Recombinant DNA platform technology.

Your Company's R&D efforts have borne fruit with a ramp-up of the output from R&D resulting in an increased number of DMF, Dossier, and ANDA filings in regulated markets. We believe that our investment in R&D will open the door to growth, including out-licensing opportunities in generics and biologics.

In the year under review, Unichem filed 5 ANDAs (Abbreviated New Drug Applications) (including one Para 4), 2 USDMFs (US Drug Master Files), and 1 CEP (Certification of Suitability of European Pharmacopoeia), and other regulatory submissions to various health authorities. This financial year the R&D efforts were strategically focused on reverse engineering, launch planning, and cost rationalization efforts. The sustained efforts of R&D over the years resulted in 9 ANDA approvals this year highest so far and 8 launches in the largest generic market of the USA and 2 launches in Brazil. We expect an increase in the number of filings and approvals in time to come.

RISKS AND CONCERNS

The economic recovery appeared well on track until recently when the second wave of Covid-19 hit again posing a serious risk to its early expected recovery. As a result, our economic prospects this year have begun to again look dimmer.

The Pharma sector is highly regulated, maintaining and complying with the regulatory changes will always remain a challenge. The prices of APIs and intermediates fluctuate based on the market demand and supply conditions. The Company may not be able to pass on any sharp increases in the prices of raw material to the consumers, resulting in margin contraction. Any adverse changes in policies concerning drug pricing or trade margins for the Company's products may impact its performance. The price pressure in the pharma market and competition particularly in the primary USA market, the major export region for the Company will continue to pose further challenges in growth and margins.

Like any sectorial entity, your Company is also exposed to risks of cybersecurity, tax, currency fluctuation, and litigations, etc.

Your Company is also taking several initiatives, including cost improvement measures and a digitization drive, to optimise its systems and processes and drive efficiencies. These initiatives are expected to improve our cost structure which will, in turn, enable us to be more competitive in the future.

APIs, the building block of medicines, are largely sourced from overseas and the Indian government is realizing that specific steps need to be taken to help the Indian industry make them competitive. Overcoming dependence on API imports, will not be easy, given that APIs are made from intermediates, which in turn come from chemicals, which our country does not manufacture enough. The efforts are being taken in this direction by the government and it is expected that with renewed focus, things will become more conducive going forward.

Unichem management team identifies, measures, monitors, and minimizes these risks to ensure safe, sound, and efficient operations. These are internally supervised and monitored through the Core Team Management (CTM). The CTM collaborates with various departments of the organization to identify and mitigate these risks. The Company has strong monitoring systems, access restrictions, firewalls, and backups to protect its data privacy. Since Unichem is fully into the international business it continuously evaluates political and economic scenarios across the globe in terms of its business operations and investments. During the year, a risk assessment for the organization was presented to the Board.

OUTLOOK

The current pandemic has given the biggest jolt to strategy, and it has jeopardised forecasting due to the uncertainty of this situation. Even after a year, we are unsure of the further magnitude and duration of this crisis. However, it has accelerated the digital adoption and organisation to embrace analytical concepts to address physical distancing which has been a new norm in tackling it.

Countries across the globe had witnessed crisis in dealing with medical infrastructure for their citizens. The health sector is being looked as the next biggest driver of growth and employment, as it has multiplied impact on the growth of the economy. It is expected that the world will allocate more in its policies with emphasis on primary healthcare.

The pharma sector is also realising the need to unlock the full value of the huge data by using artificial intelligence and machine learning. Medical technology is the future of healthcare and will see a whole new world of job opportunities in the health sector and inpatient care. Artificial Intelligence, machine learning, nanotech, the Internet of Things (IoT), robotics, 3D printing are just a few examples of technologies that are going to play an important role in healthcare. The wider the adaptation to technology, the lower will be the cost of specialized treatment.

It is also expected that a rise in drug approvals by the regulatory bodies is expected to fuel pharmaceutical manufacturing activities. We believe that Unichem is well-positioned to grow its business globally on the back of robust business fundamentals, successful international accreditations at its plants, and an increased number of regulatory filings.

FINANCIAL PERFORMANCE

Consolidated Operations:

During the financial year ended 2020-2021, the Company registered Revenue from Operations of ₹ 1,23,513.53 lakhs as against ₹ 1,10,371.28 lakhs in the previous year, representing a growth of 12%.

Profit before tax of ₹ 5,147.94 lakhs was achieved during the year against the loss before tax in the previous year amounting to ₹ (4,821.02) lakhs, representing a growth of 207% for the financial year ended 2020-2021.

The Profit after tax for the year was ₹ 3,432.48 lakhs against a loss of ₹ (6,018.25) lakhs, representing a growth of 157% for the year ended 2020-2021.

The gross profit margin for the year increased by 4.4% over the previous year. The increase was driven by a better product mix.

Standalone Operations:

During the year ended 2020-2021, the Company registered Revenue from Operations of ₹ 1,12,397.28 lakhs as against ₹ 90,444.07 lakhs in the previous year, representing a growth of 24%.

Revenue from the international formulation business contributed 82% of Net Revenue from Operations, which increased from ₹ 72,498.24 lakhs in the financial year 2019-2020 to ₹ 92,559.80 lakhs in the financial year 2020-2021, representing a growth of 28%.

Profit before tax of ₹ 6,564.55 lakhs was achieved during the year under review against the loss before tax in the previous year amounting to ₹ (6,381.18) lakhs, representing a growth of 203% for the financial year ended 2020-2021.

The Profit after tax for the year was ₹ 5,408.23 lakhs against a loss of ₹ (5,631.62) lakhs, representing a growth of 196% for the year ended 2020-2021.

Capital expenditure for the financial year 2020-2021 was ₹ 33,489.11 lakhs.

The year was benefited by new launches, a better product mix in the international formulation business, and increased leverage from manufacturing overheads and logistics costs. The gross profit margin for the year increased by 3.8% over the previous year. This was partly offset by lower export incentives. We are pleased that we were able to ensure the continuity of our business operations and serve patients and partners in these challenging times.

We are confident that our strong business fundamentals with global reach will see us expanding to patients globally.

Details of significant changes (i.e. change of 25% or more as compared to the immediately previous financial year) in key financial ratios, along with detailed explanations thereof are provided below in **Table 1**.

HUMAN RESOURCES

With the world facing an unprecedented challenge in the financial year 2020-2021, new work norms had to be established to enable us to navigate through unchartered territories. During this time, the Human Resource function across industries put on creative hats to deal with the new challenges, especially those involving employee health, safety, and security. Balancing these along with business continuity became a priority. Digitalisation and Automation and the consequent scaling up of infrastructure and training employees thus became the focus areas for HR as a function.

Table 1: Details of significant changes in key financial ratios, along with detailed explanations thereof

Ratio	Standalone			Consolidated			Remarks (In case variance is +/- 25%)
	FY 20-21	FY 19-20	Variance (%)	FY 20-21	FY 19-20	Variance (%)	
(i) Debtors Turnover	3.29	2.76	19	3.86	2.67	44	Consolidated - improved compared to the previous year
(ii) Inventory Turnover	1.23	1.30	(5)	0.81	1.05	(23)	-
(iii) Interest Coverage Ratio	51.47	(48.78)	(206)	11.06	(5.14)	(315)	Standalone and Consolidated - Better profitability as compared to the previous year
(iv) Current Ratio	3.51	4.32	(19)	2.72	2.98	(8)	-
(v) Debt Equity Ratio	-	0.01	(100)	0.04	0.07	(46)	Consolidated - Increased profitability of overseas subsidiaries
(vi) Operating Profit Margin (%)	13	1	1243	11	4	205	Standalone - Improvement in financial performance
(vii) Net Profit Margin (%)	5	(6)	(177)	3	(5)	(151)	Consolidated - Increased profitability of overseas subsidiaries
(viii) Return on Net Worth (%)	3	(2)	(240)	2	(2)	(189)	

The concept of work from home surfaced for certain functions which led to the Human Resources professionals to wear pioneering lenses and equip employees to adopt new communication medium to deliver on business objectives. Remote working required that very vital personal touch and employee engagement. Employees working from home were provided tools and regular guidance to adapt to the technology required and that too at a fast pace.

Unichem, a manufacturing Company with 3,090 employees, has around 95% of the workforce operating from its factories. To ensure safety of the employees, the Company ensured that all the guidelines as laid down by the Central/State governments and WHO were complied with. With Covid-19 becoming rampant and a global crisis looming, the leadership team constituted a special COVID Taskforce which implemented strict protocols and procedures to tackle the pandemic. Employee awareness, training, and monitoring of these initiatives were carried out with great integrity and spirit.

Employees at manufacturing sites were provided with safety gear/PPE kits. Sanitisation of the premises and other COVID appropriate behaviour became a way of life. SOPs were framed and monitored. Masks were in place; canteens became silent zone and social distancing was ensured. Fever screening machines were installed to ensure compliance and daily health monitoring by a medical team have become a norm. The very important aspect of employee motivation, counselling, and education has become a regular feature since the onset of the pandemic. Monitoring the physical and mental health of the employees and providing support to them and their families was undertaken.

Numerous health programmes and activities were planned for employees both at the manufacturing sites and virtually, for others, all the while adhering to Covid-19 protocol. Live yoga classes, awareness on COVID and how to deal with it, group plasma donations, and online entertainment were among the initiatives undertaken.

Training for contract employees was also integral and diligently followed during these tough times.

Since we are in the essential services sector, digitalization and automation were the most important resources at our disposal to ensure that the organization's business goals were met. Even before the pandemic, Unichem had begun its journey in these areas by introducing new technological mediums for the human resource function. A step in this direction was taken some years ago with the introduction of an online performance evaluation system, which continues to gain in upholding the ethos of accountability in assessing employee performance. Online Learning Management System is one such technological intervention that will bring an advanced mode of training delivery and management while reducing manual intervention. The software is in the final stages of implementation across the organisation.

We introduced a new cloud-based HRMS–Uniconnect, which brought HR processes and technology to the fingertips of our employees. It was important to make HR processes for employees online and accessible anywhere, anytime, with minimum physical intervention which was made possible through the Uniconnect mobile app. Uniconnect integrated several erstwhile systems into one application while reducing manual intervention in the HR processes.

The year 2020-2021 demanded a new approach towards digitalization. Virtual communication became the best means for collaboration to ensure social distancing. All cross-functional teams adopted these means with open arms and honed their skills in no time.

Our core values of INTEGRITY, COLLABORATION, and EXECUTION EXCELLENCE (ICE) became a pillar of strength in the face of adversity. This was also celebrated by awarding the employees who showcased these values through the UNICHEM Stars awards program.

Unichem continues to have cordial relations with its union.

In the coming year, the HR team will continue to strive for excellence in the areas of HR technology, employee health, safety, and compliance.

INTERNAL CONTROL SYSTEMS

Your Company has an adequate internal control system commensurate with the nature and size of its business operations. These systems provide reasonable assurance that (i) the transactions are authorized, recorded, and reported diligently, (ii) the internal policies and procedures are adhered to, (iii) it safeguards the resources and assets of the Company, (iv) it maintains accuracy and completeness of accounting records, and (v) it mitigates operational and business risks.

Your Company views internal audit as a vital part of its management control system that keeps management informed about the working and processes of the organisation. The internal audit function independently tests the design, adequacy, and operating effectiveness of the internal control systems and this provides a credible assurance to the Audit Committee regarding its adequacy and effectiveness.

The Audit plan is made at the beginning of the year after it is duly approved by the Audit Committee. The internal audit plan and its reports are shared with the statutory auditors. These plans are executed by the internal audit team with the support of external audit professionals wherever required. The management duly considers and takes appropriate and timely actions on the recommendations made by the audit committee, statutory auditor, cost auditor, and internal auditor.

Dr. Prakash A. Mody

Mumbai — Chairman & Managing Director

29th May, 2021 — (DIN: 00001285)

Annexure B to Directors' Report

CORPORATE GOVERNANCE REPORT

A brief statement on listed entity's philosophy on Code of Governance

The Company's philosophy on corporate governance is to ensure that adequate control systems exist to enable the Board to effectively discharge its responsibilities, ensuring fiscal accountability, ethical corporate behaviour, and fairness to all stakeholders. The Company has laid down well-developed systems and processes for internal controls across all its operations, and that adequate, timely, and accurate disclosure of all material, operational and financial information is made to the stakeholders. The Company continues to focus its resources, strengths, and strategies to achieve its vision of enhancing health through quality products while upholding the core values of excellence, empowerment, and responsibility.

As per the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and applicable provisions of the Companies Act, 2013 (the Act), a report on Corporate Governance is detailed below:

Board of Directors

Composition, attendance of Directors at Board Meetings and the last Annual General Meeting (AGM) other Directorships and Memberships and/or Chairmanships held by each Director

The Board of Directors has a responsibility for the management of the Company's affairs. In terms of the requirements under Corporate Governance all material information are placed before the Board to enable it to discharge its responsibility of strategic supervision of the Company.

As on 31st March, 2021, Unichem's Board comprised of 6 (six) Directors, namely 2 (two) Whole-time Directors and 4 (four) Non-Executive and Independent Directors, out of which 1 (one) is an Independent Woman Director. In the wake of the Covid-19 pandemic and to adhere to the lockdown and social distancing norms, the Directors participated in the Meetings of the Board and Committees through video conferencing/other audio-visual means. The Company plans its Board and Committee Meetings well in advance. Unichem's Board met 4 (four) times during the year under review namely 19th June, 2020; 4th August, 2020; 31st October, 2020 and 30th January, 2021 as given in **Table-1**. The intervening period between 2 (two) Board Meetings was well within the time limit prescribed in the Companies Act, 2013 and the Listing Regulations as amended from time to time. The last AGM of the Company was held on 29th August, 2020.

Independent Directors' Meeting

During the year under review, the Independent Directors met on 30th January, 2021 *inter-alia*, to:

a. Review the performance of Non-Independent Directors and the Board as a whole;

Table-1: Composition of Board and attendance of Meetings during the year 2020-2021

Name	Category	No. of Board Meetings held during the year 2020-2021		Whether attended last AGM	No. of Directorships in other public companies*	No. of committee positions in other public companies**		Name of listed companies where directorship held and its category
		Held	Attended			Member	Chairman	
Dr. Prakash A. Mody (DIN: 00001285)	Executive Director (Chairman & Managing Director - Promoter)	4	4	Yes	1	0	0	Kewal Kiran Clothing Limited - Non Executive Independent Director
Mr. Dilip Kunkolienkar@ (DIN: 02666678)	Director Technical (Executive Director)	4	4	Yes	0	0	0	Nil
Mr. Prafull Anubhai (DIN: 00040837)	Non-Executive Independent Director	4	4	Yes	1	0	1	Vardhaman Textiles Limited - Non Executive Independent Director
Mr. Anand Mahajan (DIN: 00066320)	Non-Executive Independent Director	4	4	Yes	1	1	0	Grindwell Norton Limited., Non Executive Promoter Director
Mr. Prafull Sheth (DIN: 00184581)	Non-Executive Independent Director	4	4	Yes	0	0	0	Nil
Dr. (Mrs.) B. Kinnera Murthy (DIN: 01878144)	Non-Executive Independent Director	4	4	Yes	2	0	0	Nil

* Excludes Directorships in Private Limited Companies, Foreign Companies (including foreign subsidiaries of the Company) and Companies under Section 8 of the Act.

** Covers only Memberships/Chairmanships of Audit Committee and Stakeholders' Relationship Committee.

@ The Board of Directors at its Meeting held on 30th January, 2021 and Circular Resolution dated 21st April, 2021 re-appointed Mr. Dilip Kunkolienkar as the Whole-time Director of the Company designated as Director Technical with effect from 1st April, 2021, which was subject to the approval of the Shareholders vide a Postal Ballot. The Shareholders have approved the said appointment on 27th May, 2021 through requisite majority.

The number of Directorships and the positions held by them on Board Committees are in conformity with the limits on the number of Directorships and Board Committee positions as laid down in the Act and the Listing Regulations, as on 31st March, 2021.

b. Review the performance of the Chairperson of the Company, taking into account the views of Executive Directors and Non-Executive Directors; and

c. Assess the quality, quantity, and timeliness of the flow of information between the Company's management and the Board that is necessary for the Board to effectively and reasonably perform its duties.

All Independent Directors attended the Meeting.

Disclosure of relationships between Directors *inter-se*

In terms of Regulation 36(3)(c) and Schedule V(C)(2)(e) of the SEBI Listing Regulations, none of the Directors are related to each other.

List of core skills/expertise/competencies identified by the Board of Directors and the Directors who possess the skill as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the Board is given in List-A.

Confirmation by Independent Directors

All Independent Directors have declared that they meet the criteria of Independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16(b) of the Listing Regulations. The Board confirms that the Independent Directors fulfill conditions specified in the Listing Regulations and are independent of the Management.

Business Responsibility Report

Regulation 34(2) of the Listing Regulations, *inter-alia*, provides that the Annual Report of the top 1000 listed entities based on their market capitalization (calculated as on 31st March of every financial year), shall include a Business Responsibility Report (BRR).

Your Company features in the top 1000 listed entities as per market capitalization calculated as on 31st March, 2021 and hence the BRR for the financial year ended 31st March, 2021 forms part of this Annual Report.

Dividend Distribution Policy

Pursuant to the Listing Regulations, the Company has formulated a Dividend Distribution Policy and is available on the Company's website at https://www.unichemlabs.com/dividend-distribution-policy.php.

Familiarization programme for Independent Directors

The Company has a familiarization programme for Independent Directors about their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, the business model of the Company, etc. The familiarization programme along with details of the same imparted to the Independent Directors during the year are available on the website of the Company at https://www.unichemlabs.com/pdf/newsroom/2020/31/Familiarization-Programme-2020-21.pdf.

The Company believes that the Board must be continuously empowered with the knowledge of the latest developments in the Company's business and the external environment affecting the Company and the industry. Apart from the financial presentations, business strategies and all other updates are discussed on regular basis at the Board Meetings periodically to familiarize the Directors with the strategy and operations of the Company.

Compliance with the Code of Business Conduct and Ethics

The Company has adopted a Code of Business Conduct and Ethics. The said Code is posted on the Company's website and the weblink of the same is: https://unichemlabs.com/policies-code-of-conduct/code-of-business-conduct-ethics/.

List-A: List of core skills/expertise/competencies identified by the Board

Sr. No.	Skill	Description	Name of the Director who possesses the said skill
1	Vision	Ability to see the future with precision based on knowledge, experience and power of reasoning to shape the Company's plans.	Dr. Prakash A. Mody Mr. Prafull Anubhai Dr. (Mrs.) B. Kinnera Murthy
2	Leadership	Trait of building an inspiring vision, motivating people to engage with it and fulfillment of the same.	Dr. Prakash A. Mody Mr. Anand Mahajan
3	Corporate Strategy	Ability to identify opportunities, projects, critical evaluation of the same and plan for successful implementation, to achieve the desired business goal.	Dr. Prakash A. Mody Mr. Prafull Anubhai Mr. Dilip Kunkolienkar Dr. (Mrs.) B. Kinnera Murthy Mr. Anand Mahajan
4	Risk management	Ability to identify key risks associated with the business and put in place risk minimisation and mitigation framework.	Dr. Prakash A. Mody Mr. Prafull Anubhai Mr. Prafull Sheth
5	Technical manufacturing expertise in Pharma	Ability to comprehend technical intricacies in manufacturing and guide the executive management to overcome technical barriers in order to be cost effective and achieve the desired goals with focus on pharma sector.	Dr. Prakash A. Mody Mr. Dilip Kunkolienkar Mr. Prafull Sheth
6	Finance and Accounting	Ability to analyse key financial statements, assess financial viability, contribute to strategic financial planning, oversee budgets and efficient use of resources.	Dr. Prakash A. Mody Mr. Prafull Anubhai Mr. Anand Mahajan
7	Academics	Designing and developing executive development programmes, Human Resource Development, consulting and advisory services in management to corporates and non -corporates.	Dr. (Mrs.) B. Kinnera Murthy
8	Social Change Management	Corporate Social Responsibility, designing social change strategies and supporting NGOs pro bono	Dr. Prakash A. Mody Dr. (Mrs.) B. Kinnera Murthy
9	Research and Development	Thorough understanding of processes of discovery, development manufacturing, clinical trials, waste management and quality of pharmaceuticals.	Dr. Prakash A. Mody Mr. Prafull Sheth

All Board members and Senior Management Personnel have affirmed compliance with the said Code for the year ended 31st March, 2021. A declaration to this effect, signed by the Chairman & Managing Director is given below:

Declaration on Code of Business Conduct and Ethics

"In accordance with Regulation 26 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, I hereby confirm that the Board of Directors and the Senior Management Personnel have affirmed compliance with the Code of Business Conduct and Ethics for the financial year ended 31st March, 2021".

Dr. Prakash A. Mody

Mumbai — Chairman & Managing Director

12th April, 2021 — (DIN: 00001285)

Audit Committee

The Audit Committee's primary role is to supervise the internal controls and the financial reporting process and thus ensure accurate and timely disclosure of information that maintains the transparency, integrity, and quality of financial controls and reporting.

The terms of reference of the Committee are wide enough to cover matters specified for Audit Committees as given under Section 177 of the Act and Regulation 18 of the Listing Regulations. The Committee mandatorily reviews information such as internal audit reports, management discussion and analysis of financial condition and result of operations, statement of significant related party transactions, and such other matters as prescribed. The Deputy Chief Financial Officer, Chief Internal Auditor & Compliance Officer, and a representative of the Statutory Auditors were regular invitees to the Meetings.

The Company Secretary acts as a Secretary to this Committee.

The Audit Committee met 4 (four) times during the financial year, namely 19th June, 2020; 4th August, 2020; 31st October, 2020 and 30th January, 2021. The composition of the Committee as on 31st March, 2021, and the details on the number of Audit Committee Meetings held and attended by the Members during the financial year 2020-2021 are given in **Table-2**. The maximum gap between any 2 (two) meetings was well within the time limit prescribed in the Companies Act, 2013 and the Listing Regulations as amended from time to time.

Nomination and Remuneration Committee

The terms of reference of the Committee are wide enough to cover matters specified for the Committee as given under Section 178 of the Act and Regulation 19 of the Listing Regulations.

The Company Secretary acts as a Secretary to this Committee.

The composition of the Nomination and Remuneration Committee during the financial year 2020-2021 is given in **Table-3**. The said Committee met 2 (two) times during the financial year namely 19th June, 2020 and 30th January, 2021

Performance evaluation

Pursuant to the provisions of the Act and Regulation 17(10) of the Listing Regulations, the Board has carried out an annual performance evaluation of the working of its own performance, its Committees, and the Directors individually. The performance evaluation of Independent Directors was done by the entire Board of Directors and in the evaluation, the Directors who were subject to evaluation did not participate. A structured questionnaire was prepared after taking into consideration inputs received from the Directors, covering various aspects of the Board's/Committees' functioning.

The evaluation of the Directors was done on various parameters such as vision and strategy, Board's participation, Board's disclosure of interests, review of management policies, budgets with reference to risk and return and leadership skills. The Directors expressed their satisfaction with the evaluation process.

Remuneration of Directors

The Remuneration details are given in **Table-4**.

Shareholding of the Non-Executive Directors

Details of shares held by Non-Executive Directors as on 31st March, 2021 as given in **Table-5**.

Table-5: Shareholding by Non-Executive Directors

Name	No. of shares held
Mr. Prafull Anubhai	782
Mr. Anand Mahajan	15,029
Mr. Prafull Sheth	7,500
Dr. (Mrs.) B. Kinnera Murthy	Nil

The Company has not issued any convertible instruments during the financial year ended 31st March, 2021.

Stakeholders Relationship Committee

The Stakeholders Relationship Committee oversees, *inter-alia*,

Table-2: Composition and attendance of Audit Committee Meetings during 2020-2021

Name of Director	Position	Category	No. of Meetings attended
Mr. Prafull Anubhai	Chairman	Non-Executive, Independent Director	4
Mr. Dilip Kunkolienkar	Member	Executive Director	4
Mr. Prafull Sheth	Member	Non-Executive, Independent Director	4
Mr. Anand Mahajan	Member	Non-Executive, Independent Director	4
Dr. (Mrs.) B. Kinnera Murthy	Member	Non-Executive, Independent Director	4

Table-3: Composition and attendance of Nomination and Remuneration Committee Meetings during 2020-2021

Name of Director	Position	Category	No. of Meetings attended
Mr. Prafull Anubhai	Chairman	Non-Executive, Independent Director	2
Mr. Prafull Sheth	Member	Non-Executive, Independent Director	2
Mr. Anand Mahajan	Member	Non-Executive, Independent Director	2

redressal of shareholder and investor grievances, transfer /transmission of shares, non-receipt of the annual report or declared dividend, issue of duplicate shares, exchange of new design share certificates, reviewing dematerialization/rematerialization of shares and, related matters. The Committee focuses on Shareholders' grievances and strengthening of investor relations.

The terms of reference of the Committee are wide enough to cover matters specified for the Committee as given under Section 178(5) of the Act and Regulation 20 of the Listing Regulations. The composition of the Stakeholders' Relationship Committee and the details of the number of Meetings held and attended by the Members during the financial year 2020-2021 are given in **Table-6**.

The Company has a dedicated e-mail id at shares@unichemlabs.com where investors and the other stakeholders can address their queries and grievances.

The Company Secretary is the Compliance Officer and acts as a Secretary to this Committee.

The Stakeholders' Relationship Committee met 2 (two) times during the financial year namely 19th June, 2020 and 4th August, 2020. During the year 1 (one) complaint was received from Shareholders and investors. All the complaints have been resolved to the satisfaction of the complainants and no investor complaint was pending at the beginning or the end of the year.

The Company has acted upon valid requests for share transfers received during the year and no such request is pending.

Risk Management

With effect from 5th May, 2021, the constitution of the Risk Management Committee has become applicable to top 1000 companies based on market capitalization as on 31st March, 2021. Pursuant to the amendment in the Listing Regulations the Board of Directors at its Meeting held on 29th May, 2021 has constituted a Risk Management Committee.

The roles and responsibilities of the Risk Management Committee are as prescribed under Regulation 21 of the Listing Regulations and includes monitoring and reviewing of the risk management plan and reporting the same to the Board of Directors periodically as it may deem fit, in addition to any other terms as may be referred by the Board of Directors, from time to time.

The Company has procedures for risk assessment and minimisation. A section on risk management practices of the Company forms a part of the chapter on Management Discussion and Analysis Report in the Annual Report 2020-2021.

The Company Secretary acts as a Secretary to this Committee.

The Constitution of the Risk Management Committee is given in **Table-7**. Since the Committee was constituted on 29th May, 2021 in terms of the LODR Regulations duly amended with effect from 5th May, 2021, no Meeting of the Committee was held during the year under review.

Corporate Social Responsibility Committee (CSR)

The composition of the Corporate Social Responsibility

(₹ in lakhs)

Table-4: Remuneration paid to the Directors for 2020-2021

Name	Sitting Fees**	Commission payable for 2020-2021@	Consolidated Salary#	Perquisites and Allowances#	Total Amount
*Dr. Prakash A. Mody	NA	Nil	542.24	0.39	542.63
Mr. Dilip Kunkolienkar	NA	NA	171.24	9.75	180.99
Mr. Prafull Anubhai	11.50	NA	NA	NA	11.50
Mr. Anand Mahajan	9.50	NA	NA	NA	9.50
Mr. Prafull Sheth	9.50	NA	NA	NA	9.50
Dr. (Mrs.) B. Kinnera Murthy	10.50	NA	NA	NA	10.50

NA Not Applicable
* Eligible to receive commission @1% of the Net Profits of the Company, computed under Sections 197and 198 of the Act and the Rules made thereunder.
@ However, for the financial year 2020-2021, no commission is payable due to inadequacy of profits in terms of Section 198 of the Companies Act, 2013.
** Sitting fees are exclusive of Goods and Service Tax, paid extra under reverse charge mechanism
# Fixed Component
@ Variable Component
Mr. Kunkolienkar currently holds 75,538 equity shares of the Company, allotted in terms of Employee Stock Option Schemes of the Company. 246,176 options have been granted to Mr. Kunkolienkar in terms of the Employee Stock Option Scheme 2018 yet to be exercised on the vesting date in terms of the said Scheme.
The remuneration to Whole-time Directors is approved for 3 (three) years due to inadequacy of profits in terms of Section 198 and Schedule V of the Companies Act, 2013 and the appointment can be terminated by giving 6 (six) months' notice or such other mutually agreed period by the Directors and the Company.

Table-6: Composition and attendance of Stakeholders Relationship Committee Meetings during 2020-2021

Name of Director	Position	Category	No. of Meetings attended
Dr. Prakash A. Mody	Member	Executive Director	2
Mr. Prafull Anubhai	Chairman	Non-Executive, Independent Director	2
Dr. (Mrs.) B. Kinnera Murthy	Member	Non-Executive, Independent Director	2

Table-7: Composition of the Risk Management Committee

Name of Director	Position	Category	No. of Meetings attended
Dr. Prakash A. Mody	Chairman	Executive Director	NA
Mr. Dilip Kunkolienkar	Member	Executive Director	NA
Mr. Prafull Sheth	Member	Non-Executive, Independent Director	NA

Committee and the details on the number of Meetings held and attended by the members during the financial year 2020-2021 are given in **Table-8**. The terms of reference of the said Committee broadly comprise the following and as detailed in the CSR policy of the Company:

a. To review the existing CSR Policy and to make it more comprehensive to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Act; and

b. To provide guidance on various CSR activities to be undertaken by the Company and to monitor their progress.

The Committee met 2 (two) times during the financial year on 19th June, 2020 and 31st October, 2020.

The Company Secretary acts as a Secretary to this Committee.

CEO and CFO Certification

The Managing Director and the Deputy Chief Financial Officer have *inter-alia* certified to the Board of Directors, the accuracy of financial statements and adequacy of internal controls for financial reporting as required under Regulation 17(8) of the Listing Regulations for the year ended 31st March, 2021. The certificate was placed before the Board of Directors at its Meeting held on 29th May, 2021.

General Body Meetings

a. Details of last 3 (three) AGM are given in **Table-9**.

b. Resolution passed through Postal Ballot: Refer **Table-10**. No Resolution was passed during the year under review. However, after 31st March, 2021 and before the date of this report, 1 (one) Postal Ballot Resolution was passed by the Shareholders on 27th May, 2021. Mrs. Ragini Chokshi of Ragini Chokshi & Associates, Practicing Company Secretary acted as a Scrutinizer for conducting the Postal Ballot e-voting process fairly and transparently in terms of Section 110 and 108 of the Companies Act, 2013 and the Rules made thereunder.

c. As at 31st March, 2021, no Special Resolution was proposed to be conducted through Postal Ballot.

Table-8: Composition and attendance of Corporate Social Responsibility Committee Meetings during 2020-2021

Name of Director	Position	Category	No. of Meetings attended
Dr. Prakash A. Mody	Chairman	Executive Director	2
Mr. Prafull Anubhai	Member	Non-Executive, Independent Director	2
(Dr.) (Mrs.) B. Kinnera Murthy	Member	Non-Executive, Independent Director	2

Table-9: Details of the last 3 (three) Annual General Meetings (AGM)

AGM	Year	Venue	Date	Time	Items of Special Resolution passed at each Meeting
57th	2019-2020	Through audio-video Conference	Saturday 29th August 2020	11:30 a.m.	Payment of remuneration to Dr. Prakash A. Mody, Chairman & Managing Director of the Company, in excess of ₹ 5 crores or 2.5% of the net profits of the Company (whichever is higher) in terms of Regulation 17(6)(e) of LODR Regulations.
56th	2018-2019	Rama Watumull Auditorium Kishinchand Chellaram College (K.C. College) 124, Dinshaw Wachha Road Churchgate, Mumbai - 400 020	Saturday 27th July, 2019	3:00 p.m.	None
55th	2017-2018	Rama Watumull Auditorium Kishinchand Chellaram College (K.C. College) 124, Dinshaw Wachha Road Churchgate Mumbai - 400 020	Saturday 28th July, 2018	3:00 p.m.	(i) Re-appointment of Dr. Prakash A. Mody as the Chairman & Managing Director of the Company with effect from 1st July, 2018. (ii) Appointment of Mr. Dilip Kunkolienkar as a Whole-time Director of the Company, designated as Director Technical with effect from 1st April, 2018. (iii) Re-appointment of Mr. Prafull Anubhai as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from 1st April, 2019 up to 31st March, 2024. (iv) Re-appointment of Mr. Prafull Sheth as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from 1st April, 2019 up to 31st March, 2024. (v) Re-appointment of Mr. Anand Mahajan as an Independent Director of the Company for a second term of 5 (five) consecutive years with effect from 1st April, 2019 up to 31st March, 2024.

Table-10. Special Resolution for Re-appointment of Mr. Dilip Kunkolienkar as the Whole-time Director of the Company for 3 (three) years with effect from 1st April, 2021		
Particulars	**No. of Equity Shares**	**% of total number of votes cast**
Total Valid Votes Cast	4,36,08,696	100
Assented to Resolution	4,27,92,597	98.13
Dissented to Resolution	8,16,099	1.87

Disclosures

Related Party Transactions

There was no materially significant transactions with Related Parties during the financial year, which conflicted with the interest of the Company at large. All Related Party Transactions are periodically placed before the Audit Committee/Board for its review and approval. The Company has in place a policy on Related Party Transactions and the same is displayed on the Company's website and the weblink of the same is: https://www.unichemlabs.com/related-party-transactions-policy.php.

Details of Non compliance

The equity shares of the Company are listed on BSE and NSE Limited; Mumbai and the Company has complied with all the applicable regulations of capital markets. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI, or any other statutory authority, on any matter relating to the capital markets, during the last 3 (three) years.

Material Subsidiary

The Company has formulated a Policy on material subsidiary and the same is displayed on the Company's website and the weblink of the same is https://www.unichemlabs.com/policy-on-material-subsidiaries.php.

Whistle Blower Policy

The Company has in place a Whistle Blower/Vigil Mechanism through which its stakeholders, directors, and employees can report their genuine concerns about unethical behaviour and actual or suspected fraud or violation of the Company's Code of Business Conduct and Ethics. The said Policy provides for adequate safeguards against victimization and direct access to the Audit Committee. The e-mail id for reporting genuine concerns is whistleblower@unichemlabs.com. The policy is displayed on the Company's website and the weblink of the same is https://www.unichemlabs.com/whistle-blower-vigil-mechanism.php. No personnel has been denied access to the Audit Committee. There was 1 (one) complaint received during the year and the same has been resolved.

Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A) of the Listing Regulations

The Company has not raised any funds through preferential allotment or qualified institutions placement and hence the same is not applicable.

Certificate from Company Secretary in practice

The Company has received a certificate dated 29th April, 2021 from Alwyn Jay & Co, Company Secretaries in practice 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.

The Board has accepted all the recommendations of the Committees of the Board given from time to time during the financial year under review.

Total fees paid to all statutory auditors

The total fees paid by the Company 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 during the financial year under review, aggregate ₹ 191.56 lakhs.

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

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

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

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

Compliance with the Mandatory Requirements of the Listing Regulations

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of sub regulation (2) of Regulation 46 of the Listing Regulations.

Adoption of Non Mandatory Requirements

The Company has not adopted the non-mandatory requirements of the Listing Regulations.

Management Discussion and Analysis Report

The information required under the Management Discussion and Analysis Report is separately given in this Annual Report.

Brief profile of Directors seeking appointment/re-appointment

As required, a brief profile and other particulars of the Director retiring by rotation and his re-appointment is given in the Notice of this AGM and forms a part of this Annual Report.

Commodity price risk or foreign exchange risk and hedging activities

During the financial year ended 31st March, 2021, the Company managed its foreign exchange risk and hedging to the extent where it considers necessary/permitted. The Company enters forward contracts for hedging foreign exchange exposures against exports. The details of foreign currency exposure are disclosed in the financial statements.

Means of Communication

a. The Unaudited quarterly/half- yearly results are announced within 45 (forty-five) days of the close of the quarter. The audited annual results are announced within the statutory time limits as per the requirement of the Listing Regulations duly amended from time to time.

b. The approved financial results are forthwith sent to the Stock Exchanges and are published in a national English newspaper namely, Business Standard. In addition, the same is published in a local language (Marathi) newspaper namely, Sakal, within 48 (forty-eight) hours of approval thereof. The Securities and Exchange Board of India had granted exemption from publishing financials due to the Covid-19 pandemic, hence financials for the quarter and year ended 31st March, 2020 were not published in newspapers. In addition to uploading the same on the website of the Company at www.unichemlabs.com and are also sent to the Stock Exchange for dissemination.

c. Presentations if any, made to the institutional investors and/or analysts are also posted on the Company's website and sent to the Stock Exchanges where the Company shares are listed.

d. The quarterly results, shareholding pattern, quarterly compliances, and all other corporate communications to the Stock Exchanges namely BSE Limited and NSE Limited are filed electronically. The Company has complied with filing submissions through the BSE Listing Centre. The said information is also filed electronically with NSE through the NEAPS portal.

e. A separate dedicated section under "Investors", on the Company's website gives information on unclaimed dividends, shareholding patterns, quarterly/half-yearly results, and other relevant information of interest to the investors/public.

General Shareholder Information

Date, Time and Venue of the 58th AGM

Date: Saturday, 31st July, 2021

Time: 3:00 p.m.

Venue: Through Video Conference

Due to the Covid-19 pandemic, the AGM for the financial year 2020-2021 will be held through Video Conference or other means of Audio-Visual Mode (OAVM) as permitted by the Regulators.

Financial Year: 1st April, 2020 to 31st March, 2021

Dates of Book Closure

Monday, 26th July, 2021 to Saturday, 31st July, 2021 (both days inclusive)

Dividend Payment Date

Dividend of ₹ 4/- (200 %) per share having a face value of ₹ 2/- fully paid for the year 2020-2021 has been recommended by the Board of Directors. If approved by the Members at the ensuing AGM, the same will be paid to the Shareholders on and after 6th August, 2021.

Stock Exchanges on which shares are listed

Bombay Stock Exchange of India Limited (BSE)

National Stock Exchange of India Limited (NSE)

The Annual Listing Fees have been paid by the Company and there is no payment outstanding towards the Stock Exchanges as on date.

Stock Codes

BSE 506690

NSE UNICHEMLAB

Unclaimed Dividend

The dividend remaining unclaimed for (7) seven years will be transferred to the Investor Education and Protection Fund as per the Act and Rules made thereunder. Shareholders who have not claimed their dividends may do so before these are statutorily transferred and are requested to immediately approach the Investor Relations Department of the Company for the issue of duplicate dividend warrants. Please refer to **Table-11** for these details.

Disclosure with respect to Demat Suspense Account/ Unclaimed Suspense Account pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is given in Table-12.

Registrar and Share Transfer Agents (RTA)

Link Intime India Private Limited

C 101, 247 Park, L B S Marg, Vikhroli (West), Mumbai 400 083

Tel.: (022) 4918 6000 • Fax.: (022) 4918 6060

E-mail Id: mumbai@linkintime.co.in

Share Transfer System

Share transfers are registered and returned within 15 (fifteen) days from the date of receipt, subject to the documents being valid and complete in all respects. Share certificates duly endorsed are issued or transferred to all those Shareholders who opt to hold shares in physical mode.

The Board has delegated the authority for approving transfer, transmission, issue of duplicate shares, name deletion and such other related matters to the Share Transfer Committee. During the year, all share transmission, issue of duplicate shares, name deletion and such other related matters were approved by the Share Transfer Committee within prescribed timelines. There is no set frequency of the Share Transfer Committee Meetings and transactions are approved as and when received. The minutes of the Share Transfer Committee so approved by the Committee is placed at the Board Meeting held quarterly. The Company obtains a half yearly certificate from Practicing Company Secretaries as per the requirement of Regulation 40 (9) of Listing Regulations and the same is filed with the Stock Exchanges.

As per Regulation 40 of the Listing Regulations, as amended, securities of Listed Companies can be transferred only in dematerialized form with effect from, 1st April, 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form who consider converting their holdings to

Table-11: Unclaimed Dividend

Financial year	Type of dividend	Date of declaration of dividend	Last date for claiming unclaimed dividend
2013-2014	Final	12.07.2014	17.08.2021
2014-2015	Final	16.07.2015	21.08.2022
2015-2016	Interim	09.03.2016	14.04.2023
2016-2017	Final	22.07.2017	27.08.2024
2017-2018	Final	28.07.2018	02.09.2025
2018-2019	Final	27.07.2019	01.09.2026
2019-2020	Final	29.08.2020	04.10.2021

Table-12: Disclosure with respect to Demat Suspense Account/Unclaimed Suspense Account pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015		
Particulars	**No. of Shareholders**	**No. of shares**
Aggregate number of Shareholders and the outstanding shares lying in the Unclaimed Suspense Account as at 1st April, 2020	45	96,500
(Less): Number of Shareholders who approached the Issuer for transfer of shares from the Unclaimed Suspense Account and to whom the shares were transferred from the Unclaimed Suspense Account	0	0
Add: Number of Shareholders and their shares transferred to Unclaimed Suspense Account during the year	0	0
(Less): Number of shares transferred from unclaimed suspense account to the IEPF authority during the Financial Year 2020-2021	7	15,060
Aggregate number of outstanding equity shares in the Unclaimed suspense Account as at 31st March, 2021	38	81,440

dematerialized form are requested to contact the Company or the Company's Registrars and Transfer Agents, Link Intime India Private Limited.

There are no legal proceedings pending against the Company before the Company Law Board in respect of dispute over title to shares in which the Company has been made a party.

Dematerialisation of Shares and Liquidity

As on 31st March, 2021, 97.13% of the paid-up share capital had been dematerialized.

Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity

The Company has not issued any GDRs/ADRs/Warrants or any convertible instruments.

Plant locations: The data is given on the insider cover of the Annual Report.

Credit Rating: ICRA, the credit rating agency has reaffirmed the long-term rating of [ICRA] A (pronounced ICRA A). The outlook on the long-term rating has been revised to stable from negative

Address for correspondence

Registered Office

Unichem Bhavan, Prabhat Estate, Off S. V. Road
Jogeshwari (West), Mumbai - 400 102
Tel.: (022) 6688 8333 • Fax.: (022) 2678 4391
Website: www.unichemlabs.com

For Secretarial matters

Ms. Shalini Kamath/Mr. Dilip Bhor
Unichem Bhavan, Prabhat Estate, Off S. V. Road
Jogeshwari (West), Mumbai - 400 102
Tel.: (022) 6688 8478 / 439
E-mail Id.: shares@unichemlabs.com

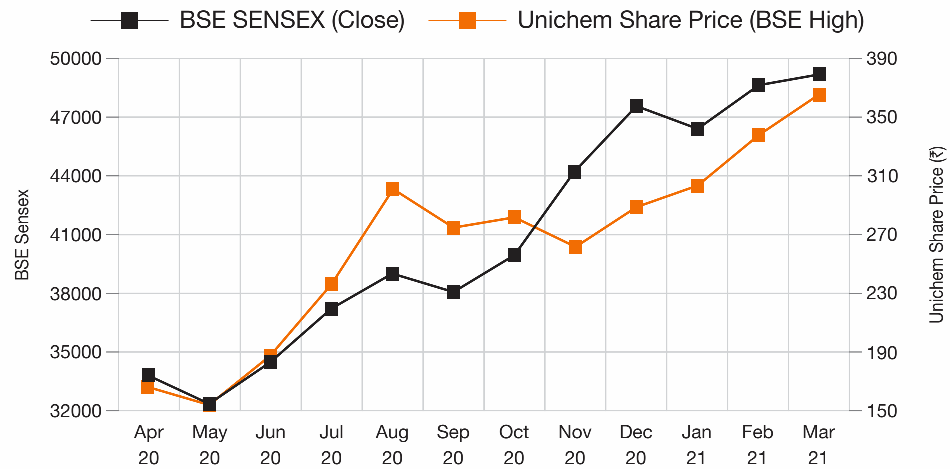
Market Price data

(Figures in ₹)

Month	High (BSE)	Low (BSE)	High (NSE)	Low (NSE)
April, 2020	167.80	130.00	167.90	129.25
May, 2020	151.30	121.60	151.10	121.10
June, 2020	186.40	125.00	187.00	124.35
July, 2020	237.00	173.65	237.15	173.35
August, 2020	304.20	235.00	304.70	234.00
September, 2020	271.50	230.00	271.95	230.20
October, 2020	278.00	230.90	279.00	231.25
November, 2020	263.50	221.60	263.85	223.30
December, 2020	289.60	219.00	298.00	218.55
January, 2021	304.00	259.00	303.90	258.20
February, 2021	337.80	285.90	338.00	285.85
March, 2021	360.00	291.50	360.60	293.10

Distribution of Shareholding on 31st March, 2021					
Sr. No.	**No. of shares held (From - To)**	**No. of Shareholders**	**% of Total Shareholders**	**No. of shares**	**% of Issued Capital**
1	up to – 500	28,185	81.19	3,587,134	5.09
2	501 – 1,000	2,684	7.73	20,72,674	2.94
3	1,001 – 2000	1,846	5.32	27,25,959	3.87
4	2,001 – 3,000	669	1.93	16,76,095	2.38
5	3,001 – 4,000	324	0.93	11,52,878	1.64
6	4,001 – 5,000	284	0.82	13,07,739	1.86
7	5,001 – 10,000	418	1.20	28,35,740	4.03
8	10,001 – Above	304	0.88	5,50,47,531	78.19
	Grand-Total	**34,714**	**100.00**	**7,04,05,750**	**100.00**

Share Performance of the Company in comparison to broad based indices of BSE-Sensex



Shareholding Pattern as on 31st March, 2021

Sr. No.	Category	Shares	Total %
1	Promoters	3,57,22,664	50.74
2	Promoter – Trust	1,38,351	0.19
3	Mutual Funds	57,60,005	8.18
4	Alternate Investment Funds–III	324,043	0.46
5	Insurance Companies	191,853	0.27
6	Nationalised Banks	22,900	0.03
7	Other Bodies Corporate	19,32,751	2.75
8	Trusts	2,196	0.00
9	Hindu Undivided Family	11,41,947	1.62
10	Resident Individuals	2,14,63,072	30.48
11	Directors/Relatives (other than Promoter Directors)	164,360	0.23
12	Non Resident Indians	833,193	1.18
13	Non Resident (Non Repatriable)	932,698	1.32
14	Foreign Nationals	4,839	0.01
15	Foreign Portfolio Investors (Corporate)	10,52,567	1.50
16	Foreign Banks	500	0.00
17	Clearing Members	57,153	0.09
18	Market Maker	2	0.00
19	Unclaimed Suspense Account	81,440	0.12
20	Investor Education and Protection Fund	579,216	0.83
	Total	**7,04,05,750**	**100.00**

Financial Calendar (Tentative)

Results for the Quarter and Year ending on	Tentative date
Unaudited results for the first quarter ending 30th June, 2021	Last week of July 2021
Unaudited results for the second quarter and half year ending 30th September, 2021	Last week of October 2021
Unaudited results for the third quarter and nine months ending 31st December, 2021	Last week of January 2022
Audited results for year ending 31st March, 2022	Last week of May 2022

Auditors Certificate

The Statutory Auditors Certificate on compliance with the conditions of Corporate Governance is annexed herewith.

For and on behalf of the Board of Directors,

Dr. Prakash A. Mody
Chairman & Managing Director
(DIN: 00001285)

Mumbai
29th May, 2021

Auditors' Certificate on Corporate Governance

To,
The Members
Unichem Laboratories Limited

Independent Auditors' Certificate on Compliance with the Corporate Governance requirements under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)

1. Based on the engagement by the management of Unichem Laboratories Limited ('the Company'), we have examined details of compliance of conditions of Corporate Governance by the Company for the year ended 31st March, 2021 as stipulated in Regulations 17-27, clause (b) to (i) of Regulation 46 (2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) ('Listing Regulations') pursuant to the Listing Agreement of the Company with the Stock Exchange.

Management's Responsibility for compliance with the conditions of Listing Regulations

2. The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

Auditor's Responsibility

3. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied the conditions of Corporate Governance as stipulated in Listing Regulations as applicable mentioned in para 1 above for the year ended 31st March, 2021.

4. Our examination was limited to a review of procedures and implementation thereof adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause/Regulation as applicable. It is neither an audit nor an expression of opinion on the financial statements of the Company.

5. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016), issued by the Institute of Chartered Accountants of India ('ICAI'). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination and according to explanations given to us and representations made by the Directors and management, we certify that during the year ended 31st March, 2021, the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations as applicable mentioned in para 1 above.

8. 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.

Restrictions on use

9. The certificate is addressed and provided to the members of the Company solely for the purpose of compliance with the requirement of the Listing Regulations and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom this certificate is shown or into whose hands it may come without our prior consent in writing.

For N. A. Shah Associates LLP
Chartered Accountants
Firm's Registration No.: 116560W/W100149

Milan Mody
Partner
Membership No.: 103286
UDIN.: 21103286AAAACV6578

Mumbai
29th May, 2021

Annexure C to Directors' Report

Annual Report on Corporate Social Responsibility (CSR) activities for the financial year 2020-2021

[Pursuant to Companies (Corporate Social Responsibility) Rules, 2014]

1. **Brief outline on CSR Policy of the Company:**

   Your Company believes in the philosophy of giving back. Our CSR programmes are initiated with a mission of creating a change in the life of the underprivileged communities particularly in the areas around the Company's locations. Being in the pharmaceutical industry your Company's primary focus is healthcare. Also, your Company focuses on various CSR activities such as education, health and sanitation, women empowerment, infrastructure, protection of the environment, and general welfare.

2. **Composition of the CSR Committee:**

   Composition of the CSR committee is given in the Corporate Governance Report.

3. **Web-link where composition of CSR Committee, CSR policy and CSR projects approved by the Board are disclosed on the website of the Company:**

   The composition of the CSR Committee, CSR policy, and CSR projects is available at https://www.unichemlabs.com/corporate-social-responsibility.php.

4. **Details of impact assessment of CSR projects carried out in pursuance of sub-rule (3) of Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):** Not applicable.

5. **Details of the amount available for set off in pursuance of sub-rule (3) of Rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:**

Sr. No.	Financial year	Amount available for set off from the preceding financial years	Amount available for set off for the financial year if any
Nil			

6. **Average net profit/(loss) of the Company as per Section 135(5):** ₹ (2,761.16) lakhs

7. (a) **Two percent of average net profit of the Company as per section 135(5):** Nil

   (b) **Surplus arising out of the CSR projects or programmes or activities of the previous financial years:** Nil

   (c) **Amount required to be set off for the financial year, if any:** Nil

   (d) **Total CSR obligation for the financial year (7a+7b-7c):** Nil

8. (a) **CSR amount spent or unspent for the financial year:** (₹ in lakhs)

Total amount spent for the financial year	Amount unspent				
	Total amount transferred to unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)		
	Amount	Date of transfer	Name of the fund	Amount	Date of transfer
328.45 (Refer Note 1 below)	Nil (Refer Note 1 below)				

Note1: There was no mandatory requirement for the Company to spend on CSR activities for the financial year 2020-2021. However, the Company has made an excess spend of ₹ 328.45 lakhs for the financial year 2020-2021. Further, the total amount of ₹ 328.45 lakhs includes an amount of ₹ 5.00 lakhs which has remained unutilized with an implementing agency as on 31st March, 2021 due to the Covid-19 pandemic. In terms of the provisions of Section 135 of the Companies Act, 2013, the requirement for transfer of unutilized amount under sub-section (5) and (6) of the Companies Act, 2013 shall not be applicable for non-mandatory CSR expenditure.

(b) **Details of CSR amount spent against ongoing projects for the financial year:**

Sr. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local Area Yes/No	Location of the project		Project duration	Amount allocated for the project	Amount spent in the current financial year	Amount transferred to unspent CSR account for the project as per Section 135(6)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - through Implementing Agency	
				State	District						Name	CSR Registration Number
Nil												

(c) **Details of CSR amount spent against other than ongoing projects for the financial year:**

(₹ in lakhs)

Sr. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local Area Yes/No	Location of the project		Amount spent in the current financial year	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - through Implementing Agency	
				State	District			Name	CSR Registration Number
1	Responding to Humanitarian Emergencies – COVID -19 related	(i)	Yes	Himachal Pradesh, Uttar Pradesh, Goa, Maharashtra, and Madhya Pradesh	Baddi, Ghaziabad, Goa, Kolhapur, Roha, and Pithampur	11.02	Yes	-	-
2	PM CARES FUND	(viii)	-	-	-	200.00	No	-	-
3	Renovation of Government hospital	(i)	Yes	Madhya Pradesh	Pithampur	4.12	Yes	-	-
4	Construction of pond for solving water problem and drinking needs of locals	(i)	Yes	Uttar Pradesh	Ghaziabad	25.27	Yes	-	-
5	Maintenance of mobile toilets constructed earlier	(i)	Yes	Himachal Pradesh	Baddi and Ghaziabad	0.86	Yes	-	-

(₹ in lakhs)

Sr. No.	Name of the project	Item from the list of activities in Schedule VII to the Act	Local Area Yes/No	Location of the project		Amount spent in the current financial year	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - through Implementing Agency	
				State	District			Name	CSR Registration Number
6	Infrastructure for public health care centre to provide basic medical facilities to locals	(i)	Yes	Goa	Saligaon	5.09	Yes	-	-
7	Amrut Mody School of Mass Communication and Journalism	(ii)	No	Gujarat	Nadiad	6.65	No	Sardar Vallabhbhai Samaj Seva Trust	Under process
8	College on Wheels -Education at the doorstep - For girls staying in villages and who cannot enroll in colleges	(ii)	No	Gujarat	Nadiad	40.44	No	Sardar Vallabhbhai Samaj Seva Trust	Under process
9	Educational and medical aid to local Adivasis	(i) and (ii)	No	Maharashtra	Raigad	10.00	No	Adiwasi Unnati Mandal	Under process
10	Financial assistance for the needy to seek admission to nursing colleges and diploma programmes for boys and providing medical assistance to the needy	(i) and (ii)	Yes	Goa	Bicholim, Sattari	20.00	No	Goa Development and Welfare Public Charitable Trust	Under process
11	Financial assistance for schools, junior colleges, hostel for Adivasi girls and other educational activities for the underprivileged	(ii)	No	Maharashtra and Gujarat	Raigad and Kutch	5.00	No	Yusuf Meherally Centre	CSR00006724
	Total					**328.45**			

(d) **Amount spent in administrative overheads:** Nil

(e) **Amount spent on impact assessment, if applicable:** Not applicable

(f) **Total amount spent for the financial year (8b+8c+8d+8e):** ₹ 328.45 lakhs (Refer Note 1 above)

(g) **Excess amount for set off, if any:**

Sr. No.	Particulars	₹ in lakhs
i	Two percent of average net profit of the Company as per Section 135(5)	Nil
ii	Total amount spent for the financial year	328.45 (Refer Note 1 above)
iii	Excess amount spent for the financial year [(ii)-(i)]	328.45
iv	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
v	Amount available for set off in succeeding financial years [(iii)-(iv)]	328.45

9. (a) **Details of unspent CSR amount for the preceding three financial years:** (₹ in lakhs)

Sr. No.	Preceding financial year	Amount transferred to unspent CSR account under Section 135(6)	Amount spent in the reporting financial year	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
Nil							

(b) **Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):** (₹ in lakhs)

Sr. No.	Project ID	Name of the project	Financial year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting financial year	Cumulative amount spent at the end of reporting financial year	Status of the project completed/ ongoing
Nil								

10. **In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year:**

(a) **Date of creation or acquisition of the capital asset(s):** Nil

(b) **Amount of CSR spent for creation or acquisition of capital asset:** Nil

(c) **Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.:** Nil

(d) **Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):** Nil

11. **Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per Section 135(5):**

Not applicable

For and on behalf of the Board & CSR Committee,

Dr. Prakash A. Mody
Managing Director & Chairman of the CSR Committee
(DIN: 00001285)

Mumbai
29th May, 2021

Annexure D to Directors' Report

Form AOC - 1

(Pursuant to first proviso to Sub-Section (3) of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A" : Subsidiaries

(₹ in Lakhs)

1	Name of the Subsidiary	Unichem Farmaceutica Do Brasil Ltda.	Unichem Laboratories Limited, Ireland	Unichem Pharmaceuticals (USA) Inc.	Niche Generics Limited	Unichem S.A (Proprietary) Limited	Unichem (China) Pvt. Ltd.
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	April 2020 to March 2021	April 2020 to March 2021	April 2020 to March 2021	April 2020 to March 2021	April 2020 to March 2021	April 2020 to March 2021
3	Reporting currency	BRL	EURO	USD	GBP	ZAR	RMB
4	Exchange rate as on the last date of the relevant financial Year in the case of foreign subsidiaries	1 BRL = ₹12.79	1 EURO = ₹ 85.95	1 USD = ₹ 73.43	1 GBP = ₹ 100.80	1 ZAR = ₹ 4.81	1 RMB = ₹ 11.01
5	Share Capital	3,854.10	2,372.22	4,924.81	5,670.00	9.14	156.00
6	Reserves & surplus	(4,965.39)	(2,419.72)	8,196.65	(5,178.59)	115.03	(138.23)
7	Total Assets	1,602.50	195.09	35,464.41	6,542.06	383.21	19.44
8	Total Liabilities	2,713.80	242.59	22,342.95	6,050.65	259.04	1.68
9	Investments	-	-	-	-	-	-
10	Turnover	1,634.98	137.65	68,753.71	8,750.32	845.90	110.60
11	Profit/ (Loss) before Taxation	(483.93)	(59.58)	7,096.65	84.73	42.45	(45.06)
12	Provision for Taxation	-	-	1,641.55	-	11.89	-
13	Profit/ (Loss) after Taxation	(483.93)	(59.58)	5,455.10	84.73	30.57	(45.06)
14	Proposed Dividend	Nil	Nil	Nil	Nil	Nil	Nil
15	% of share holding	100	100	100	100	100	100

Notes:

1 Name of Subsidiaries which are yet to commence operations : None
2 Names of Subsidiaries which have been liquidated or sold during the year: None
3 The amounts given in the table above are from the annual accounts made for the respective financial year end for each of the companies.
4 The Indian rupee equivalents of the figures in serial no. 5 to 8 are given based on the exchange rates as on 31st March, 2021 and the Indian rupee equivalents of the figures in serial no. 10 to 13 are given based on the yearly average exchange rates.
5 Turnover figures do not include Other Income. Profit/(Loss) figures do not include Other Comprehensive Income

Part "B": Associates and Joint Ventures

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

1	Name of the Associate Company	Synchron Research Services Private Limited
2	Latest audited Balance Sheet Date	31st March, 2020
3	Shares of Associate held by the company on the year end: No. of shares Amount of investment in Associate Extend of Holding %	 2,08,333 ₹ 569.31 Lakhs 32.11%
4	Description of how there is significant influence	Percentage of holding of share capital
5	Reason why the associate is not consolidated	Not Applicable
6	Net worth attributable to Shareholding as per latest audited Balance Sheet	₹ 203.40 Lakhs
7	Profit/Loss for the year: i. Considered in Consolidation (as per unaudited financial statements for FY 2020-21) ii. Not considered in Consolidation	 ₹ (34.25) Lakhs NA

Notes:

1. Name of Associates which are yet to commence operations : None
2. Names of Associates which have been liquidated or sold during the year: None

For and on behalf of the Board of Directors

Place: Mumbai Date: 29th May, 2021	**Sandip Ghume** Deputy Chief Financial Officer Mumbai	**Pradeep Bhandari** Head - Legal & Company Secretary Mumbai	**Dr. Prakash A. Mody** Chairman & Managing Director DIN.: 00001285 Mumbai	**Dilip Kunkolienkar** Director - Technical DIN.: 02666678 Panaji - Goa

Annexure E to Directors' Report

AOC - 2

[Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014.]

Form for disclosure of particulars of contracts/arrangements entered by the Company with related parties referred to in Sub-Section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

1. **Details of contract or arrangement or transaction not on arm's length basis/not in ordinary course of business during the financial year ended 31st March, 2021:**

Sr. No.	Name of the related party and nature of relationship	Synchron Research Services Private Limited (Synchron), an Associate Company of the Company.
(a)	Nature of contract/arrangement /transaction	Leasing of the Company's premises located at Rituraj, Moje Bodakdev, Taluka-Ahmedabad to Synchron.
(b)	Duration of the contract/arrangement/transaction	1st February, 2021 to 31st January, 2022
(c)	Salient terms of the contract or arrangement or transaction including the value if any	Rent of ₹ 3.84 lakhs per month for the period from 1st February, 2021 to 31st January, 2022 with a security deposit of ₹ 7.50 lakhs.
(d)	Justification of entering such contract or arrangement or transaction	Synchron is a contract research organization in India which offers competitive and high-quality clinical trial services to domestic and international pharmaceutical and bio-pharmaceutical companies. This Related Party Transaction is on arm's length basis but is not in the ordinary course of business.
(e)	Date of approval by the Board	30th January, 2021
(f)	Amount paid as advances if any	Nil
(g)	Date on which the Ordinary Resolution was passed	Not applicable

2. **Details of material contract or arrangement or transaction on arm's length basis during the financial year ended 31st March, 2021:**

(a)	Name of Related Party	Unichem Pharmaceuticals (USA) Inc, a Wholly Owned Subsidiary (WOS) of the Company.
(b)	Nature of contract/arrangement /transaction	Sale of finished goods
(c)	Duration of the contract/arrangement /transaction	Ongoing
(d)	Salient terms of the contract or arrangement or transaction including the value, if any	Sale of finished goods to the said WOS during the financial year 2020-2021 amounted to ₹ 63,785.79 lakhs. These transactions were on arm's length basis and in the ordinary course of business and was based on transfer pricing guidelines.
(e)	Date of approval by the Board	Not applicable (Exempt under Section 188(1) of the Companies Act, 2013, the Rules made thereunder and the Listing Regulations).
(f)	Amount paid as advances if any	Nil

For and on behalf of the Board of Directors,

Dr. Prakash A. Mody
Chairman & Managing Director
(DIN: 00001285)

Mumbai
29th May, 2021

Annexure F to Directors’ Report

Form No. MR 3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

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

To,
The Members,
Unichem Laboratories Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Unichem Laboratories Limited** (CIN: L99999MH1962PLC012451) (hereinafter called “the Company”). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's statutory registers, books, papers, minute books, forms, returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2021 according to the provisions of:

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

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

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

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

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) as amended from time to time:
   - (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 (Issue and Listing of Debt Securities) Regulations, 2008- Not applicable to the Company;
   - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with a client– Not applicable to the Company;
   - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable to the Company;
   - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018- 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) Based on the representation made by the management of the Company, the following Laws are specifically applicable to the Company:
   1. Drugs and Cosmetics Act, 1940 and related Rules
   2. Drugs Pricing Control Order, 2013
   3. The Pharmacy Act, 1948
   4. Trade Marks Act, 1999
   5. Indian Copyright Act, 1957
   6. Drugs and Magic Remedies (Objectionable Advertisement) Act,1954
   7. Narcotic Drugs and Psychotropic Substances Act, 1985
   8. Food Safety and Standards Act, 2006
   9. Legal Metrology Act, 2009

The Company has complied with the abovementioned specific applicable Laws, Rules, Regulations, and Guidelines 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 Board Meetings (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and

(ii) The Securities and Exchange Board of India (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. as 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 the 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 Board Meetings. Agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the Meeting and for meaningful participation at the Meeting.

The Minutes of the Board/Committee Meetings have not identified any dissent by members of the Board/Committee hence we have no reason to believe that the decisions by the Board/Committee were not approved by all the Directors/Members present.

We further report that based on the review of compliance mechanism established by the Company and on the basis of the compliance certificates issued by the Company Secretary and the various functional heads and taken on record by the Board of Directors at their Meeting(s), we are of the opinion that the Company has adequate systems and processes commensurate with its size of operations, to monitor and ensure compliance with all applicable Laws, Rules, Regulations, and Guidelines.

We further report that during the audit period the following event/action has taken place/continues to take place, having a major bearing on the Company's affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines and Standards:

1. On 9th July, 2014, the European Commission ("EU") decided to impose an unjustified fine of Euro 13.96 million, jointly and severally on the Company and its subsidiary Niche Generics Limited ("Niche") contending that they had acted in breach of EU competition law as Niche Generics Limited had, in early 2005 (when the Company was only a part-owner and financial investor in Niche) had agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Company and Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated 12th December, 2018 and confirmed the fine of Euro 13.96 million. The Company and its subsidiary based on legal advice and merits have filed appeals against the decision of the General Court before the Court of Justice of the EU, and the outcome of the appeals is awaited. Considering the above in view of the management, no provision for the aforesaid fine is considered necessary. Based on the above a fine imposed by the EU of Euro 13.96 million (equivalent to ₹ 12,044.69 lakhs) is disclosed under contingent liability.

2. Mr. Dilip Janardan Kunkolienkar, who has already attained the age of 70 years, was re-appointed as a Whole-time Director of the Company, designated as Director Technical, for a further period of three years with effect from 1st April, 2021 which was approved by the Shareholders on 27th May, 2021 with requisite majority.

Mumbai
29th May, 2021

For **ALWYN JAY & CO.,**
Company Secretaries

Jay D'Souza
FCS 3058
Partner
Certificate of Practice No.: 6915
UDIN.: F003058C000391611

Office Address :
Annex-103, Dimple Arcade, Asha Nagar
Kandivali (East), Mumbai 400101

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,
Unichem Laboratories 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 **Unichem Laboratories 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 a 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, the verification was done on the basis of electronic data provided to us by the Company due to Covid-19 lockdown and on a test check basis to ensure that those 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 the 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 the 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.

Mumbai
29th May, 2021

For **ALWYN JAY & CO.,**
Company Secretaries

Jay D'Souza
FCS 3058
Partner
Certificate of Practice No.: 6915
UDIN.: F003058C000391611

Office Address :
Annex-103, Dimple Arcade, Asha Nagar
Kandivali (East), Mumbai 400101

Annexure G to Directors' Report

[Statement containing particulars pursuant to Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014.]

a. Conservation of Energy

(i) Steps and impact:

- Replaced standard cooling tower fans with energy-efficient fans.
- Reverse Osmosis (RO) reject water was taken directly to cooling towers as make-up water thus reducing the water consumption.
- Air compressors operated within optimum pressure band to reduce power consumption.
- Chilled water pumps of Heating, Ventilation, and Air Conditioning (HVAC) and processes operated at optimum level as per user's requirement to reduce power consumption.
- Controlling temperature at chilled brine HVAC centrifugal chillers resulting in energy savings.
- Automation of Variable Frequency Drives (VFDs) of chilled brine and hot water circulation pumps as per the HVAC demand leading to a reduction in electricity consumption.
- Installation of VFD on air compressor cooling towers and the raw water pumps.
- Installation of temperature controls on the cooling tower, thereby the reduction in operating hours of fan motors.
- VFD installed in AHU Blower Motors to ramp down the motor speeds manually to maintain the required air pressure inside the cleanrooms.
- VFD installed in Effluent Treatment Plant (ETP) RO distribution pump to ramp up and down the motor speed as per pump pressure.

(ii) Steps taken by the Company for utilizing alternate sources of energy:

- Replaced sodium vapour lamp streetlights with solar lights.

(iii) Capital investment on energy conservation equipment: Nil

RESEARCH AND DEVELOPMENT

b. Technology Absorption

(i) Efforts towards technology absorption:

The technologies developed by the Research and Development (R&D) department of the Company have been commercialized and adopted by the Company's manufacturing facilities subject to permissions and approvals from the concerned regulatory authorities. At its State-of-the-Art R&D facility at the Centre of Excellence, Goa, the Company has especially invested in prototype plant equipment's in its Kilo Lab and Formulation Development Lab where plant simulation experiments are carried out. This helps to anticipate and address scale-up issues that the laboratory-developed process may face in the plant during the technology transfer exercise. In addition, the Quality by Design (QbD) trials are performed in these laboratories to define the design space within which the process can be safely scaled up and operated in the plants. The R&D efforts streamlined by effective project management coupled with dedicated Pilot Plant facilities across Active Pharmaceutical Ingredients (APIs) and formulation plants have seen ramping up of the output from R&D resulting in an increased number of Drug Master File (DMF), Dossier and Abbreviated New Drug Applications (ANDAs) filings in regulated markets.

(ii) Benefits derived:

- Launching of new products at the right time in international markets in various therapeutic segments.
- Approval of first ANDA under Para IV certification by the USFDA.
- Successful filing of "First To File ANDA" with Paragraph IV certification, on New Chemicals Entities (NCE).
- Products developed for the international market will result in increased business to the Company.
- Reduction in the number of regulatory queries leading to speedy approvals.
- R&D in biotechnology has resulted in consistent and cost-effective processes.
- Leveraging recombinant enzyme technology to carry out some of the chemical transformations like stereospecific reduction and amination leading to substantial raw material cost savings, and greener technologies.
- Filing of patent applications.
- Established complex generics development facility for development and filing of high-value niche products.
- Bio study success rate improved substantially with the help of in-house technical expertise and in-vivo-in-vitro correlation tools.

(iii) Information regarding imported technology (imported during the last three years reckoned from the beginning of the financial year): The Company has not imported any technology.

(iv) Expenditure incurred on Research and Development: The Company has incurred a total expenditure of ₹ 13,228.83 lakhs (includes capital and recurring expenses) towards Research and Development.

c. Foreign Exchange Earnings and Outgo: The details of foreign exchange earnings and outgo in equivalent rupees is as under:
Earnings in foreign currency: ₹ 1,02,239.31 lakhs
Outgo (including imports) in foreign currency: ₹ 17,801.16 lakhs

For and on behalf of the Board of Directors,

Dr. Prakash A. Mody
Chairman & Managing Director
(DIN: 0001285)

Mumbai
29th May, 2021

Annexure H to Directors' Report

[Particulars under Section 197(12) of the Companies Act, 2013 and Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.]

(i) The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2020-2021:

Sr. No.	Name of the Director	Ratio
1	Dr. Prakash A. Mody (Chairman & Managing Director)	138:1
2	Mr. Dilip Kunkolienkar (Director Technical)	46:1

The non-executive Independent Directors were only paid sitting fees during the year for attending Meetings of the Board and Committees thereof. The principles governing increase in the remuneration of Executive Directors and increase in sitting fees payable to Non-Executive Independent Directors, are as per the Company's remuneration policy. Further, the amount of sitting fees received by a Non-Executive Independent Director depends on (a) amount of sitting fee fixed by the Board for Meetings of the Board and its Committee, and (b) number of Meetings of the Board and Committee(s) attended by the Director. Therefore, the information as to ratio of sitting fees paid to the median remuneration of employees and percentage increase in remuneration of Non-Executive Independent Directors is not relevant and meaningful and hence their ratios are not provided.

(ii) The percentage increase/(decrease) in the remuneration of each Director, Chief Financial Officer and Company Secretary or Manager during the financial year 2020-2021:

Sr. No.	Name	% increase/(decrease)
1	Dr. Prakash A. Mody (Chairman & Managing Director)	0.72%
2	Mr. Dilip Kunkolienkar (Director Technical)	5.13%
3	Mr. Sandip Ghume (Deputy Chief Financial Officer)	25.00%
4	* Mr. Pradeep Bhandari (Head - Legal & Company Secretary)	10.00%

* Appointed with effect from 1st August, 2019. Cost To Company (CTC) has been annualised for the purpose of the calculation of % increase.

(iii) The percentage increase in the median remuneration of employees during the financial year 2020-2021 : 5.02%

(iv) The number of permanent employees on the rolls of the Company:

There were 3,090 permanent employees on the rolls as on 31st March, 2021.

(v) Average percentage increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage 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 managerial personnel is 9.07% and increase for employees other than Managerial Personnel is 10.11%.

(vi) Affirmation that the remuneration is as per the Remuneration Policy of the Company: Yes

For and on behalf of the Board of Directors,

Dr. Prakash A. Mody
Chairman & Managing Director
(DIN: 00001285)

Mumbai
29th May, 2021

Annexure I to Directors' Report

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L99999MH1962PLC012451
2. Name of the Company: Unichem Laboratories Limited
3. Registered address: Unichem Bhavan, Prabhat Estate, Off S.V.Road, Jogeshwari (West), Mumbai 400 102
4. Website: www.unichemlabs.com
5. E-mail id.: shares@unichemlabs.com
6. Financial Year reported: 1st April, 2020 to 31st March, 2021
7. Sector(s) that the Company is engaged in (industrial activity code-wise):

   The Company is engaged in business of pharmaceuticals under Group 210 and Class 2100 as per the National Industrial Classification 2008 (NIC) by the Central Statistical Organization, Ministry of Statistics and Programme Implementation.
8. List 3 (three) key products/services that the Company manufactures/provides (as in balance sheet):

   The 3 (three) key products are Generics (including branded generics), Active Pharmaceutical Ingredients, and Contract Manufacturing.
9. Total number of locations where business activity is undertaken by the Company:

   (a) Number of International Locations (Provide details of major 5):

   The Company has 6 (six) Wholly Owned Subsidiaries (WOS) located in the USA, UK, Ireland, Brazil, South Africa, and China.

   (b) Number of National Locations:

   The Company has 6 (six) plants situated at Roha, Maharashtra; Pilerne, Goa; Baddi, Himachal Pradesh; Pithampur, Madhya Pradesh; Ghaziabad, Uttar Pradesh; and Kolhapur, Maharashtra. The R&D Centre called the Center of Excellence is located at Pilerne, Goa. The Company's Registered Office is located at Mumbai, Maharashtra. Details are available on the inside cover page of the Annual Report for 2020-2021.
10. Markets served by the Company–Local/State/National/International:

   The Company is into international business. The Company exported to over 80 (eighty) countries across the globe during the financial year 2020-2021.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): 1,408.12 lakhs
2. Total Turnover (INR): 1,12,397.28 lakhs (revenue from operations as per standalone financial statements)
3. Total profit after taxes (INR): 5,408.23 lakhs (profit after taxes as per standalone financial statements)
4. What was the Company's spending on CSR activities for the year under review?

   There was no mandatory requirement for the Company to spend on CSR activities for the financial year ended 31st March, 2021. However, the Company has made an excess spend of ₹ 328.45 lakhs for the financial year 2020-2021. Further, the total amount of ₹ 328.45 lakhs include an amount of ₹ 5.00 lakhs which has remained unutilized with an implementing agency as on 31st March, 2021 due to the Covid-19 pandemic. In terms of the provisions of Section 135 of the Companies Act, 2013, the requirement for transfer of unutilized amount under sub-section (5) and (6) of the Act, shall not be applicable for non-mandatory CSR expenditure.
5. List of activities in which expenditure in 4 above has been incurred:

   (a) Education

   (b) Health and Sanitation

   (c) Humanitarian Emergencies–COVID-19 related

SECTION C: OTHER DETAILS

1. Does the Company have any subsidiary company/companies?

   As on 31st March, 2021, the Company has 6 (six) WOS based outside India.
2. Do the subsidiary company/companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):

   The Company encourages its WOS to adhere to business principles consistent with those of the Company. The WOS is incorporated outside India and comply with the requirements of the respective countries where they operate.
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

   The Company expects all its third-party business partners to adhere to the business principles consistent with those of the Company and encourages them to participate in its business responsibility initiatives. However, it does not track the actual participation.

SECTION D: BR INFORMATION

1. Details of the BR head and the Director responsible for implementation of the BR Policy/policies:

Sr. No.	Particulars	Details
1	DIN	00001285
2	Name	Dr. Prakash A. Mody
3	Designation	Chairman & Managing Director
4	Telephone number	(022) 6688 8404
5	E-mail id	shares@unichemlabs.com

2. Principle-wise (as per NVGs) BR policy/policies:

   (a) Details of compliance (Reply in Y/N)

   The details of the compliance are given in **Table-1**.

   (b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

   Refer **Table-2**.

Table-1. Principle-wise (as per NVGs) BR policy/policies										
Sr. No.	Questions	Business Ethics	Product Responsibility	Well Being of Employees	Share holders Engagement Policy	Human Rights Policy	Environment Policy	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/policies for?	Y	Y	Y	Y	Y (See Note 1)	Y	N	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
3	Does the policy conform to any national/ international standards? If yes, specify? (50 words)	See Note 2	See Note 2	See Note 2	See Note 2	See Note 2	See Note 2	-	See Note 2	See Note 2
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/ CEO/appropriate Board Director?	Y (Signed by MD)	Y (Signed by MD)	Y (Signed by MD)	Y (Signed by MD)	Y (Signed by HR Head)	Y (Signed by MD)	-	Y (Signed by MD)	Y (Signed by MD)
5	Does the Company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	Y
6	Indicate the link for the policy to be viewed online?	See Note 3	See Note 3	See Note 3	See Note 3	Available on the intra net of the Company	See Note 3	-	See Note 3	See Note 3
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	Y
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/policies/to address stakeholders' grievances related to the policy/policies?	Y	Y	Y	Y	Y	Y	-	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	N	N	N	N	N	N	-	N	N

Note 1: The policy is broadly covered in various HR polices and practices and in the Company's Code of Business Conduct and Ethics.
Note 2: All the polices of the Company abide by the laws of the Country.
Note 3:The link for viewing the policies are:
https://www.unichemlabs.com/business-responsibility-policies.php;
https://www.unichemlabs.com/corporate-social-responsibility.php;
https://www.unichemlabs.com/code-of-business-conduct-ethics.php

Table-2		
Sr. No.	Questions	P7 (Public Policy) - The Company does not have Public Policy
1	The Company has not understood the Principles	-
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-
3	The Company does not have financial or manpower resources available for the task	-
4	It is planned to be done within next 6 months	-
5	It is planned to be done within the next 1 year	-
6	Any other reason (please specify)	The Company is a member of various trade bodies, chambers and associations through which it has been advocating from time to time, in a responsible manner, on suggested measures to be taken by the Government to address issues related to the pharmaceutical industry.

3. Governance related to BR:

   (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, annually, more than 1 year:

   The BR performance is evaluated annually.

   (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

   The Company publishes a Business Responsibility Report annually and it is part of the Annual Report for the financial year 2020-2021 and the link for the same is https://www.unichemlabs.com/pdf//Business-Responsibility-Report.pdf.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1 (Business Ethics)

1. Does the Policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others?

   The Company has a policy on Code of Business Conduct and Ethics and a Whistle Blower Policy which is applicable to the Directors, employees, and all other stake holders. The Company also has in place the policy for Prevention for Sexual Harassment at Workplace which applies to all stakeholders. These policies are posted on the website of the Company at www.unichemlabs.com and the intra net of the Company. These policies empower Directors, employees, and all other stakeholders to report unethical behaviour, sexual harassment, actual or suspected fraud, or violation of the Company's policies. These policies provide for swift redressal and institute specific mechanisms to deal with reported incidents. Allegations reported if any, under the above are investigated with support from other functions wherever necessary. Any report that reveals fraud, a significant compliance breach, or a significant internal control weakness is addressed by corrective action and/or disciplinary action and/or legal proceedings.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so:

   During the year under review, the Company has not received any complaint pertaining to violation of the policy for Prevention of Sexual Harassment at Workplace and the Code of Business Conduct and Ethics. The Company had received 1 (one) complaint under the Whistle Blower Policy and the same has been resolved.

Principle 2 (Product Responsibility)

1. List up to 3 (three) of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities:

   The Company's Research & Development Center of Excellence at Goa constantly strives to inculcate advanced therapies and cutting-edge technologies to enhance health through its quality products. The Company promotes environmental protection and insists on complying with all applicable environmental regulations. The environmental policy emphasizes being a caring Company, which shall protect and promote the environment by complying with applicable regulations to prevent pollution in all its operations.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

   (a) Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain:

   The Company manufactures and sells generic formulations and active pharmaceutical ingredients at its world-class accredited manufacturing plants. Since consumption per unit depends on the product mix, there are no specific standards to ascertain reduction achieved at the product level. The Company continues to adopt energy conservation initiatives and constantly strive to provide quality products while taking concerted efforts to minimize the impact on the environment. Quality and safety have been implemented across the value chain of the Company, right from raw materials procurement to product delivery.

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year:

   The Company's products do not have any broad-based impact on energy and water consumption by consumers.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so:

   The Company has laid out procedures for choosing its suppliers. These procedures must be strictly complied with by our partners. Our supply chain strategy emphasizes sustainable procurement, and the Company makes efforts to encourage local sourcing of material. The Company has Standard Operating Procedures (SOPs) for appointing vendors. Materials are sourced from approved vendors both locally and internationally. The Company conducts regular audits for these vendors. The frequency depends on the key materials procured and their value. The audits include sample approvals and performance trials. The Company has developed a long-standing business relationship with these vendors. Annual freight contracts for the movement of materials are executed with local and national transporters of repute and good credit standing. With the robust planning, procurement, and manufacturing processes in place, the Company could overcome the supply chain issues in the sourcing of raw materials caused by the Covid-19 pandemic.

4. Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding the place of work?

   (a) If yes, what steps have been taken to improve the capacity and capability of local and small vendors?

   The Company procures materials and avails services from all over the country, with preference to those located around its manufacturing facilities. Small vendors who fit into the standard operating norms of the Company are also appointed to supply materials. The Company saves on transportation as well as inventory carrying costs because of procurement of material from the local vendors. As a procurement policy, the Company sources many of its packaging materials from vendors located in areas surrounding the manufacturing plants. The Company encourages all small manufacturers to develop quality manufacturing units in and around the Company's manufacturing locations.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%)? Also provide details thereof, in about 50 words or so:

   The Company focuses on reducing waste at source and finds ways to maximise recycling. The Company handles and disposes waste in an environmentally responsible way, and complies with the applicable regulations. The Company's waste management practice includes regular monitoring, safe disposal of, and treatment. The Company has in place a mechanism for recycling products and waste. The waste generated in the Company's operations is either recycled or disposed safely. Every manufacturing facility has its own Effluent Treatment Plant (ETP) which ensures that the discharge of treated effluent is within the limits stipulated by the respective pollution control boards. About 49% of the wastewater generated in plants is recovered, recycled, and reused thereby saving usage of freshwater. Treated water is used for gardening and sanitation.

   In addition, the Company has a Zero Liquid discharge plant at its API facility wherein water will be reused in the utility processes either in cooling towers or steam generation boilers.

Principle 3 (Well being of Employees)

The Company is committed to providing a safe and conducive work environment to all its employees. All our policies and practices promote this commitment.

The Company through its medical department conducted a webinar on the awareness and precautions to be taken by the employees and their family members during the COVID-19 pandemic. The Company provided masks and emphasized social distancing. Live yoga classes, awareness on the pandemic and how to deal with it, group plasma donations, and various online entertainment programmes were among the initiatives undertaken for the well being of its employees.

The section on Human Resources mentioned in the Management Analysis and Discussions Report has outlined the various activities undertaken for the well being of our employees.

1. Please indicate the total number of employees:

   As on 31st March, 2021 the Company had 3,090 permanent employees

2. Please indicate the total number of employees hired on temporary/contractual/casual basis:

   992 as on 31st March, 2021

3. Please indicate the number of permanent women employees:

   327 as on 31st March, 2021

4. Please indicate the number of permanent employees with disabilities:

   Nil as on 31st March, 2021

5. Do you have an employee association that is recognised by management?

   The Company's manufacturing location at Roha has a Union recognised by the management. The HR regularly interacts with the Union to address matters related to their health, safety, and wages.

6. What percentage of your permanent employees is a member of this recognised employee association?

   About 3.98% of the permanent employees are members of recognised employee association.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year:

   Refer **Table-3**.

8. What percentage of your under mentioned employees were given safety and skill up-gradation training in the last year?

   (a) Permanent Employees: Over 90% of operating personnel are trained in safety and skill upgrading. Safety training and skill up-gradation is imparted to employees at the time of joining. Thereafter training on firefighting, first aid is imparted at scheduled intervals.

   (b) Permanent Women Employees: More than 80% of the permanent women employees are trained in safety and no discrimination is being made while imparting training to women employees *vis-à-vis* their male counterparts.

   (c) Casual/Temporary/Contractual Employees: Over 80% in operating functions are trained.

   (d) Employees with Disabilities: The Company does not have employees with disabilities.

Principle 4 (Stakeholders Engagement)

1. Has the Company mapped its internal and external stakeholders?

   Our stakeholders are persons, groups, or entities who are directly impacted by our activities and decisions, and those who can influence our operations. In line with our ethos of conducting business transparently and ethically, we have established an effective stakeholder communication model. We regularly engage with our stakeholders to identify and assess their needs, which form a critical part of our overall business strategy. The Company promptly informs the stock exchanges on all information having bearing on its operation and performance which enables various stakeholders to make an informed decision on the Company. The major stakeholders identified by the Company are its customers, business associates, patients, suppliers, vendors, employees, shareholders, investors, regulatory authorities, government organizations, intermediaries, and communities.

2. Out of the above, has the Company identified the disadvantaged, vulnerable, and marginalized stakeholders?

   Yes.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable, and marginalized stakeholders? If so, provide details thereof in about 50 words or so:

   The Company through its Corporate Social Responsibility programmes has identified disadvantaged, vulnerable, and marginalized stakeholders. These include among others, family and children who cannot afford quality health and education, communities from low socio-economic strata such as Adivasis, education on wheels to girls who cannot enroll in college, people who do not have financial resources

Table-3

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

to aid major ailments, and activities to encourage women empowerment. The Company directly, with the help of NGOs, charitable trusts, and other implementing agencies engages with such groups to identify their needs and address them to the extent possible.

The Company is making continuous efforts to meet the various health challenges faced by the vulnerable section, by manufacturing and marketing wide portfolio of medicines for various diseases.

Principle 5 (Human Rights)

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   Our commitment to human and labour rights requires us to provide a safe and healthy workplace for our employees, which offers a non-discriminatory environment, to work actively against the use of child labour, act against any form of harassment and ensure that we meet the minimum standards on wages and working hours and provide opportunities to employees for individual development. We strive for providing a work environment that is free from any kind of bias, physical and mental harassment. The Company aims towards a zero-tolerance approach towards discrimination on any ground. The Company encourages its Wholly Owned Subsidiaries (WOS)/suppliers to adhere to this principle consistent with those of the Company. The WOS are incorporated outside India and comply with the requirements of the respective countries where they operate.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   During the year under review, the Company did not receive any complaint pertaining to human rights.

Principle 6 (Environment)

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers /Contractors/ NGOs/others?

   This policy covers only the Company. The Company expects its group companies and its stakeholders to adhere to the business principles consistent with those of the Company. The group companies are independent companies located outside India and are guided by their policies and laws of the countries where they are located.

2. Does the Company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   Conservation of natural resources has always been the priority for the Company. Optimum utlisation of the resources has been the prime motto. The environment policy of the Company is available on the website at https://www.unichemlabs.com/business-responsibility-policies.php. All efforts are made to recycle water and waste and eliminate over utilization of resources. The Company implements safe and automated practices in manufacturing and other processes. Systems are regularly updated and conform to various applicable Laws and Regulations. This results in, continuous and dynamic improvements in quality of working and services.

   As a go green initiative, the Company ensures to send all its corporate communications to the Shareholders through electronic means whose e-mail ids are registered with the Company, as its contribution to saving natural resources. Corporate Meetings to the extent possible are conducted paperless. Prints are taken wherever it is required. We encourage to maintain documents electronically.

3. Does the Company identify and assess potential environmental risks?

   The Company's manufacturing facilities are internationally accredited by regulatory agencies across the globe. The Company identifies and assesses the risks internally. Wherever required, assistance is sought from external agencies for formulating environment management plans. These plans are assessed at regular intervals by the management which also helps in getting various regulatory approvals.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

   The Company does not presently have any project related to Clean Development Mechanism.

5. Has the Company undertaken any other initiatives on-clean technology, energy efficiency, renewable energy, etc.? Y/N. If yes, please give hyperlink for web page etc:

   The Company has undertaken energy-efficient initiatives at different locations which are provided at Annexure G of this Annual Report under the heading Conservation of Energy.

6. Are the emissions/waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   Yes, all our manufacturing plants have complied with the permissible limits of air emissions/waste generation for the financial year under review.

7. Number of show cause/legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of financial year?

   There are 2 (two) cases that are pending in court and at the Pollution Control Board involving environment-related issues as on the end of the financial year. The Company has complied with the respective environmental Laws and Regulations and has timely represented these matters.

Principle 7 (Public Policy)

1. Is your Company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with:

   (a) Indian Pharmaceutical Association
   (b) Indian Drugs Manufacturers' Association
   (c) National Safety Council
   (d) Pharmaceutical Export Promotion Council
   (e) Confederation of Indian Industry
   (f) IMC Chamber of Commerce
   (g) Roha Industries Association
   (h) Pithampur Audhyogik Sangathan
   (i) Ghaziabad Management Association
   (j) Goa Pharmaceuticals Manufacturers' Association
   (k) Goa Chamber of Commerce and Industry

2. Have you advocated/lobbied through the above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (dropbox: governance and administration, economic reforms, inclusive development policies, energy security, water, food security, sustainable business principles, others):

The pharmaceutical industry is highly regulated. The Company engages in activities that work towards a common goal of improving health and making medicines reach to mass community across the globe at affordable prices. The Company has been actively participating in putting forth its views in areas concerning the pharmaceutical industry such as accessibility to medicines, regulatory reforms, making medical treatment easily accessible to the under privileged, economic reforms, and Corporate Social Responsibility activities.

Principle 8 (Corporate Social Responsibility (CSR))

1. Does the Company have specified programmes/initiatives/ projects in pursuit of the Policy related to Principle 8? If yes details thereof:

   The Company believes in the philosophy of giving back. Being in the pharmaceutical industry, the Company's primary focus is healthcare. Also, the Company focuses on various CSR activities such as Education, Health and Sanitation, and contribution to Humanitarian Emergencies-Covid-19 related. The CSR efforts mainly will be in the surrounding areas where the Company operates.

   The CSR Policy is available on the website of the Company and the Annual Report on CSR activities, as required under Section 135 of the Companies Act, 2013, is given under Annexure C to the Directors' Report. The Company would also undertake other need-based initiatives as permitted under Schedule VII to the Companies Act, 2013.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/ any other organization?

   The CSR programmes are undertaken by the Company directly, through recognised public charitable trusts, projects in partnership with the Government, and other implementing agencies. The Company has generously contributed to many CSR activities related to the Covid-19 pandemic at its various locations.

3. Have you done any impact assessment of your initiative?

   The impact assessment as mandated under the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended, does not apply to the Company. However, the CSR initiatives are regularly assessed by the Company through its internal monitoring and assessing mechanism. At regular intervals, feedback and progress of the CSR projects are obtained from the concerned organizations and agencies.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

   There was no mandatory requirement for the Company to spend on CSR activities under Section 135 of the Companies Act, 2013, for the financial year ended 31st March 2021. However, the Company has made an excess spend of ₹ 328.45 lakhs for the financial year 2020-2021. Further, the total amount of ₹ 328.45 lakhs include an amount of ₹ 5.00 lakhs which has remained unutilized with an implementing agency as on 31st March, 2021 due to the Covid-19 pandemic.

   Please refer to Annexure C to the Directors' Report for CSR activities undertaken by the Company.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so:

   Regular visits are undertaken at the CSR sites to ensure that the CSR initiatives are adopted by the communities. Feedback obtained is then used to improve the projects undertaken. Details of these CSR activities being adopted by the communities are given as Annexure C of the Annual Report.

Principle 9 (Customer Relations)

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year?

   The Company has established a Corporate Quality Assurance (CQA) system, which has developed standard operating procedures (SOPs) for responding to customer complaints on product quality. We ensure that we acknowledge, investigate thoroughly, and respond to all such complaints as per these SOPs. The aim is to ensure that there is no repetition of such complaints.

   Transparency and compliance with all applicable Rules and Regulations have always been at the fore front of the CQA department. Receiving and responding to feedback from consumers and customers is a regular and ongoing process.

   Out of total complaints received as on 31st March, 2021, 5.56% of complaints were in the process of final reply which was within the due date as specified in the Company's SOP for handling market complaints and have been replied to as on date.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)?

   The Company is committed to providing accurate and complete information about its products to its patients and health care professionals. Appropriate product information is displayed on the product labels. The Company adheres to all packaging, labelling standards, regulations, and guidelines of its products as per local laws of the country wherever applicable.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so:

   Apart from the below mentioned, there is no significant case filed or pending against the Company regarding unfair trade practices, irresponsible advertising, or anti-competitive behaviour.

   On 9th July, 2014, the European Commission ("EU") decided to impose an unjustified fine of Euro 13.96 million, jointly and severally on the Company and its subsidiary Niche Generics Limited ("Niche") contending that they had acted in breach of EU competition law as Niche Generics Limited had, in early 2005 (when the Company was only a part- owner and financial investor in Niche) had agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Company and Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated 12th December, 2018 and confirmed the fine of Euro 13.96 million. The Company and its subsidiary based on legal advice and merits have filed appeals against the decision of the General Court before the Court of Justice of the EU, and the outcome of the appeals are awaited. Considering the above in view of the management, no provision for the aforesaid fine is considered necessary. Based on the above a fine imposed by the EU of Euro 13.96 million (equivalent to ₹ 12,044.69 lakhs) is disclosed under contingent liability.

For and on behalf of the Board of Directors

Dr. Prakash A. Mody

Mumbai — Chairman & Managing Director

29th May, 2021 — (DIN: 00001285)

Independent Auditors' Report to the Members of Unichem Laboratories Limited

To

The Members,

Unichem Laboratories Limited

Report on the Audit of the Standalone Financial Statements

Opinion

1. We have audited the accompanying standalone financial statements of Unichem Laboratories Limited ("the Company") which comprise the Balance Sheet as at 31st March, 2021, and the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity, and the Statement of Cash Flows for the year then ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "standalone financial statements").

2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards 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 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.

Emphasis of Matter

4. We draw attention to note 36 of notes to the standalone financial statements, which informs that the General Court of the European Union had on 12th December, 2018, rejected the appeal and confirmed the fine of Euro 13.96 Million (equivalent to ₹ 12,044.69 lakhs) imposed by the European Commission jointly and severally on the Company and its subsidiary (Niche Generics Limited, UK). The Company and its subsidiary based on legal advice and merits, have filed appeals against the decision of General Court before the Court of Justice of the European Union and outcome of the appeals are awaited. Considering the above, in view of the management, no provision for the aforesaid fine is considered necessary. This matter was also reported earlier under 'Emphasis of Matter' paragraph in our report on the standalone financial statements for the year ended 31st March, 2019 and 31st March, 2020 and consolidated financial statements for the year ended 31st March 2018, 31st March, 2019 and 31st March, 2020. Our opinion is not modified in respect of the above matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

   5.1. Contingent liability as elaborated above in 'Emphasis of Matter' paragraph

   As elaborated in 'Emphasis of Matter' paragraph given above, the Company and its subsidiary based on legal advice and merits have filed appeals against the decision of General Court before the Court of Justice of the European Union and outcome of the appeals are awaited. This matter of contingent liability is considered as a key audit matter and we have relied on the management assessment which is supported by legal advice and merits that the aforesaid fine is considered as a contingent liability.

   Refer to note. 35(A)(ii) and note 36 of the standalone financial statements.

   5.2. Impairment test of investment in subsidiaries at UK and Ireland

   Investments in subsidiaries are carried in the Company's standalone financial statement at cost less impairment. The carrying value of investments made by the Company in its subsidiaries (Niche Generics Limited, UK and Unichem Laboratories Limited, Ireland) as per standalone financial statements is aggregating ₹ 9,159.64 lakhs as at 31st March, 2021. In case of these subsidiaries, there are accumulated losses and low net-worth as at balance sheet date. Considering the overall exposure in these subsidiaries, need for impairment test is a key audit matter. Based on the financial projections of the above subsidiaries, the management is of the view that recoverable amount is higher than carrying value of these investments and there is no impairment of investments as at balance sheet date. For the purpose of our audit we have considered the following aspect:

   a. Analytical review of gross margins earned by these subsidiaries

   b. Discussion with management for business outlook (including future financial projections of the above subsidiaries) and plans for overall turnaround of these subsidiaries

c. Evaluated the performance in the current year as compared to last year and prior year achievement as compared to the budget

d. Discussion with the auditors of subsidiaries for the basis on which they have concluded that there is no impairment of assets in the books of subsidiary

Based on our evaluation of management estimates, other information & discussion with the management, we agree with the management views and estimates and conclude that no provision for impairment is required as at date of our audit report.

Refer to note 6.1 of the standalone financial statements.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

6. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance, Business Responsibility Report and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

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

   In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

   If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

7. The Company's 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 financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statement 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 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 are also responsible for overseeing the Company's financial reporting process.

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

8. 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 Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
   - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
   - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
   - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the Central Government of India in terms of Section 143 (11) of the Act, we give in the Annexure I, a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. 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 Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow Statement 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, read with rule 7 of the Companies (Accounts) Rules, 2014;

    e. On the basis of the written representations received from the directors as on 31st March, 2021, taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2021, from being appointed as a director in terms of Section 164 (2) of the Act;

    f. With respect to adequacy of internal financial controls over financial reporting of the Company and operating effectiveness of such controls, refer to our separate report given in Annexure II. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

    g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:

       In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and

    h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

       i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer note 35 (A)(i), 35 (A)(ii), 35(B)(i), 35(B)(ii) and 35(B)(iii) to the standalone financial statements;

       ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses and;

       iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.

For **N. A. Shah Associates LLP**
Chartered Accountants
Firm's Registration No.: 116560W/W100149

Milan Mody
Partner
Membership No.: 103286
UDIN.: 21103286AAAACT4210

Place: Mumbai
Date: 29th May, 2021

Annexure I to Independent Auditor's Report for the year ended 31st March, 2021

(Referred to point 9 under the heading "Report on other legal and regulatory requirements" of our report of even date)

(I) In respect of fixed assets (property, plant and equipment, right-of-use assets and investment property):

(a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The Company has a program for conducting physical verification to cover all the items of fixed assets in a phased manner which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, fixed assets were physically verified by the management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties which are freehold are held in the name of the Company as at the balance sheet date. This has been verified by checking the original deeds and photocopy of the original deed in respect of one freehold land (since original document is deposited with bank) where confirmation is received from the bank as regards holding the original title deed. In respect of immovable properties of land that have been taken on lease and disclosed as right-of-use assets in the standalone financial statements, the lease agreements are in the name of the Company as at the balance sheet date.

(ii) The inventories have been physically verified during the year by the management, except for the inventories lying with the third parties (excluding finished goods in transit) as at balance sheet date, which have been confirmed by them. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material.

(iii) 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. Therefore, the requirement of clause (iii)(a), (iii)(b) and (iii)(c) of paragraph 3 of the Order are not applicable to the Company.

(iv) The Company has complied with the provisions of Section 186 of the Act in respect of the investments made by the Company. Further, there are no loans, guarantees or securities given by the Company which are covered under section 186 of the Act. There are no transactions during the year which are covered under section 185 of the Act and therefore question of commenting on compliance of section 185 of the Act does not arise.

(v) In our opinion and according to the explanations given to us, the Company has not accepted any deposits. Therefore, question of reporting compliance with directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and rules framed there under does not arise. We are informed that no order relating to the Company has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vi) We have broadly reviewed the books of account and records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014 as prescribed by the Central Government for the maintenance of cost records under Section 148 (1) of the Act relating to the manufacture of drugs and pharmaceuticals and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

(vii) In respect of statutory dues:

(a) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of amounts deducted / accrued in the books of account, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, goods and services tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, as applicable to the Company, during the year with the appropriate authorities. There are no undisputed statutory dues payable in respect to above statutes, outstanding as at 31st March, 2021, for a period of more than six months from the date they became payable.

(b) According to information and explanations given to us and on the basis of our examination of the records of the Company, there is no disputed sales tax, goods and services tax, service tax, duty of customs, duty of excise and value added tax as on 31st March, 2021, which have not been deposited except the following disputed dues which have not been deposited since the matters are pending with the relevant forum.

(₹ in Lakhs)

Name of the Statutes	Nature of the dues	Disputed amount	Amount paid in protest	Unpaid amount	Period to which it relates	Forum where dispute is pending
The Income tax Act, 1961	TDS and Interest	7.25	6.67	0.58	FY 2007-2021	In the process of filing rectification/ appeal
The Uttar Pradesh Value Added Tax Act, 2008	Penalty	20.44	-	20.44	FY 2008-2009	Hon'ble High Court of Judicature at Allahabad
The Madhya Pradesh Value Added Tax Act, 2002	Entry Tax and Interest	10.94	2.73	8.21	FY 2015-2016	Additional Commissioner of Commercial tax, Indore
The Madhya Pradesh Value Added Tax Act, 2002	Non Submission of Forms including interest	18.46	4.61	13.85	FY 2016-2017	Additional Commissioner of Commercial tax, Indore

(₹ in Lakhs)

Name of the Statutes	Nature of the dues	Disputed amount	Amount paid in protest	Unpaid amount	Period to which it relates	Forum where dispute is pending
The Madhya Pradesh Value Added Tax Act, 2002	Disallowance of Input tax Rebate	35.97	8.99	26.98	FY 2016-2017	Additional Commissioner of Commercial tax, Indore
The Central Excise Act, 1944	Duty and Penalty	81.44	3.85	77.59	April 2003 to November 2013	Appellate Tribunal (CESTAT)- Mumbai
The Finance Act, 1994 (Service Tax)	Disallowance of Service Tax Credit & Penalty	816.81	28.91	791.10	FY 2008-09 to August 2015	Appellate Tribunal (CESTAT) – Mumbai
The Finance Act, 1994 (Service Tax)	Disallowance of Service Tax Credit	219.00	16.81	202.19	September 2015 to June 2017	Appellate Tribunal (CESTAT) – Mumbai
The Finance Act, 1994 (Service Tax)	Disallowance of Service Tax Credit & Penalty	139.88	5.24	134.64	January 2012 to March 2012	Appellate Tribunal (CESTAT)- Kolkatta
The Central Excise Act, 1944	Disallowance of CENVAT Credit	41.42	3.10	38.32	FY 2011-12 to 2012-13	Commissionerate (Appeal)- Siliguri
The Central Excise Act, 1944	Excise Duty Liability	87.95	6.82	81.13	FY 2013-14 to FY 2016-17	Joint Commissioner, CGST & Central Excise, Ujjain
The Central Excise Act, 1944	Disallowance of CENVAT Credit	1.23	0.12	1.11	FY 2013-14 to FY 2016-17	Joint Commissioner, CGST & Central Excise, Ujjain
The Finance Act, 1994 (Service Tax)	Disallowance of CENVAT Credit	1.78	0.18	1.60	FY 2013-14 to FY 2016-17	Joint Commissioner, CGST & Central Excise, Ujjain

Also, refer note 35(B)(iv) of the standalone financial statements.

(viii) Based on our audit procedures and as per the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of loans or borrowings to banks during the year. The Company has not borrowed any money from financial institutions or debenture holders or Government.

(ix) During the year the Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans. Accordingly, clause (ix) of paragraph 3 of the Order is not applicable to the Company.

(x) During the course of our examination of the books of account and records of the Company, carried out in accordance with generally accepted auditing practices in India and according to information and explanation given to us, we have neither noticed nor have been informed by the management, any incidence of fraud by the Company or on the Company by its officers or employees.

(xi) According to the information and explanations given 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.

(xii) The Company is not a Nidhi Company. Therefore, the provisions of clause (xii) of paragraph 3 of the Order are not applicable to the Company.

(xiii) According to the information and explanations given to us and based on our examination of the records, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and the details of such transactions have been disclosed in the standalone financial statements as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause (xiv) of paragraph 3 of the Order are not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered into any non-cash transactions with directors or persons connected with the directors. Therefore, the provisions of clause (xv) of paragraph 3 of the Order are not applicable to the Company.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of the clause (xvi) of the Order are not applicable to the Company.

For **N. A. Shah Associates LLP**
Chartered Accountants
Firm's Registration No.: 116560W/W100149

Milan Mody
Partner
Membership No.: 103286
UDIN.: 21103286AAAACT4210

Place: Mumbai
Date: 29th May, 2021

Annexure II to Independent Auditor's Report for the year ended 31st March, 2021

(Referred to in point 10(f) under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date)

Report on the Internal Financial Controls under section 143(3)(i) of the Companies Act, 2013 ("the Act")

Opinion

We have audited the internal financial controls over financial reporting of **Unichem Laboratories Limited** ("the Company"), as of 31st March, 2021, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Management's Responsibility for Internal Financial Controls

The Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note"), issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statement. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized 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 over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **N. A. Shah Associates LLP**
Chartered Accountants
Firm's Registration No.: 116560W/W100149

Milan Mody
Partner
Membership No.: 103286
UDIN.: 21103286AAAACT4210

Place: Mumbai
Date: 29th May, 2021

Standalone Balance Sheet as at 31st March, 2021

CIN: L99999MH1962PLC012451

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	81,637.22	79,615.13
(b) Right-of-use assets	4	2,985.65	2,878.65
(c) Capital work-in-progress	3	56,773.16	33,083.54
(d) Investment property	5	353.28	359.59
(e) Other Intangible assets	3	-	-
(f) Financial assets			
(i) Investments	6	28,399.04	24,917.28
(ii) Loans	7	7.28	7.95
(iii) Other financial assets	8	1,026.33	1,003.35
(g) Other non-current assets	9	10,187.11	10,176.48
		1,81,369.07	**1,52,041.97**
Current assets			
(a) Inventories	10	38,611.65	31,556.80
(b) Financial assets			
(i) Investments	11	23,642.92	41,910.22
(ii) Trade receivables	12	36,048.49	32,309.79
(iii) Cash and bank balances	13		
Cash & cash equivalents		5,259.86	20,307.86
Other bank balances		498.78	229.21
(iv) Loans	14	4.47	4.40
(v) Other financial assets	15	919.82	1,532.97
(c) Other current assets	16	25,550.67	22,620.23
		1,30,536.66	**1,50,471.48**
TOTAL ASSETS		**3,11,905.73**	**3,02,513.45**
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	17	1,408.12	1,408.12
(b) Other equity	18	2,68,325.35	2,63,310.26
		2,69,733.47	**2,64,718.38**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	19	146.16	148.00
(b) Provisions	20	3,041.36	2,351.21
(c) Deferred tax liabilities (net)	21	1,370.22	-
(d) Other non-current liabilities	22	469.21	469.21
		5,026.95	**2,968.42**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	23	-	1,521.41
(ii) Trade payables	24		
Total outstanding dues of micro enterprises and small enterprises		631.27	247.91
Total outstanding dues of creditors other than micro enterprises and small enterprises		18,225.56	20,574.25
(iii) Lease liabilities	19	1.84	1.72
(iv) Other financial liabilities	25	11,567.20	7,119.37
(b) Other current liabilities	26	5,236.84	4,381.19
(c) Provisions	27	1,482.60	980.80
		37,145.31	**34,826.65**
TOTAL EQUITY AND LIABILITIES		**3,11,905.73**	**3,02,513.45**
Significant accounting policies & notes	**1 - 54**		

Notes to Accounts form an integral part of standalone financial statements

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Firm's Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 29th May, 2021

Sandip Ghume
Deputy Chief
Financial Officer
Mumbai

Pradeep Bhandari
Head - Legal &
Company Secretary
Mumbai

Dr. Prakash A. Mody
Chairman &
Managing Director
DIN.: 00001285
Mumbai

Dilip Kunkolienkar
Director - Technical
DIN.: 02666678
Panaji - Goa

Standalone Statement of Profit and Loss for the year ended 31st March, 2021

CIN: L99999MH1962PLC012451

(₹ in Lakhs)

	Particulars	Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
I	Revenue from operations	28	1,12,397.28	90,444.07
II	Other income	29	4,737.11	9,917.01
III	**Total Income (I+II)**		**1,17,134.39**	**1,00,361.08**
IV	**EXPENSES**			
	Cost of materials consumed (including provisions)	30	44,913.87	40,020.76
	Purchases of Stock-in-Trade		53.52	104.37
	Changes in inventories of finished goods and work-in-progress	30	(1,672.68)	(1,849.58)
	Employee benefits expense	31	23,403.73	20,515.66
	Finance costs	32	130.06	128.18
	Depreciation and amortization expense	3,4	7,589.18	7,108.96
	Other expenses	33	36,152.16	40,713.91
	Total expenses (IV)		**1,10,569.84**	**1,06,742.26**
V	**Profit / (loss) before tax (III- IV)**		**6,564.55**	**(6,381.18)**
VI	Tax expense:			
	(1) Current tax	21	-	-
	(2) Deferred tax charge/ (credit)	21	1,094.30	(749.56)
	(3) Short/(Excess) provision for tax (earlier years)	21	62.02	-
			1,156.32	**(749.56)**
VII	**Profit / (Loss) for the year (V-VI)**		**5,408.23**	**(5,631.62)**
VIII	Other Comprehensive Income	34		
	A (i) Items that will not be reclassified subsequently to profit or loss			
	- Remeasurement of the net defined benefit plan		(97.68)	(144.60)
	- Equity instruments through other comprehensive income		2,504.10	444.10
	(ii) Income tax (expense) / credit relating to items that will not be reclassified to profit or loss			
	- Remeasurement of the net defined benefit plan		24.58	-
	- Equity instruments through other comprehensive income (net)		(300.51)	-
	B (i) Items that will be reclassified to profit or loss		-	-
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total of Other Comprehensive Income		**2,130.49**	**299.50**
IX	**Total Comprehensive Income for the year (VII+VIII)**		**7,538.72**	**(5,332.12)**
X	**Earnings per equity share (face value of ₹ 2 each)**	47		
	(1) Basic		7.68	(8.00)
	(2) Diluted		7.68	(8.00)
	Significant accounting policies & notes	**1 - 54**		

Notes to Accounts form an integral part of standalone financial statements

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Firm's Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 29th May, 2021

Sandip Ghume
Deputy Chief
Financial Officer
Mumbai

Pradeep Bhandari
Head - Legal &
Company Secretary
Mumbai

Dr. Prakash A. Mody
Chairman &
Managing Director
DIN.: 00001285
Mumbai

Dilip Kunkolienkar
Director - Technical
DIN.: 02666678
Panaji - Goa

Standalone Statement of Changes in Equity for the year ended 31st March, 2021

CIN: L99999MH1962PLC012451

A. Equity Share Capital

Particulars	2020-2021		2019-2020	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Shares outstanding as at the beginning of the year	**7,04,05,750**	**1,408.12**	**7,03,83,250**	**1,407.67**
Add: Shares allotted under ESOP during the year	-	-	22,500	0.45
Shares outstanding as at the end of the year	**7,04,05,750**	**1,408.12**	**7,04,05,750**	**1,408.12**

B. Other Equity

(₹ in Lakhs)

Particulars	Employee stock options outstanding account	Reserves and Surplus			Other Comprehensive Income (OCI)		Total
		Securities Premium	Capital Redemption Reserve	Retained Earnings	Remeasurements of defined benefit plans	Equity instrument through OCI	
Balance at 31st March, 2019	**384.01**	**89.49**	**412.00**	**2,71,220.77**	**(320.53)**	**-**	**2,71,785.74**
Profit / (loss) for the year	-	-	-	(5,631.62)	-	-	(5,631.62)
Other comprehensive income for the year	-	-	-	-	(144.60)	444.10	299.50
Payment of dividends (Incl. Tax on dividend)	-	-	-	(3,395.11)	-	-	(3,395.11)
Transfer to retained earnings	(109.63)	-	-	109.63	-	-	-
Recognition of share-based payments (ESOP) (net)	208.22	-	-	-	-	-	208.22
Issue of shares under ESOP	-	43.53	-	-	-	-	43.53
Balance at 31st March, 2020	**482.60**	**133.02**	**412.00**	**2,62,303.67**	**(465.13)**	**444.10**	**2,63,310.26**
Profit / (loss) for the year	-	-	-	5,408.23	-	-	5,408.23
Other comprehensive income for the year	-	-	-	-	(73.10)	2,203.59	2,130.49
Payment of dividend	-	-	-	(2,816.23)	-	-	(2,816.23)
Recognition of share-based payments (ESOP) (net)	292.60	-	-	-	-	-	292.60
Balance at 31st March, 2021	**775.20**	**133.02**	**412.00**	**2,64,895.67**	**(538.23)**	**2,647.69**	**2,68,325.35**

Significant accounting policies & notes 1 - 54
Notes to Accounts form an integral part of standalone financial statements

Employee stock options outstanding account
The fair value of the equity-settled share based payment transactions with employees is recognised in standalone statement of profit and loss with corresponding credit to Employee Stock Options Outstanding Account.

Securities Premium
The amount received in excess of face value of the equity shares is recognised in securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. The utilisation of securities premium is in accordance with section 52 of the Companies Act, 2013.

Capital Redemption Reserve
The Company had recognised capital redemption reserve on buyback of equity shares from its retained earnings. The amount in capital redemption reserve is equal to nominal amount of the equity shares bought back. This reserve will be utilised in accordance with section 69 of the Companies Act, 2013.

Other Comprehensive Income
a) The reserve represents the remeasurement gains / (losses) arising from the actuarial valuation of the defined benefit obligations of the Company. The remeasurement gains / (losses) are recognised in other comprehensive income and accumulated under this reserve within equity. The amounts recognised under this reserve are not reclassified to profit or loss.
b) Equity instrument through OCI represents changes in fair value of equity instruments which are measured at fair value through OCI, net of taxes.

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Firm's Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286
Place: Mumbai
Date: 29th May, 2021

Sandip Ghume
Deputy Chief Financial Officer
Mumbai

Pradeep Bhandari
Head - Legal & Company Secretary
Mumbai

Dr. Prakash A. Mody
Chairman & Managing Director
DIN.: 00001285
Mumbai

Dilip Kunkolienkar
Director - Technical
DIN.: 02666678
Panaji - Goa

Standalone Statements of Cash Flows for the year ended 31st March, 2021

CIN: L99999MH1962PLC012451

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021		For the year ended 31st March, 2020	
A. Cash Flow from Operating Activities				
Net Profit / (loss) before tax		**6,564.55**		**(6,381.18)**
Adjustments:				
Depreciation / amortisation (including investment property)	7,595.48		7,115.27	
Loss / (profit) on sale / discard of property, plant and equipment (net)	(2.57)		187.83	
Unrealised exchange difference (net)	606.40		(1,263.07)	
Rent income	(46.22)		(44.43)	
Guarantee commission income	(26.60)		(93.11)	
Finance cost	130.06		128.18	
Provision for doubtful debts, loans, advances & deposits (net)	(18.64)		(35.25)	
Share-based payments to employees	224.56		173.61	
Fair value gain on investments (net)	(1,164.20)		(2,735.30)	
Interest income	(2,287.95)		(3,852.96)	
Sundry credit balances written back	(41.56)		(39.70)	
Dividend income	(0.36)		(157.64)	
		4,968.40		(616.57)
Operating Profit / (loss) Before Working Capital Changes		11,532.95		(6,997.75)
Working Capital Adjustments:				
Trade receivables & other assets	(7,317.33)		3,392.10	
Inventories	(7,054.85)		(4,138.95)	
Trade payable & other liabilities	(379.28)		3,295.83	
		(14,751.46)		2,548.98
Cash generated from / (used in) operations		(3,218.51)		(4,448.77)
Direct taxes refund received / (payment made)		(31.07)		264.58
Net Cash Flow from / (used in) Operating Activities A		**(3,249.58)**		**(4,184.19)**
B. Cash Flow from Investing Activities				
Purchase of property, plant & equipment including Capital WIP		(28,586.29)		(37,886.89)
Proceeds from sale of property, plant and equipment		42.22		203.21
Investments made				
- in subsidiaries (at cost)		(872.07)		(143.73)
Sale / (purchase) of current investment (net)		18,661.31		29,614.92
Rent received (including amount received in advance)		46.22		44.43
(Increase) / decrease in escrow bank accounts		(269.57)		7.64
Interest received		2,939.14		4,443.85
Dividend received		0.36		157.64
Net cash flow from / (used in) Investing Activities B		**(8,038.68)**		**(3,558.93)**
C. Cash Flow from Financing Activities				
Increase / (decrease) in working capital borrowings (net)		(1,521.41)		1,425.63
Proceeds from employee stock option plan		-		10.35
Payments of Lease liability		(15.20)		(15.64)
Finance cost paid		(116.58)		(118.52)
Dividend paid (inclusive of dividend tax in previous year)		(2,865.79)		(3,403.36)
Net cash flow from / (used) in Financing Activities C		**(4,518.98)**		**(2,101.54)**
Net (Decrease) / Increase in Cash and Cash Equivalents (A+B+C)		**(15,807.24)**		**(9,844.66)**
Add: Current Investments reclassified as cash and cash equivalents during the year		759.24		11,286.70
Net (Decrease) / Increase in Cash and Cash Equivalents		**(15,048.00)**		**1,442.04**
Cash and Cash Equivalents at the beginning of the year		**20,307.86**		**18,865.82**
Cash and Cash Equivalents at the end of the year		**5,259.86**		**20,307.86**
Significant accounting policies & notes 1 - 54				

Notes: 1. Changes in financing liabilities arising from cash and non cash changes

(₹ in Lakhs)

Particulars	1st April, 2020	Cash inflows / (outflows)	Non cash changes	31st March, 2021
Short-term borrowings (packing credit) - non cash changes arising out of exchange rate fluctuations	1,527.41	(1,509.78)	(11.63)	-
Lease liabilities - non cash changes arising out of unwinding of liabilities	149.72	(15.20)	13.48	148.00

(₹ in Lakhs)

Particulars	1st April, 2019	Cash inflows / (outflows)	Non cash changes	31st March, 2020
Short-term borrowings (packing credit) - non cash changes arising out of exchange rate fluctuations	-	1,425.63	95.78	1,521.41
Lease liabilities - non cash changes arising out of unwinding of liabilities	151.71	(15.64)	13.65	149.72

Notes to Accounts form an integral part of standalone financial statements

As per our report of even date attached

For N. A. Shah Associates LLP

Chartered Accountants

Firm's Registration No.: 116560W/W100149

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 29th May, 2021

For and on behalf of the Board of Directors

Sandip Ghume
Deputy Chief Financial Officer
Mumbai

Pradeep Bhandari
Head - Legal & Company Secretary
Mumbai

Dr. Prakash A. Mody
Chairman & Managing Director
DIN.: 00001285
Mumbai

Dilip Kunkolienkar
Director - Technical
DIN.: 02666678
Panaji - Goa

Notes to the Standalone Financial Statements
for the year ended 31st March, 2021

1. Company Overview

Unichem Laboratories Limited ("the Company") is a Public Company domiciled in India and is incorporated under the provisions of the Companies Act, 1956. Its shares are listed and traded on the Bombay Stock Exchange and National Stock Exchange in India. The registered office of the Company is located at "Unichem Bhavan", Prabhat Estate, off S V Road, Jogeshwari (West), Mumbai 400 102.

The Company is engaged in manufacturing of pharmaceutical products.

The financial statements of the Company for the year ended 31st March, 2021 were approved and adopted by the Board of Directors of the Company in their meeting dated 29th May, 2021.

2. Significant accounting policies

2.1. Statement of compliance

These standalone financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended for rules issued thereafter, the provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2. Basis of preparation and presentation

These standalone financial statements have been prepared on the historical cost convention and on accrual basis except for the following assets and liabilities which have been measured at fair value:

i. Certain financial assets and liabilities (including derivative instruments);

ii. Defined benefit plans – plan assets;

iii. Equity Settled Share-based payments;

iv. Assets held for sale

The financial statements are in accordance with Division II of Schedule III to the Act, as applicable to the Company.

2.3. Current and non-current classification

All assets and liabilities are presented in the Balance Sheet based on current or non-current classification as per Company's normal operating cycle and other criteria set out in the division II of Schedule III of the Act.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation, the Company has ascertained its operating cycle as twelve months for the purpose of current / non-current classification of assets and liabilities.

2.4. Functional currency and presentation of currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ('the functional currency'). The financial statements are presented in Indian Rupee, which is the Company's functional and presentation currency. All amounts are rounded off to the nearest rupees in lakhs.

2.5. Use of significant accounting estimates, judgements and assumptions

The preparation of the financial statements requires the management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported balances of assets and liabilities, disclosure of contingent assets and liabilities as on the date of financial statements and reported amounts of income and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below:

i) Estimation of useful life of property, plant and equipment (refer note no. 2.8 and 3)

ii) Impairment of property, plant and equipment and Capital work-in-progress (refer note no. 2.12 and 3)

iii) Estimation of provisions and contingent liabilities (refer note no. 2.17, 27 and 35)

iv) Estimation of defined benefit plan and other long-term benefits (refer note no. 2.18, 20, 27 and 44)

v) Fair value measurement and impairment of financial instruments (refer note no. 2.28 and 53)

vi) Recognition of "Right-of-use" of assets as per the requirement of Ind AS 116. (refer note no. 2.15, 4, 19, 46)

2.6. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised on satisfaction of performance obligation as per contract and upon transfer of control of products to customers.

Revenue is measured at the transaction price that is allocated to that performance obligation. Amounts disclosed as revenue are net of indirect taxes, discounts, rebates, expiry claims and sales returns.

Income from services including commission income, product development revenue and licence fees income is recognised when the services are rendered or when contracted milestones have been achieved and is recorded net of indirect taxes.

Export benefits are recognised as income when right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Interest income on financial assets is recognised using the effective interest rate.

Dividend income is recognised when the Company's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company and the amount of dividend can be measured reliably.

Rental income on investment property given under operating lease arrangement is recognised on straight-line basis over the lease term in accordance with terms of agreement. Rental income is recorded net of indirect tax and expenses which are directly attributable to investment property.

Revenue includes commission recognised on guarantee given to banks and corporate guarantee given to or on behalf of subsidiaries.

2.7. Taxes

Income Tax expenses for the year comprises of current tax, deferred tax charge or credit, minimum alternate tax credit and adjustments of taxes for earlier years that may become necessary due to certain developments or reviews during the relevant period. In respect of amounts adjusted outside the statement of profit or loss (i.e. in other comprehensive income or equity), the corresponding tax effect, if any, is also adjusted in other comprehensive income or in equity and not in the statement of profit or loss.

Current tax

Provision for current tax is made as per the provisions of Income Tax Act, 1961. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where applicable.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Minimum Alternate Tax Credit

The Company recognises tax credits in the nature of Minimum Alternative Tax (MAT) credit as an asset only to the extent that there is convincing evidence that the Company will pay normal tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Company recognises tax credits as an asset, the said asset is created by way of tax credit to the statement of profit and loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. In situations where the Company has unused tax losses and unused tax credits, deferred tax assets are recognised only if it is probable that they can be utilized against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each Balance Sheet date.

At each reporting date, the Company re-assesses unrecognised deferred tax assets. It recognises previously unrecognised deferred tax assets to the extent that it has become probable that future taxable profit allow deferred tax assets to be recovered.

Dividend Distribution Tax

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income Tax Act regulation are recognised in statement of changes in equity as part of associated dividend payment.

2.8. Property, plant and equipment (Tangible Assets) and depreciation

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Gross carrying amount of all property, plant and equipment are measured using cost model.

Cost of an item of property, plant and equipment includes purchase price including non - refundable taxes and duties, borrowing cost directly attributable to the qualifying asset, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and the present value of the expected cost for the dismantling/decommissioning of the asset.

Cost for subsequent additions comprises the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditures are added to its gross book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

The Company identifies and determines cost of each component/part of the plant and equipment separately, if the component/part has a cost which is significant to the total cost of the plant and equipment and has useful life that is materially different from that of the remaining plant and equipment.

Pre-operation expenses and trial runs (net of revenue) and borrowing cost directly attributable to the cost of construction of the qualifying asset are treated as part of the project cost and are capitalized / allocated to the cost of asset in the year in which the project is completed. Administrative and other expenses which are not directly related to construction are charged to statement of profit and loss.

Gains or losses arising from de-recognition of tangible property, plant and equipment are recognised in the statement of Profit and Loss.

Depreciation is provided on all assets (other than free hold land and capital work-in-progress), on pro-rata basis, using following methods based on the respective estimate of useful lives as given below:

a) Straight-Line Method on buildings, plant and machinery, computers and servers

b) Written Down Value Method for others

The management believes that useful lives currently used is as prescribed under Part C of Schedule II to the Companies Act, 2013, fairly reflect its estimate of the useful lives and residual values of property, plant and equipment.

Estimated useful lives of Property, plant and equipment are as follows:

Nature of assets	Useful life
Factory buildings on leasehold land	Lower of 30 years or balance lease period
Buildings on freehold land	30 to 60 years
Roads	3 to 10 years
Plant and equipments [other than below]	10 to 15 years
Plant and equipments [continuous processing assets and other special equipments related to Pharma industry]	20 to 25 years
Furniture and fixture	10 years
Vehicles	8 years
Office equipments	3 to 5 years

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under ''Other non-current assets''. Cost of assets under construction / acquisition / not put to use at the Balance sheet date are disclosed under ''Capital work-in-progress''.

2.9. Intangible assets and amortisation

Intangible assets acquired separately are measured at cost of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Intangible assets comprise computer softwares / licenses [other than standalone softwares / licenses] which are fully amortised during the year of capitalisation. The estimated useful life of intangible assets is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

Other standalone softwares / licenses cost are fully charged off to statement of profit and loss in the year of expenditure. These softwares / licenses are for administrative purposes.

2.10. Investment property

Property that is held for long-term rentals yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment properties are measured at its cost, including related transaction costs and where applicable borrowing costs less depreciation and impairment if any. Depreciation on building held as Investment Property is provided over its useful life (of 60 years) using the straight-line method.

2.11. Non-Current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Non-current assets and liabilities classified as held for sale are presented separately from the other assets and liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single coordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the statement of profit and loss.

2.12. Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of a) fair value of assets less cost of disposal and b) its value in use. Value in use is the present value of future cash flows expected to derive from an asset or Cash-Generating Unit (CGU).

Based on the assessment done at each balance sheet date, recognised impairment loss is further provided or reversed depending on changes in circumstances. After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life. If the conditions leading to recognition of impairment losses no longer exist or have decreased, impairment losses recognised are reversed to the extent it does not exceed the carrying amount that would have been determined after considering depreciation / amortisation had no impairment loss been recognised in earlier years.

2.13. Research and development expenditure

Revenue expenditure pertaining to research is charged to the statement of profit and loss. Development costs of products are also charged to the statement of profit and loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized.

Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis to creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, plant and equipment and depreciation.

2.14. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. As at the Balance Sheet date, foreign currency monetary items are translated at closing exchange rate. Exchange difference arising on settlement or translation of foreign currency monetary items are recognised as income or expense in the year in which they arise.

Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate at the date of transaction. Foreign currency non-monetary items which are measured at fair value are reported using the exchange rate at the date when the fair value is determined. Exchange difference arising on fair valuation of non-monetary items is recognised in line with the gain or loss of item that give rise to such exchange difference (i.e. translation differences on items whose gain or loss is recognised in statement of profit and loss or other comprehensive income is also recognised in statement of profit or loss or other comprehensive income respectively).

2.15. Leases

The Company has applied Ind AS 116 - "Leases" from 1st April, 2019 using the modified retrospective approach.

Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the standalone balance sheet as at 31st March, 2019.

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. 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. The Company has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease and non-lease component on the basis of their relative standalone prices.

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprise of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date net of lease incentive received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset unless the lease transfers ownership of the underlying asset to the Company by the end of the lease term or the cost of the right-of-use asset reflects that the Company will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method.

Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

2.16. Inventories

Inventories consists of raw materials, packing materials, stores and spares, stock-in-trade, work-in-progress and finished goods. Inventories of raw materials, packing material, stores and spares are valued at cost and other inventories are valued at lower of cost and net realisable value after providing for obsolete / slow moving items. Cost is determined on weighted average basis.

Cost includes cost of purchase, non-refundable taxes and other costs / overheads incurred in bringing the inventories to their present location and condition.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

2.17. Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of 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. If the effect of 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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

2.18. Employee benefits

i) Short-term employee benefit

All employee benefits falling due wholly within twelve months after the end of the reporting period are classified as short-term employee benefits and they are recognised as an expense at the undiscounted amount in the statement of profit and loss in the period in which the employee renders the related service.

ii) Post-employment benefits

a. Defined contribution plan

The Company contributes fixed contribution to a government administered fund towards Provident Fund, Labour Welfare Fund, and Employee State Insurance Scheme and will have no legal or constructive obligation to pay further contribution.

Certain employees of the Company are participants in Superannuation plan. The Company has no further obligations to the Superannuation plan beyond its monthly contributions which are periodically contributed to "Unichem Laboratories Limited Employees Superannuation Fund Trust", the corpus of which is invested with the Life Insurance Corporation of India.

The Company's contribution to defined contribution plans are recognised in the statement of profit and loss in the period in which the employee renders the related services.

b. Defined benefit plan

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 the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations. The Company fully contributes all ascertained liabilities to "Unichem Laboratories Limited Employees Gratuity Fund Trust", the corpus of which is invested with the Life Insurance Corporation of India.

The current service cost and interest on the net defined benefit liability / (asset) is recognised in the statement of profit and loss. Past service cost are immediately recognised in the statement of profit and loss. Actuarial gains and losses net of deferred taxes arising from experience adjustment and changes in actuarial assumptions are recognised in other comprehensive income and are not reclassified to statement of profit or loss in subsequent periods. Gains or losses on the curtailment or settlement of defined benefit plan are recognised when the curtailment or settlement occurs.

iii) Other long-term benefits

The Company has other long-term benefits in the form of leave benefits and long-term bonus. The present value of the obligation is determined based on actuarial valuation using the projected unit credit method carried out by independent actuary. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations. Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions are recognised immediately in the statement of profit and loss as income or expense. Gains or losses on the curtailment or settlement of other long-term benefits are recognised when the curtailment or settlement occurs.

2.19. Equity settled share-based payments

Equity settled share-based payments to employees are measured at the fair value (i.e. excess of fair value over the exercise price of the option) of the Employee Stock Options Plan at the grant date. The fair value of option at the grant date is calculated by Black-Scholes model. In case the options are granted to employees of the Company, the fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Company`s estimate of options that will eventually vest, with a corresponding increase in equity. In case of the options granted to employees of Company's subsidiaries, the fair value of options granted to employees of the subsidiary companies are considered as capital contribution / investment.

The dilutive effect of outstanding options is reflected in determining the diluted earnings per share.

2.20. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). Operating Segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the CODM, in deciding how to allocate resources and assessing performance.

2.21. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest expenses calculated as per effective interest method, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

2.22. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Company will comply with its conditions.

Government grants relating to income are recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate. In case of Exports Promotion Capital Goods (EPCG) scheme, government grants is recognised in the statement of profit and loss over the period of fulfilment of export obligation.

Government grants relating to the assets are credited in the statement of profit and loss over the expected useful life of the assets.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the fair value of the loan and the proceeds received.

2.23. Dividend distribution

Final equity dividends on shares are recorded as a liability on the date of approval by the shareholders and interim equity dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

2.24. Share Capital

Ordinary shares are classified as equity. Transaction cost related to buy-back of equity shares is reduced from the retained earnings / reserves, net of tax effects.

2.25. Earnings per equity share

The Basic earnings per equity share is computed by dividing the net profit / (loss) after tax for the year attributable to the equity shareholders of the Company by weighted average number of equity shares outstanding during the year.

Diluted earnings per equity share are computed by dividing the net profit / (loss) attributable to 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. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, share split, etc.

2.26. Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits, 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, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Company's cash management.

2.27. Cash flow statement

Cash Flows are reported using Indirect Method, whereby profit / (loss) for the year 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 items of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2.28. 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 and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Effective interest method:

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets:

Cash and bank balances

Cash and cash equivalents include cash in hand, bank balances, deposits with banks (other than on lien) and all short-term highly liquid investments/mutual funds (with zero exit load at the time of investment) that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Other bank balances includes balances and deposits with bank that are restricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In respect of equity investments (other than joint ventures) which are not held for trading, the Company has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Company on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

Investment in Subsidiaries and Associates

The Company has accounted for its investments in Subsidiaries and Associates at cost less accumulated impairment losses, if any in its separate financial statements. Where an indication of impairment exists, the carrying amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the statement of profit and loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the statement of profit and loss.

Impairment of financial assets [other than investment in subsidiaries and associates]

The Company recognises loss allowances using the Expected Credit Loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in statement of profit and loss.

De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

De-recognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

2.29. New Ind AS & amendments to existing Ind AS issued but not effective as at 31st March, 2021

Ministry of Corporate Affairs has not notified new standards or amendments to the existing standards which would have been effective from 1st April, 2021.

3 PROPERTY, PLANT & EQUIPMENT

(₹ in Lakhs)

Particulars	Property, Plant & equipment								Capital work-in -progress	Other Intangible Assets	
	Freehold land	Leasehold land	Buildings *	Plant & equipments	Furniture & fixture	Vehicles	Office equipment	Total		Software Licenses	Total Other Intangible Assets
Gross carrying value, at cost											
As at 31st March, 2019	378.01	3,041.51	29,705.05	59,123.29	689.61	331.29	636.29	93,905.05	9,025.44	32.59	32.59
Additions	189.77	-	1,600.67	8,587.66	567.40	7.27	201.30	11,154.07	36,074.51	91.95	91.95
Disposal	-	-	84.06	1,118.11	75.99	75.27	20.56	1,373.99	-	-	-
Capitalisation	-	-	-	-	-	-	-	-	12,016.41	-	-
Reclassified on account of adoption of Ind AS 116 (refer note 4)	-	3,041.51	-	-	-	-	-	3,041.51	-	-	-
As at 31st March, 2020	**567.78**	**-**	**31,221.66**	**66,592.84**	**1,181.02**	**263.29**	**817.03**	**1,00,643.62**	**33,083.54**	**124.54**	**124.54**
Additions	-	-	1,460.27	7,555.33	28.78	311.44	163.50	9,519.32	33,147.14	291.32	291.32
Disposal	-	-	48.00	292.91	99.29	98.57	2.53	541.30	-	-	-
Capitalisation	-	-	-	-	-	-	-	-	9,457.52	-	-
Reclassification as per Ind AS 116 (refer note 4)	189.77	-	-	-	-	-	-	189.77	-	-	-
As at 31st March, 2021	**378.01**	**-**	**32,633.93**	**73,855.26**	**1,110.51**	**476.16**	**978.00**	**1,09,431.87**	**56,773.16**	**415.86**	**415.86**
Accumulated Depreciation / amortisation											
As at 31st March, 2019	-	227.40	2,888.93	11,540.50	316.97	88.86	326.81	15,389.47	-	32.59	32.59
Charge for the year	-	-	1,311.35	5,283.96	128.24	75.49	157.52	6,956.56	-	91.95	91.95
Disposal	-	-	10.78	918.00	73.98	69.20	18.18	1,090.14	-	-	-
Reclassified on account of adoption of Ind AS 116 (refer note 4)	-	227.40	-	-	-	-	-	227.40		-	-
As at 31st March, 2020	**-**	**-**	**4,189.50**	**15,906.46**	**371.23**	**95.15**	**466.15**	**21,028.49**	**-**	**124.54**	**124.54**
Charge for the year	-	-	1,276.72	5,496.96	202.07	87.42	176.36	7,239.53	-	291.32	291.32
Disposal	-	-	42.46	263.15	84.40	81.02	2.34	473.37	-	-	-
As at 31st March, 2021	**-**	**-**	**5,423.76**	**21,140.27**	**488.90**	**101.55**	**640.17**	**27,794.65**	**-**	**415.86**	**415.86**
Net book value											
As at 31st March, 2021	**378.01**	**-**	**27,210.17**	**52,714.99**	**621.61**	**374.61**	**337.83**	**81,637.22**	**56,773.16**	**-**	**-**
As at 31st March, 2020	567.78	-	27,032.16	50,686.38	809.79	168.14	350.88	79,615.13	33,083.54	-	-

* Buildings include one Flat amounting to ₹ 97.16 lakhs (P.Y. ₹ 97.16 lakhs) where the co-operative society is yet to be formed.

Notes :

1. Building includes cost of shares in co-operative societies ₹ 0.56 lakhs (P.Y. ₹ 0.56 lakhs).
2. Capital work-in-progress includes ₹ 17,617.87 lakhs (P.Y. ₹ 10,431.73 lakhs) on account of cost of construction.
3. The amount of capital commitment disclosed in note 37(a).
4. Certain property, plant and equipment are hypothecated / mortgaged as security for borrowing as disclosed under note 38.
5. Addition to property, plant and equipment and CWIP includes ₹ 238.02 lakhs (P.Y. ₹ 1,584.57 lakhs) being expenditure on Research and Development as under:

(₹ in Lakhs)

Assets Description	2020-2021	2019-2020
Buildings	-	7.39
Plant & Machinery	126.05	1,506.52
Furniture & Fixtures	5.09	10.73
Office Equipment	43.49	14.01
Capital Work in Progress	63.29	45.92
Total	**238.02**	**1,584.57**

4 RIGHT-OF-USE ASSETS

Following are the changes in the carrying value of right-of-use assets (Leasehold land) :

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Opening Balance	**2,878.65**	**-**
Reclassified on account of adoption of Ind AS 116	-	2,814.11
Additions - transition adjustment as on 1st April, 2019	-	151.71
Reclassification as per Ind AS 116 (refer note 3)	189.77	-
Additions	20.01	17.70
Depreciation	(58.32)	(60.45)
Depreciation charged to CWIP	(44.46)	(44.42)
Closing Balance	**2,985.65**	**2,878.65**

Refer note - 46

The Company holds leasehold land against which there is annual payment over the lease period which is in range of 24-75 years and is non-cancellable. The terms and conditions includes extension of the lease period subject to fulfillment of the conditions as per lease agreements.

5 INVESTMENT PROPERTY

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Gross Carrying amount		
Opening gross Carrying amount	398.81	398.81
Additions	-	-
Closing gross carrying amount	**398.81**	**398.81**
Accumulated depreciation		
Opening accumulated depreciation	39.22	32.91
Depreciation charge (netted off from rent income)	6.31	6.31
Closing accumulated depreciation	**45.53**	**39.22**
Net Carrying Amount	**353.28**	**359.59**

i) Amounts recognised in statement of profit and loss for investment property: (₹ in Lakhs)

Particulars	2020-2021	2019-2020
Rental Income	46.12	44.29
Less: Depreciation	6.31	6.31
Net income from investment property	**39.81**	**37.98**

ii) Operating lease agreement is cancellable. The fair value of the property is not readily available, however, based on the annual rent income earned by the company, the fair value would be higher than the carrying value of the assets.

6 INVESTMENTS (NON-CURRENT)

Particulars	No. of Shares		Face value	₹ in lakhs	
	As at 31st March, 2021	As at 31st March, 2020		As at 31st March, 2021	As at 31st March, 2020
(I) At Cost :					
UNQUOTED					
Equity Instruments of subsidiaries (fully paid)					
Unichem Farmaceutica Do Brasil Ltda	3,01,33,683	3,01,33,683	1 Brasil Real	7,086.72	7,086.72
Less: Impairment in value of investments (refer note 40)				(7,086.72)	(7,086.72)
Sub Total				-	-
Niche Generics Limited,UK * (refer note 6.1)	56,25,000	56,25,000	1 Pound	7,014.37	6,988.39
Unichem SA Pty Limited	19,000	19,000	10 SA Rand	12.14	12.14
Unichem Pharmaceuticals USA Inc.*	64,76,955	64,76,955	1 US$	3,548.36	3,480.32
Unichem Laboratories Limited, Ireland * (refer note 6.1)	27,60,000	17,00,000	1 Euro	2,145.27	1,272.57
Unichem (China) Pvt. Ltd.	-	-	-	143.73	143.73
Sub Total				**12,863.87**	**11,897.15**
Equity Instruments of Associates (fully paid)					
Synchron Research Services Private Limited	2,08,333	2,08,333	₹ 10	569.31	569.31
Sub Total				**569.31**	**569.31**
Total of Investments measured at cost				**13,433.18**	**12,466.46**
(II) At fair value through profit and loss (FVTPL)					
UNQUOTED					
Equity Instruments (fully paid)					
Mediklin Healthcare Limited	2,02,500	2,02,500	₹ 10	-	-
Shivalik Solid Waste Management Limited	20,000	20,000	₹ 10	2.00	2.00
Sub Total				**2.00**	**2.00**
QUOTED					
Equity Instruments (fully paid)					
Jindal Polyfilm Limited	2,000	2,000	₹ 10	14.81	4.01
Jindal Poly Investment and Finance Company Ltd.	500	500	₹ 10	0.07	0.05
Aurobindo Pharma Ltd.	8	8	₹ 1	0.15	0.03
Kothari Industrial Corporation Ltd.	20	20	₹ 5	-	-
Sub Total				**15.03**	**4.09**
Total of Investments measured at FVTPL				**17.03**	**6.09**
(III) At fair value through Other Comprehensive Income (FVTOCI)					
UNQUOTED					
Equity Instruments (fully paid)					
Optimus Drugs Private Limited	17,04,034	17,04,034	₹ 10	7,957.84	7,344.39
Optrix Laboratories Private Limited	21,98,423	21,98,423	₹ 10	6,990.99	5,100.34
Total of Investments measured at FVTOCI				**14,948.83**	**12,444.73**
Total				**28,399.04**	**24,917.28**
Aggregate book value of unquoted investments				28,384.01	24,913.19
Aggregate amount of impairment in value of investments				(7,086.72)	(7,086.72)
Aggregate book value of quoted investments				15.03	4.09
Aggregate market value of quoted investments				15.03	4.09

* Increase in investments includes additional contributions by the Company in subsidiaries in the form of guarantee commission and share-based payments to employee of a subsidiary.

6.1 In case of these subsidiaries, there are accumulated losses and low net-worth as at balance sheet date. Based on the financial projections of the above subsidiaries, the management is of the view that performance of these subsidiaries is improving and will turnaround. Accordingly, the management considers that the recoverable amount is higher than carrying value of these investments and there is no impairment of assets as at balance sheet date.

7 LOANS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good		
Loans to Employees	7.28	7.95
Total	**7.28**	**7.95**

8 OTHER FINANCIAL ASSETS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Inter Corporate Deposits	500.00	500.00
(Net of provision for Impairment loss of ₹ 500 Lakhs, P.Y. ₹ 500 Lakhs)		
Deposits		
Considered Good	526.33	503.35
Considered Doubtful	78.52	78.52
Less :Allowance for Doubtful deposits	(78.52)	(78.52)
	526.33	503.35
Total	**1,026.33**	**1,003.35**

9 OTHER NON-CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Capital advances	9,082.56	9,040.98
(Net of provision for Doubtful advances, ₹ 11.86 Lakhs, P.Y. ₹ 11.86 Lakhs)		
Balance with government authorities	52.46	52.46
Advance income tax (net of provision)	1,052.09	1,083.04
Total	**10,187.11**	**10,176.48**

10 INVENTORIES

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw Materials	21,720.88	16,825.10
[Include ₹ 944.15 lakhs in transit, (P.Y. ₹ 683.59 lakhs)]		
Packing Materials	2,371.96	2,232.08
Work-in-Progress	7,746.22	7,422.24
Finished Goods	5,875.33	4,526.63
[Include ₹ 519.80 lakhs in transit, (P.Y. ₹ 176.14 lakhs)]		
Stores and Spares	897.26	550.75
Total	**38,611.65**	**31,556.80**

Note:
1) During the year ended 31st March, 2021, ₹ 947.13 lakhs (P.Y. ₹ 795.49 lakhs) was recognised as an expenses for inventories carried at net realisable value.
2) Refer note 2.16 for accounting policy for inventory valuation.

11 INVESTMENTS (CURRENT)

(₹ in Lakhs)

Particulars	No. of Units		Amount	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
At fair value through profit and loss (FVTPL)				
QUOTED				
INVESTMENT IN MUTUAL FUNDS				
SBI Liquid Fund Direct Growth	1,12,892.00	1,39,570.00	3,636.95	4,339.26
INVESTMENT IN PERPETUAL BOND				
HDFC Bank Limited Sr-1 8.85 BD	329.00	579.00	3,362.52	5,736.38
Axis Bank Limited Sr-26 8.75 NCD	650.00	1,700.00	6,558.05	16,855.40
State Bank of India Sr-Iii 8.39 BD	1,000.00	1,500.00	10,085.40	14,979.18
Total			**23,642.92**	**41,910.22**
Aggregate book value of quoted investments			23,642.92	41,910.22
Aggregate market value of quoted investments			23,642.92	41,910.22

Investments in mutual funds are pledged with Citibank N.A. Refer note 38.

12 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Considered good - Secured	-	-
Unsecured		
Considered good	36,048.49	32,309.79
Considered Doubtful	492.16	364.01
Less: Allowance for Doubtful debts	(492.16)	(364.01)
Total	**36,048.49**	**32,309.79**

1) Unsecured trade receivables includes ₹ 27,499.07 lakhs (P.Y. ₹ 24,941.11 lakhs) receivables from subsidiaries.

2) The movement in allowance for doubtful receivables is as follows:

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Opening balance	364.01	456.25
Add: Allowance for doubtful receivables made during the year	128.15	78.31
Less: Allowance for doubtful receivables reversed / utilised during the year	-	(170.55)
Closing balance	**492.16**	**364.01**

13 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	No. of Units		Amount	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
(a) Cash & cash equivalents				
(i) Balances with banks				
In Current Accounts			2,773.87	3,090.46
(ii) Cash on hand			7.21	7.30
(iii) Investments in Mutual Fund (At FVTPL)				
Quoted				
HDFC Liquid fund - Direct Plan - Growth Option	-	85,389.08	-	3,335.82
ICICI Prudential Liquid fund - Direct Plan - Growth	3,07,665.93	5,10,873.43	937.57	1,500.75
ICICI Prudential Equity Arbitrage Fund - Direct plan - Growth	-	1,96,05,845.80	-	5,290.07
SBI Liquid Fund Direct Growth	-	48,475.37	-	1,507.11
Aditya Birla Liquid - Direct Plan - Growth	4,64,875.52	-	1,541.21	-
IDFC Arbitrage Fund - Growth - (Direct Plan)	-	2,16,71,870.74	-	5,576.35
			5,259.86	**20,307.86**
(b) Other bank balances (Restricted bank balances)				
In Unpaid Dividend Account			179.04	228.60
In Fixed Deposits (against Bank Guarantee) having Original maturity more than 3 months			319.74	0.61
			498.78	**229.21**
Total			**5,758.64**	**20,537.07**
Aggregate book value of quoted investments			2,478.78	17,210.10
Aggregate market value of quoted investments			2,478.78	17,210.10

14 LOAN-CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good		
Loans to Employees	4.47	4.40
Total	**4.47**	**4.40**

15 OTHER FINANCIAL ASSETS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Accrued Interest on bonds and fixed deposits (Net of provision for Impairment loss, ₹ 60.59 Lakhs, P.Y. ₹ 60.59 Lakhs)	881.78	1,532.97
Others (Forward contract receivable, etc.)	38.04	-
Total	**919.82**	**1,532.97**

16 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good		
Prepaid Expenses	1,440.72	1,318.55
Balances with Revenue Authorities (Including refund receivables)		
Considered good	19,109.00	16,041.94
Considered Doubtful	91.38	43.41
Less: Allowance for Doubtful Advances	(91.38)	(43.41)
Advance against materials & expenses	1,599.25	2,230.89
Export incentive receivable	2,780.37	2,445.87
Other receivables / advances		
Considered good	621.33	582.98
Considered Doubtful	47.00	193.78
Less: Allowance for Doubtful Advances	(47.00)	(193.78)
Total	**25,550.67**	**22,620.23**

16.1: The movement in allowance for doubtful advances (including allowance made against non-current items) is given below: (₹ in Lakhs)

Particulars	2020-2021	2019-2020
Opening balance (refer note 8, 9, 15 and 16)	844.75	787.76
Add: Allowance for doubtful advances made during the year	-	56.99
Less: Reversal / utilisation during the year	(146.78)	-
Closing balance	**697.97**	**844.75**

17 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars		As at 31st March, 2021	As at 31st March, 2020
AUTHORISED			
17,50,00,000	Equity Shares of ₹ 2/- each (P.Y.:17,50,00,000 Equity shares of ₹ 2/- each)	3,500.00	3,500.00
5,00,00,000	Unclassified Shares of ₹ 2/- each (P.Y.: 5,00,00,000 Unclassified Shares of ₹ 2/- each)	1,000.00	1,000.00
50,00,000	Preference Shares of ₹ 10/- each (P.Y.: 50,00,000 Preference Shares of ₹ 10/- each)	500.00	500.00
Total		**5,000.00**	**5,000.00**

(₹ in Lakhs)

Particulars		As at 31st March, 2021	As at 31st March, 2020
ISSUED, SUBSCRIBED AND FULLY PAID UP			
7,04,05,750	Equity Shares of ₹ 2/- each fully paid up (P.Y. 7,04,05,750 Equity Shares of ₹ 2/- each fully paid up)	1,408.12	1,408.12
Total		**1,408.12**	**1,408.12**

17.1 Reconciliation of Number of Shares (Equity)	2020-2021		2019-2020	
	No. of Shares	Amount (₹ in lakhs)	No. of Shares	Amount (₹ in lakhs)
Shares outstanding as at the beginning of the year	7,04,05,750	1,408.12	7,03,83,250	1,407.67
Add: Shares allotted under ESOP during the year	-	-	22,500	0.45
Shares outstanding as at the end of the year	**7,04,05,750**	**1,408.12**	**7,04,05,750**	**1,408.12**

17.2 Rights, preferences and restrictions attached to Equity Shares

The Company has one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

17.3 Shareholders holding more than 5 per cent of total Equity Shares of the Company

Name of the Shareholders	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	% held	No. of Shares	% held
Dr. Prakash Amrut Mody	3,24,99,392	46.16	3,24,55,699	46.10
HDFC Small Cap Fund	51,03,389	7.25	50,93,189	7.23

17.4 As per the records of the Company, including its register of shareholders / members & other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

18 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
CAPITAL REDEMPTION RESERVE		
Balance at the beginning of the year	412.00	412.00
Add: Additions / (deductions) during the year	-	-
Balance at the end of the year	**412.00**	**412.00**
SECURITIES PREMIUM		
Balance at the beginning of the year	133.02	89.49
Add: Additions / (deductions) during the year	-	43.53
Balance at the end of the year	**133.02**	**133.02**
EMPLOYEE STOCK OPTIONS OUTSTANDING ACCOUNT		
Balance at the beginning of the year	1,204.53	1,967.40
Add: Additions during the year	-	-
Less: Deduction during the year	-	(762.87)
	1,204.53	1,204.53
Less: Deferred Employee's stock compensation	(429.33)	(721.93)
Balance at the end of the year	**775.20**	**482.60**
OTHER COMPREHENSIVE INCOME		
Remeasurements of defined benefit plans		
Balance at the beginning of the year	(465.13)	(320.53)
Add / (Less): Movements during the year	(73.10)	(144.60)
Balance at the end of the year	**(538.23)**	**(465.13)**
EQUITY INSTRUMENT THROUGH OCI		
Balance at the beginning of the year	444.10	-
Add / (Less): Movements during the year	2,203.59	444.10
Balance at the end of the year	**2,647.69**	**444.10**
RETAINED EARNINGS		
Balance at the beginning of the year	2,62,303.67	2,71,220.77
Add: Profit / (Loss) for the year	5,408.23	(5,631.62)
Add: Transfer from shares options outstanding Account	-	109.63
Less: Final Dividend paid (Incl. Tax on dividend in previous year)	2,816.23	3,395.11
Balance at the end of the year	**2,64,895.67**	**2,62,303.67**
Total Reserves & Surplus	**2,68,325.35**	**2,63,310.26**

18.1 During the year ended 31st March, 2018, the Company had concluded the buyback of 20,600,000 equity shares aggregating 22.65% of the paid-up equity share capital of the Company at a price of ₹ 430 per equity share. The Company had funded the buyback from its securities premium account, general reserve and retained earnings. Further, capital redemption reserve of ₹ 412.00 lakhs representing the nominal value of the shares bought back had been created as an appropriation from retained earnings. Transaction costs related to buyback were adjusted against retained earnings (net of tax).

18.2 In respect of the year ended 31st March, 2021, the Board of Directors at its meeting held on 29th May, 2021 recommended a dividend of ₹ 4 /- per share to be paid on its fully paid up equity shares having a face value of ₹ 2/- . This equity dividend is subject to the approval of shareholders at the ensuing Annual General Meeting and has not been included as a liability in these standalone financial statements. The total estimated equity dividend to be paid is ₹ 2,816.23 Lakhs.

19 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current lease liabilities	1.84	1.72
Non-current lease liabilities	146.16	148.00
Total	**148.00**	**149.72**

Refer note - 46

20 PROVISIONS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits:		
Defined benefit plan-Gratuity	609.48	266.52
Leave benefits	2,070.04	1,582.09
Long-term bonus	361.84	502.60
Total	**3,041.36**	**2,351.21**

21 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax Liability (Net)	1,370.22	-
	1,370.22	**-**

21.1 (a) March 2021 - As at year end, deferred tax liability exceeds the deferred tax assets (including assets in respect of brought forward losses and depreciation) in accordance with the new tax regime. Also MAT credit is not available under the new tax regime. Further, deferred tax libility on fair value gain on equity instruments is net of deferred tax asset on brought forward long-term capital loss of ₹ 734.76 Lakhs.

(b) March 2020 - The Company was under old tax regime. Deferred tax assets was recognised on the entire amount of tax loss, unabsorbed tax depreciation and other temporary differences to the extent of deferred tax liability. Accordingly, deferred tax asset was not recognised on unused tax depreciation of ₹ 9,067.27 lakhs in the absence of probable future taxable income. The said unused tax depreciation did not have an expiry date. Further, deferred tax assets was also not recognised on long-term capital loss of ₹ 290.65 lakhs which was expiring in fiscal year 2026-27 in the absence of probable long-term capital gain. Also, in the absence of probable future taxable income, the Company had not recognised MAT credit of ₹13,755.64 lakhs which could be used upto periods ranging from year 2025-2032.

21.2 **Income tax expense / (benefit) recognised in standalone statement of profit and loss:**

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Current tax:		
Current tax on profits for the year	-	-
Adjustments for current tax of prior periods	62.02	-
Total Current tax expense	62.02	-
Deferred Tax:		
Decrease / (increase) in Deferred Tax Assets	2,786.79	(1,553.55)
(Decrease) / Increase in Deferred Tax Liabilities	(1,692.49)	803.99
Total Deferred tax expense / (credit)	1,094.30	(749.56)
Aggregate income tax expense	**1,156.32**	**(749.56)**

21.3 **Income tax expense recognised in other comprehensive income and other equity:**

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Deferred tax liability on fair value gain on equity instruments (net)	300.51	-
Deferred tax asset on net loss / (gain) on Remeasurements of Defined Benefit Plans	(24.58)	-
Income Tax Expense / (Income) Charged to OCI	**275.93**	**-**

21.4 **Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:**

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Profit / (loss) before income taxes	**6,564.55**	**(6,381.18)**
At India's Statutory Income Tax Rate of 25.168% (Previous year 31.20%)	1,652.17	(1,990.93)
Adjustments to reconcile expected income tax expense to reported income tax expense		
Weighted deduction allowed in respect of research and development expenses	-	1,241.37
Effect of expenses not deductible in determining taxable profit	121.90	-
Tax rate difference	(250.28)	-
Deferred tax recognised on remaining b/f tax loss	(523.33)	-
Deferred tax regrouped on remeasurements of defined benefit plans	24.58	-
Others (net)	69.26	-
Adjusted income tax expenses	**1,094.30**	**(749.56)**
Effective Income Tax Rate	**16.67%**	**11.75%**

21.5 **Reflected in the Balance Sheet as follows:**

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax Liabilities		
Depreciation and amortisation	7,333.06	9,025.55
Fair value gain on equity instruments (net)	300.51	-
	7,633.57	9,025.55
Deferred Tax Assets		
Allowance for doubtful trade receivables	123.87	113.57
Allowance for doubtful advances	14.81	62.95
Allowance for impairment in value of investments	1,474.04	1,474.04
Allowance for impairment in value of other financial assets	141.09	174.90
Provision for employee benefits	885.88	812.76
Business loss / unabsorbed depreciation	3,618.49	6,338.00
Others	5.17	49.33
	6,263.35	9,025.55
Deferred Tax Liabilities (net)	**1,370.22**	**-**

21.6 **Movement of deferred tax during the year 2020-2021**

(₹ in Lakhs)

Particulars	Opening balance 1st April, 2020	(Credit) / charge recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance 31st March, 2021
Deferred tax liabilities in relation to				
Depreciation and amortisation	9,025.55	(1,692.49)	-	7,333.06
Fair value gain on equity instruments (net)	-	-	300.51	300.51
Deferred tax assets in relation to				
Allowance for doubtful trade receivables	(113.57)	(10.30)	-	(123.87)
Allowance for doubtful advances	(62.95)	48.14	-	(14.81)
Allowance for impairment in value of investments	(1,474.04)	-	-	(1,474.04)
Allowance for impairment in value of other financial assets	(174.90)	33.81	-	(141.09)
Provision for employee benefits	(812.76)	(48.54)	(24.58)	(885.88)
Business loss / unabsorbed depreciation	(6,338.00)	2,719.51	-	(3,618.49)
Others	(49.33)	44.17	-	(5.17)
Deferred tax Liabilities (net)	**-**	**1,094.30**	**275.93**	**1,370.22**

Movement of deferred tax during the year 2019-2020

(₹ in Lakhs)

Particulars	Opening balance 1st April, 2019	(Credit) / charge recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance 31st March, 2020
Deferred tax liabilities in relation to				
Depreciation and amortisation	8,221.57	803.98	-	9,025.55
Deferred tax assets in relation to				
Allowance for doubtful trade receivables	(142.35)	28.78	-	(113.57)
Allowance for doubtful advances	(49.69)	(13.26)	-	(62.95)
Allowance for impairment in value of investments	(1,474.04)	-	-	(1,474.04)
Allowance for impairment in value of other financial assets	(174.90)	-	-	(174.90)
Provision for employee benefits	(589.99)	(222.77)	-	(812.76)
Business loss / unabsorbed depreciation	(4,689.45)	(1,648.55)	-	(6,338.00)
Others	(351.59)	302.26	-	(49.33)
Deferred tax Liabilities (net)	**749.56**	**(749.56)**	**-**	**-**

22 OTHER NON-CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured		
Others(Customer Advances)	469.21	469.21
Total	**469.21**	**469.21**

23 BORROWINGS-CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Secured		
From Banks		
Packing credit (refer note 38)	-	1,521.41
Total	**-**	**1,521.41**

24 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade Payables		
Total outstanding dues of micro enterprises and small enterprises (refer note 24.1)	631.27	247.91
Total outstanding dues of creditors other than micro enterprises and small enterprises	18,225.56	20,574.25
Total	**18,856.83**	**20,822.16**

24.1

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Principal amount remaining unpaid to any suppliers as at 31st March	595.91	243.08
Interest due thereon remaining unpaid to any suppliers as at 31st March	35.37	4.83
	631.28	**247.91**
The amount of interest paid by the Company in terms of section 16 of the MSMED Act, 2006	-	-
The amount of the payment made to the supplier beyond the appointed day during each accounting year in terms of section 16 of the MSMED Act, 2006	929.06	-
The amount of interest due and payable for the period of delay in making payments	25.14	-
The amount of interest accrued and remaining unpaid as at 31st March	35.37	4.83
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 enterprises, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	3.48	-

The information has been given in respect of such suppliers to the extent they could be identified as micro and small enterprises on the basis of information received and available with the Company. Auditors have relied on the same.

25 OTHER FINANCIAL LIABILITY-CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unclaimed Dividend	179.04	228.60
Deposits from Customers	19.64	19.64
Payable for employee benefits	1,574.98	1,532.83
Payable for Capital Goods (refer note 24.1)	9,793.54	4,890.72
Others (Forward contract payable)	-	447.58
Total	**11,567.20**	**7,119.37**

26 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
<u>**Other Payables**</u>		
Statutory Dues	2,008.18	2,627.25
Revenue received in advance (refer note 26.1)	2,828.81	1,008.93
Others (customer advances, etc.)	399.85	745.01
Total	**5,236.84**	**4,381.19**

26.1 It includes ₹ 2,828.81 lakhs (P.Y. ₹ 1,008.93 lakhs) of grants (in the nature of export benefits) relating to property, plant and equipment imported under the EPCG scheme. Under such scheme, the Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Company would be required to pay the duty saved along with interest to the regulatory authorities.

27 PROVISIONS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits:		
Defined benefit plan	372.10	299.93
Leave benefits	468.26	456.43
Long-term bonus	570.07	-
Others Provisions		
Claims (refer note 27.1)	72.17	224.44
Total	**1,482.60**	**980.80**

27.1 The Company has made provisions for certain claims where cash outflow is expected within 12 months from balance sheet date. The Company does not expect any reimbursement in regards to the provision made.

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Opening Balance	224.44	538.85
Add: provisions made	-	212.18
Less: utilisations	152.27	526.59
Closing balance	**72.17**	**224.44**

28 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Sale of products	1,07,851.94	85,053.15
Other operating revenues		
Export benefits (refer note 28.2)	3,026.87	3,660.93
Other operating revenues (Raw material /solvent /scrap sale, R&D revenue etc.)	1,518.47	1,729.99
	4,545.34	5,390.92
Total Revenue from Operations	**1,12,397.28**	**90,444.07**

28.1 Disclosure for disaggregation of revenue :

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Formulations	93,677.05	73,674.76
Bulk Drugs and chemicals	14,174.89	11,378.39
Total	**1,07,851.94**	**85,053.15**

28.2 The Government of India has announced a new WTO-compliant scheme called the Remission of Duties or Taxes On Export Product (RoDTEP) which has replaced Merchandise Exports from India Scheme (MEIS) starting from 1st January, 2021. The modalities for claiming benefit are yet to be notified by the Government and consequently benefits under the new scheme could not be accounted by the Company.

29 OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest Income (Refer note 29.1)	2,287.95	3,852.96
Dividend Income on investments measured at Fair value through Profit and Loss	0.36	157.64
Net gain on investments measured at Fair value through Profit and Loss	1,164.20	2,735.30
Profit on sale of property, plant and equipment (net)	2.57	-
Other non-operating Income (guarantee commission, lease rent, etc.(net))	111.48	159.94
Net gain / (Loss) on foreign currency translation and transactions	1,170.55	3,011.17
Total	**4,737.11**	**9,917.01**

29.1 Details of interest income

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest Income on financial assets measured at amortised cost/others	28.02	48.27
Interest Income on investments measured at Fair value through Profit and loss	2,259.93	3,804.69

30 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Raw Materials	37,552.51	32,868.23
Packing Materials	7,361.36	7,152.53
Total	**44,913.87**	**40,020.76**

CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN- PROGRESS

(₹ in Lakhs)

Inventories at the Commencement		
Finished Goods	4,526.63	3,022.84
Work in progress	7,422.24	7,076.45
	11,948.87	**10,099.29**
Inventories at year end		
Finished Goods	5,875.33	4,526.63
Work in progress	7,746.22	7,422.24
	13,621.55	**11,948.87**
(Increase) / Decrease in Finished Goods	(1,348.70)	(1,503.79)
(Increase) / Decrease in Work in progress	(323.98)	(345.79)
Total change in inventory	**(1,672.68)**	**(1,849.58)**

31 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salaries & wages	20,896.33	18,492.44
Contribution to Provident and other funds	1,475.33	1,278.48
Share-based payments to employees	224.56	173.61
Staff welfare expenses	807.51	571.13
Total	**23,403.73**	**20,515.66**

32 FINANCE COST

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest expense	51.56	41.88
Interest on lease	13.48	13.65
Other borrowing costs (bank charges / fees, etc)	65.02	72.65
Total	**130.06**	**128.18**

33 OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Consumption of Stores and Spares	2,084.38	2,136.95
Power and Fuel	6,795.34	7,214.38
Rent	60.29	58.28
Insurance	577.61	521.88
Repairs:		
Plant and Machinery	1,334.96	1,627.25
Buildings	289.68	447.15
Others	2,739.21	2,597.64
Rates and Taxes	385.42	415.61
Advertising and sales promotion	9.76	9.59
Travelling and Conveyance	64.93	618.65
Freight outward (net)	5,957.50	6,427.34
Directors' sitting fees	41.00	47.50
Commission on sales	176.27	250.97
Legal & Professional Expenses	1,581.67	3,075.89
Contribution towards Corporate Social Responsibility (refer note 42)	328.45	202.98
Establishment and Administrative Expenses (refer note 33.1)	13,725.69	14,916.91
Loss on discard / sale of property, plant and equipment (net)	-	144.94
Total	**36,152.16**	**40,713.91**

33.1 Establishment and Administrative Expenses includes following major expenses :

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Research and Development expenditure (mainly Material cost)	4,390.20	4,222.33
Bio Equivalence Studies	785.30	2,168.12
Lab related expenses (Glass apparatus, chemicals, accessories etc)	1,779.59	1,705.86
Regulatory Fees	2,429.70	2,738.91

34 OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
A (i) Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(97.68)	(144.60)
Equity instruments through other comprehensive income	2,504.10	444.10
(ii) Income tax relating to items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	24.58	-
Equity instruments through other comprehensive income (net)	(300.51)	-
Total Comprehensive Income	**2,130.49**	**299.50**

35 CONTINGENT LIABILITIES AND OTHER LIABILITIES WHICH ARE REMOTE IN NATURE

A. Matters considered as contingent liability

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
(i) Claims not acknowledged as debts *	1,930.03	1,935.33
(ii) Fine imposed by European Commission (refer note no. 36)	12,044.69	11,614.72
(iii) In respect of the Guarantees given to Bank on behalf of Subsidiaries (to the extent of facility availed by the subsidiaries) (also refer note 38)	2,588.40	2,999.36
(iv) Other money for which the company is contingently liable	439.93	3,971.15
(v) Other bank guarantees	713.52	645.53
Total	**17,716.57**	**21,166.09**

* includes ₹ 88.04 lakhs (P.Y. ₹ 89.20 lakhs) income tax / sales tax refund amount kept on hold, amount paid under protest / deposit made pending adjudication under Income tax Act, 1961, Finance Act, 1994, Central Excise Act, 1944 and respective State VAT Acts.

Future cash outflow, if any, will be based on the outcome of the appeals / writ petition in case of disputed (a) statutory dues (b) claims from regulatory authorities and (c) European Commission matter (as elaborated in note 36 below) . The company does not expect any cash outflow in other matters mentioned above.

B Other liabilities which are remote in nature

(i) Claims made by the ex-employees whose services have been terminated in earlier years are not acknowledged as debts. The matters are frivolous and are disputed under various forums. However, in the opinion of the management, these claims are not tenable.

(ii) During the previous year, one party had filed the legal case on the Company for breach of trust and claimed certain compensation / damages. In view of the company, in absence of any binding arrangement, the claim made by the party is frivolous and non tenable. The matter is under litigation and sub judiced. During the year, the party has provided bank guarantee of GBP 4.56 lakhs (equivalent to ₹ 462.65 lakhs) to cover the legal cost incurred by the Company in case the litigation is ruled in the favour of the Company.

(iii) The Company is involved in certain intellectual property claims / legal proceedings filed against it by the innovators which are considered to be normal to its business. These proceedings are pending before different authorities / courts . The outcome from these claims are uncertain due to a number of factors involved in legal trial. Often, these issues are subject to uncertainties and therefore the probability of a loss, if any, being sustained and an estimate of the amount of any loss is difficult to ascertain. Although there can be no assurance regarding the outcome of any of the intellectual property claims / legal proceedings referred to in this note, the Company does not expect such liabilities to be significant.

(iv) The Company has filed rectification letters in respect of certain income-tax refunds which have been with held by the department. The Company is of the view that once the rectification letters are processed by the department, the refunds will be received by the Company.

In respect of matters stated in B (i) to (iv), the possibility of any liability devolving on the Company is remote and hence no disclosure as contingent liability is considered necessary.

36 On 9th July, 2014, the European Commission (“EU”) decided to impose an unjustified fine of Euro 13.96 million, jointly and severally on the Company and its subsidiary Niche Generics Limited (“Niche”) contending that they had acted in breach of EU competition law as Niche Generics Limited had, in early 2005 (when the Company was only a part owner and financial investor in Niche) had agreed to settle a financially crippling patent litigation with Laboratories Servier. The Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Company & Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated 12th December, 2018 and confirmed the fine of Euro 13.96 million. The Company and its subsidiary based on legal advice and merits, have filed appeals against the decision of General Court before the Court of Justice of the EU and outcome of the appeals are awaited. Considering the above, in view of the management, no provision for the aforesaid fine is considered necessary. Based on above, fine imposed by the EU of Euro 13.96 million (equivalent to ₹ 12,044.69 lakhs) is disclosed under contingent liability.

37 (a) Estimated amount of Contracts remaining to be executed (Net of Advances) on Capital account ₹ 12,361.67 lakhs (P.Y. ₹ 21,505.50 lakhs) and on other revenue accounts ₹ 19,064.57 lakhs (P.Y. ₹ 9,486.11 lakhs) are not provided for.

(b) The Company's intention is to continue to provide financial support to its subsidiaries [Niche Generics Ltd., Unichem Laboratories Ltd. (Ireland) and Unichem Farmaceutica Do Brasil Ltda]. Further, pending outcome of the appeal in respect of European Commission matter (refer note 36), the Company will consider all available options to assist the subsidiary.

38 Credit facilities from Kotak Mahindra Bank availed by the Company and its subsidiary, Niche Generics Limited (United Kingdom), are secured by first and exclusive mortgage charge on immovable property being industrial land and building known as Unichem Laboratories Limited on plot bearing CTS No. 510 of village Oshiwara and CTS No.1 of village Majas, Prabhat Estate, Off. S. V. Road, Patel Engineering Road, Jogeshwari (West), Mumbai 400 102. Further, credit facilities from Citibank, N.A. availed by the Company, are secured by way of a pledge against investments in mutual funds to the extent of ₹ 3,636.95 lakhs. (P.Y. ₹ 4,339.26 lakhs). In addition to the above, credit facilities with Bank of India and Axis Bank are secured against hypothecation of stock and debtors.

39 As per Ind AS 108 - "Operating Segment", segment information has been provided under the Notes to Consolidated Financial Statements.

40 The Company has reviewed its investments in wholly owned subsidiaries. In respect of its investment in Unichem Farmaceutica Do Brasil Ltda, Brazil, full impairment loss was recognised in earlier years against total investment amount of ₹ 7,086.72 lakhs (P.Y. ₹ 7,086.72 lakhs). Impairment loss has been continued after an internal assessment based on circumstances prevailing as at the balance sheet date, such as past performance, results, assets, expected cash flows, projections, status of product approvals, nature of the market and regulatory conditions.

41 Expenditure incurred during the year and included in Capital work-in-progress as follows.

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
i) Power & fuel	47.86	19.29
ii) Repairs & maintenance	-	97.91
iii) Payroll expenses	275.68	45.91
iv) Freight	0.18	0.12
v) Insurance	21.62	13.56
vi) Travelling Expenses	0.28	6.16
vii) Rent, Rates & Taxes	-	16.88
viii) Depreciation	44.46	44.58
ix) Administrative expenses	161.41	195.12
x) Professional fees	3.97	-
Total	**555.46**	**439.53**

42 CORPORATE SOCIAL RESPONSIBILITY

a) Gross amount required to be spent by the company during the year ₹ Nil (P.Y. ₹ 96.16 lakhs)

b) Amount spent during the year on:

(₹ in Lakhs)

Particulars	in cash	yet to be paid in cash	Total
(i) Construction / acquisition of any asset	-	-	-
(P.Y.)	-	-	-
(ii) On purpose other than (i) above	328.45	-	328.45
(P.Y.)	(202.98)	-	(202.98)

Note - Since the Company has spent in excess of the amount which was required to be spent for FY 2020-21, the Company is entitled to carry forward the amount spent of ₹ 328.45 lakhs to subsequent three financial years which can be set off against CSR obligations of these years. However, for accounting purpose, excess amount spent of ₹ 328.45 lakhs is not considered as prepaid expenses.

43 HEDGE ACCOUNTING

The Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Company. The Company manages currency risk as per trends and experiences. The Company uses forward exchange contracts to hedge against its foreign currency exposures relating to export receivables. The Company does not enter into any derivative instruments for trading or speculative purposes.

Fair Value Hedge

Hedging Instrument and Hedge Item :

(₹ in Lakhs)

Type of Hedge and Risks	Nominal Value	Carrying amount as at 31st March, 2021		Changes in amount of fair value	Hedge Maturity Date	Line Item in Balance Sheet
		Assets	Liabilities			
Foreign currency risk Trade Receivables hedged by Forward Contracts	12,565.75	12,603.79	-	38.04	April 2021 to September 2021	Other Financial Assets

Hedging Instrument and Hedge Item :

(₹ in Lakhs)

Type of Hedge and Risks	Nominal Value	Carrying amount as at 31st March, 2020		Changes in amount of fair value	Hedge Maturity Date	Line Item in Balance Sheet
		Assets	Liabilities			
Foreign currency risk Trade Receivables hedged by Forward Contracts	13,669.34	13,221.76	-	(447.58)	April 2020 to July 2020	Other Financial Liabilities

i) The following are the outstanding forward contracts:

Currency	Buy / Sell	In Foreign Currency (in lakhs)		₹ in lakhs	
		As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
USD	Sell	169.99	185.34	12,603.79	13,221.76

ii) Foreign Currency exposure not hedged by forward contracts are given below :

Particulars	In Foreign Currency (in lakhs)		₹ in lakhs	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
A) Trade Receivables and Vendor advances				
Euro	45.25	58.44	3,873.30	4,827.96
USD	307.49	224.39	22,459.24	16,963.80
Others (GBP, ZAR & CAD)	99.41	66.36	2,088.00	1,437.87
B) Trade Payables and Customer advances				
Euro	4.15	3.00	358.32	249.97
USD	56.38	49.32	4,147.08	3,751.84
Others (GBP & ZAR)	4.18	1.12	215.90	98.49
C) Borrowings				
USD (PCFC loan)	-	20.00	-	1,521.40

44 EMPLOYEE BENEFITS

The Company has a defined benefit gratuity plan. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Other long-term benefits comprises of leave entitlements and long-term bonus to the employees. Leave entitlements benefits is partly funded by the Company.

Bifurcation of liability including short-term leave benefits as per Schedule III of the Companies Act 2013 :

(₹ in Lakhs)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current Liability	Non-Current Liability	Net Liability	Current Liability	Non-Current Liability	Net Liability
Gratuity	372.10	609.48	981.58	299.93	266.52	566.45
Leave entitlements	468.26	2,070.04	2,538.30	456.43	1,582.09	2,038.52
Long-term Bonus	570.07	361.84	931.91	-	502.60	502.60
Net Liability	**1,410.43**	**3,041.36**	**4,451.79**	**756.36**	**2,351.21**	**3,107.57**

The principal assumptions used in determining gratuity benefit obligations for the Company's plans are shown below:

Particulars	Gratuity	
	2020-2021	2019-2020
Discount rate	6.30%	6.60%
Salary growth rate	9.00%	9.00%
Expected rate of return on Plan assets	6.30%	6.60%
Withdrawal rate	15% at younger ages reducing to 2% at older ages	15% at younger ages reducing to 2% at older ages

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The discounting rate is based on material yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations. The overall expected rate of return on assets is based on the LIC structure of interest rates on gratuity funds.

The following tables summarise the funded status and amounts recognised in the balance sheet for gratuity .

Funded status of the plan :

(₹ in Lakhs)

Particulars	Gratuity	
	As at 31st March, 2021	As at 31st March, 2020
Present value of funded obligations	2,816.53	2,358.60
Fair value of plan assets	1,834.95	1,792.15
Net Liability (Asset)	**981.58**	**566.45**

Amount charge to statement of Profit and loss:

(₹ in Lakhs)

Particulars	Gratuity	
	2020-2021	2019-2020
Current service cost	299.93	269.50
Net interest cost	27.49	3.01
Total Charge to statement of P&L (included in employee benefit expense)	**327.42**	**272.51**

Amount charged to Other Comprehensive Income:

(₹ in Lakhs)

Particulars	Gratuity	
	2020-2021	2019-2020
Components of actuarial gain / (losses) on obligations:		
Due to Change in financial assumptions	55.07	70.84
Due to change in demographic assumption	-	0.35
Due to experience adjustments	82.25	94.13
Return on plan assets excluding amounts included in interest income	(39.64)	(20.72)
Amounts recognised in Other Comprehensive Income	**97.68**	**144.60**

Reconciliation of defined benefit obligation:

(₹ in Lakhs)

Particulars	Gratuity	
	2020-2021	2019-2020
Opening Defined Benefit Obligation	**2,358.60**	**1,981.73**
Current service cost	299.93	269.50
Interest cost	128.89	113.29
Actuarial loss / (gain) due to change in financial assumptions	55.06	70.84
Due to change in demographic assumption	-	0.35
Actuarial loss / (gain) due to experience adjustments	82.25	94.13
Benefits paid	(108.21)	(171.24)
Closing Defined Benefit Obligation	**2,816.52**	**2,358.60**

Reconciliation of plan assets:

(₹ in Lakhs)

Particulars	Gratuity	
	2020-2021	2019-2020
Opening value of plan assets	**1,792.15**	**1,821.78**
Interest Income	101.40	110.28
Return on plan assets excluding above	39.64	20.72
Contributions by employer	9.97	10.61
Benefits paid	(108.21)	(171.24)
Closing value of plan assets	**1,834.95**	**1,792.15**

Sensitivity analysis:

Assumptions	Change in assumptions		Increase/(decrease) in defined benefit obligation	
	Increase/decrease	Percentage	2020-2021	2019-2020
Discount rate	Increase by	0.5%	-3.21%	-3.00%
	Decrease by	0.5%	3.46%	3.23%
Salary growth rate	Increase by	0.5%	3.35%	3.14%
	Decrease by	0.5%	-3.15%	-2.95%
Withdrawal rate	Increase by	10%	-1.10%	-0.99%
	Decrease by	10%	1.20%	1.07%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

These plans typically expose the Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk:

A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk:

The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Expected contribution and weighted average duration for defined benefit obligation

Particulars	2020-2021	2019-2020
Expected contribution for the next year (₹ Lakhs)	372.10	299.93
Weighted average duration for defined benefit obligation (years)	6.06	5.75

Asset-liability matching strategies

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

45 RELATED PARTY DISCLOSURES

Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosure".

(a) List of related parties

(i) Subsidiaries of the Company (Wholly Owned) :

Niche Generics Limited. (United Kingdom)
Unichem SA Pty. LTD. (South Africa)
Unichem Farmaceutica Do Brasil Ltda (Brazil)
Unichem Pharmaceuticals (USA) Inc. (USA)
Unichem Laboratories Ltd. (Ireland)
Unichem (China) Pvt. Ltd. (China) w.e.f. 27.06.2019 *

(ii) Enterprises under significant influence of key management personnel as defined in (iii) (disclosed to the extent of transactions)

Uni - Distributors Pvt. Ltd.
Elemage Wellness LLP
Adiwasi Unnati Mandal
Uni Trust
Prakash Amrut Mody - Suparna Mody (Promoter Trust)
Prakash Amrut Mody - Supriya Mody (Promoter Trust)
Prakash Amrut Mody - Shwetambari Mody (Promoter Trust)
Also Refer note (f)

(iii) Key management personnel and their relatives: (disclosed to the extent of transactions)

Dr. Prakash A. Mody
(Chairman & Managing Director - CMD, Promoter)
Mrs. Anita Mody (Spouse of CMD)
Ms. Supriya Mody (Daughter of CMD)
Ms. Suparna Mody (Daughter of CMD)
Mr. Dilip J. Kunkolienkar (Director - Technical)

(iv) Independent Directors:

Dr. (Mrs.) B. Kinnera Murthy
Mr. Anand Y. Mahajan
Mr. Prafull Anubhai
Mr. Prafull D Sheth

(v) Post-employment benefit plans:

Unichem Laboratories Ltd.-Employees Gratuity Fund
Unichem Laboratories Ltd.-Employees Superannuation Fund

(vi) Key management personnel and their relatives as per Companies Act, 2013

Mr. Pradeep Bhandari - (Head - Legal & Company Secretary) (w.e.f. 01.08.2019)
Mrs. Neema Thakore - (Head - Legal & Company Secretary) (upto 31.07.2019)
Mr. Sandip R. Ghume (Dy. Chief Financial Officer)

* The Company's wholly owned subsidiary at China namely, "Younikaimo Pharmaceutical (Shanghai) Pvt. Ltd." [Unichem (China) Pvt.Ltd.] received a business license for operations on 27th June,2019.This Subsidiary will cater to the sale in China, of Formulations and Active Pharmaceutical Ingredients manufactured by the Company and will also enable efficient sourcing and supply of materials from China.

b) Disclosure of related party transactions :

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
i) Sale of finished goods/solvents (Net of returns)		
Subsidiaries		
Niche Generics Limited.	2,540.27	1,521.86
Unichem SA Pty. LTD.	876.19	862.65
Unichem Farmaceutica Do Brasil Ltda	1,901.19	1,456.43
Unichem Pharmaceuticals (USA) Inc.	63,785.79	49,391.06
Unichem Laboratories Ltd. (Ireland)	185.74	-
	69,289.18	**53,232.00**
ii) Reimbursements given (excluding indirect tax)		
Elemage Wellness LLP	-	2.35
Unichem Pharmaceuticals (USA) Inc.	1,651.55	-
Unichem SA Pty. LTD.	11.73	-
	1,663.28	**2.35**
iii) Investments made (including guarantee commission & ESOP)		
Subsidiary		
Unichem Pharmaceuticals (USA) Inc.	68.04	127.60
Unichem Laboratories Ltd. (Ireland)	872.70	9.69
Niche Generics Limited.	25.96	23.86
Unichem (China) Pvt. Ltd.	-	143.73
	966.70	**304.88**
iv) Commission Expense :		
Unichem Farmaceutica Do Brasil Ltda	30.05	2.66
	30.05	**2.66**
v) Guarantees to banks - given / (reduced)		
On behalf of Subsidiary Company		
Unichem Pharmaceuticals (USA) Inc.	-	(20,838.00)
Unichem Laboratories Ltd. (Ireland)	(503.36)	(483.66)
	(503.36)	**(21,321.66)**

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
vi) Rent & Maintenance Paid (excluding indirect taxes)		
Relative of Key Management Personnel		
Mrs Anita Mody	18.66	18.56
Enterprise under significant influence of Key Management Personnel		
Uni - Distributors Pvt. Ltd.	11.69	12.59
Uni Trust	9.00	9.00
	39.35	**40.15**
vii) Managerial remuneration (including defined contribution plan)		
Key Management Personnel		
Dr. Prakash A. Mody	542.63	538.75
Mr. Dilip J Kunkolienkar	181.00	138.58
	723.63	**677.33**
viii) Salary (including defined contribution plan)		
Relative of Key Management Personnel		
Ms Supriya Mody	84.84	76.21
	84.84	**76.21**
ix) Share-based payments (ESOP)		
Key Management Personnel		
Mr. Dilip J. Kunkolienkar	-	33.59
	-	**33.59**
x) Dividend Paid		
Key Management Personnel & Relatives		
Dr. Prakash A. Mody	1,299.98	1,296.78
Mrs Anita Mody	52.94	52.94
Ms Supriya Mody	38.00	38.00
Ms. Suparna Mody	38.00	38.00
Mr. Dilip J. Kunkolienkar	3.02	3.02
Prakash Amrut Mody - Suparna Mody (Promoter Trust)	2.08	-
Prakash Amrut Mody - Supriya Mody (Promoter Trust)	1.80	-
Prakash Amrut Mody - Shwetambari Mody (Promoter Trust)	1.65	-
	1,437.47	**1,428.74**
Independent Directors		
Mr. Anand Y. Mahajan	0.60	0.60
Mr. Prafull Anubhai	0.03	0.03
Mr. Prafull D Sheth	0.30	0.30
	0.93	**0.93**
xi) Expenses Reimbursement (Establishment and administrative expenses)		
Subsidiaries		
Niche Generics Limited.	229.20	-
Unichem SA Pty. LTD.	20.43	9.76
Unichem Farmaceutica Do Brasil Ltda	64.22	1.41
Unichem Pharmaceuticals (USA) Inc.	133.94	143.23
	447.79	**154.40**
xii) Sitting Fees		
Independent Directors		
Dr. (Mrs.) B. Kinnera Murthy	10.50	13.00
Mr. Anand Y. Mahajan	9.50	9.00
Mr. Prafull Anubhai	11.50	14.50
Mr. Prafull D Sheth	9.50	11.00
	41.00	**47.50**
xiii) Corporate Social Responsibility		
Enterprise under significant influence of Key Management Personnel		
Adiwasi Unnati Mandal	10.00	15.00
	10.00	**15.00**

c) Disclosure of related party balances :

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
i) Trade Receivables		
Subsidiaries		
Niche Generics Limited.	3,064.03	2,718.87
Unichem SA Pty. LTD.	361.55	191.22
Unichem Farmaceutica Do Brasil Ltda	3,348.49	2,424.08
Unichem Pharmaceuticals (USA) Inc.	20,605.61	19,198.74
Unichem Laboratories Ltd. (Ireland)	119.40	377.18
	27,499.08	**24,910.09**
ii) Trade Payables		
Subsidiaries		
Niche Generics Limited.	27.66	2.23
Unichem SA Pty. LTD.	4.76	1.59
Unichem Farmaceutica Do Brasil Ltda	51.30	11.34
Unichem Pharmaceuticals (USA) Inc.	12.95	77.46
	96.67	**92.62**
iii) Commission Payable		
Unichem Farmaceutica Do Brasil Ltda	14.34	2.66
	14.34	**2.66**
iv) Investments in subsidiaries		
In equity shares		
Niche Generics Limited.	7,014.36	6,988.40
Unichem SA Pty. LTD.	12.14	12.14
Unichem Farmaceutica Do Brasil Ltda *	7,086.72	7,086.72
Unichem Pharmaceuticals (USA) Inc.	3,548.36	3,480.32
Unichem Laboratories Ltd. (Ireland)	2,145.27	1,272.57
Unichem (China) Pvt. Ltd. (China)	143.73	143.73
* fully provided as impairment in value of investment		
	19,950.58	**18,983.88**
v) Guarantees given (to the extent of facility availed by the subsidiaries)		
to Banks on behalf of Subsidiary Company		
Unichem Laboratories Ltd. (Ireland)	-	503.36
Niche Generics Limited.	2,588.40	2,496.00
	2,588.40	**2,999.36**
vi) Deposits paid		
Relative of Key Management Personnel		
Mrs Anita Mody	45.90	45.90
Enterprise under significant influence of Key Management Personnel		
Uni - Distributors Pvt. Ltd.	5.00	5.00
Uni Trust	2.25	2.25
	53.15	**53.15**
vii) Other Current Liabilities		
Key Management Personnel		
Dr. Prakash A. Mody	50.85	33.67
	50.85	**33.67**

d) Contribution to post employment benefit plan :

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Post-employment benefit plans		
Unichem Laboratories Ltd. - Employees Gratuity Fund	9.97	10.61
Unichem Laboratories Ltd. - Employees Superannuation Fund	86.12	83.45
	96.09	**94.06**

e) Following are Key management Personnel (not covered above) in accordance with provisions of Companies Act, 2013. Details of transactions and balances are below :

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
i) Salary (including defined contribution plan)		
Key Management Personnel		
Mrs. Neema Thakore	-	30.94
Mr. Pradeep Bhandari	77.38	47.17
Mr. Sandip Ghume	52.63	43.43
	130.01	**121.54**

1 Number of option pending to be exercised by Mr. Dilip Kunkolienkar as on 31st March, 2021 are 2,46,176 (P.Y. 2,46,176).

2 Key Managerial Personnel and their Relatives who are under the employment of the Company are entitled to post employment benefits and other long-term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above. Further, it also does not include actual payments of gratuity and leave encashment. Also, re-imbursement of expenses to KMP and their relatives are not included above.

3 Subsequent to year ended 31st March, 2021, the company has invested USD 1,00,000 (equivalent to ₹ 75.26 lakhs) in equity shares of its subsidiary 'Unichem (China) Pvt. Ltd. (China)'.

4 Related party contracts / arrangements have been entered in ordinary course of business and are approved by the board of directors/ shareholders as applicable.

f) In view of the Management , equity Investment in Synchron Research Services Pvt. Ltd. will not result the investee company becoming a related party since there is no control / influence over operations :
The summary of transactions with Synchron Research Services Pvt. Ltd. are as follows:

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Research & Development Expenditure (Bio-equivalence studies)	80.80	4.30
Rent Income (net of indirect tax)	46.12	44.28
Deposit received	7.50	7.50

46 LEASE

The Company has adopted Ind AS 116 'Leases' effective from 1st April, 2019. Also, refer note 2.15 and 4.

As a Lessee :

a) The Company has obtained certain equipment under non-cancellable lease agreements for the period of 36 months which are subject to renewal at mutual consent. For such leases with lower underlying value asset, the Company has applied the 'low value asset' recognition exemption. The expenses charged to the statement of profit & loss in current year is ₹ 35.55 lakhs (P.Y. ₹ 36.53 lakhs) and is grouped under note 33 (P.Y. note 34) (establishment and administrative expenses).

(₹ in Lakhs)

The details of outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows	2020-2021	2019-2020
Lease payment not later than one year	34.07	39.27
Lease Payment later than one year and not later than five years	7.73	28.60
Lease Payment later than five years	-	-
Total	**41.80**	**67.87**

b) The Company has taken flats / office premises, vehicles and other machinery on cancellable operating leases. There are no restrictions imposed by lease arrangements. For such lease arrangement with lease terms of 12 months or less, the Company has applied the 'short-term lease' recognition exemptions. There are no sub-leases. The deposit amount are refundable on completion / cancellation of lease term.The aggregate lease rentals charged as lease rent to the statement of profit and loss in current year is ₹ 140.36 lakhs (P.Y. ₹ 102.71 lakhs) and is grouped under note 33 (P.Y. note 34) (rent and establishment & administrative expenses).

c) Disclosure with respect to lease under Ind AS - 116 leases

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Interest expense on lease liabilities (Refer note 32)	13.48	13.65
Lease expenses in case of short-term leases (Refer note 46(b))	140.36	102.71
Lease expenses in case of low value leases (other than short-term as disclosed above) (Refer note 46(a))	35.55	36.53
Lease payments debited to lease liabilities	1.72	1.99
Total cash outflow for leases [including short-term and low value leases]	191.11	154.88
Additions to ROU assets	209.78	169.41

d) The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2021 and 31st March, 2020 on an undiscounted basis:

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Lease payment not later than one year	9.72	9.72
Lease Payment later than one year and not later than five years	38.88	38.88
Lease Payment later than five years	435.14	444.86
Total	**483.74**	**493.46**

e) The right-of-use asset is depreciated using the straight-line method (SLM) from the commencement date over the lease term of right-of-use asset. For details of addition, depreciation and carrying amount of right-of-use asset (refer note 4).

47 EARNINGS PER EQUITY SHARE (EPS)

Particulars			2020-2021	2019-2020
Weighted average number of equity shares for basic EPS	(A)	Nos	7,04,05,750	7,04,02,492
Add: Potential equity shares (ESOP)		Nos	-	-
Weighted average number of equity shares for diluted EPS	(B)	Nos	7,04,05,750	7,04,02,492
Face value of equity share (fully paid)		₹	2.00	2.00
Profit / (loss) attributable to equity shareholders for basic & Diluted EPS	(C)	₹ lakhs	5,408.23	(5,631.62)
Earnings per equity share				
Basic	(C/A)	₹	7.68	(8.00)
Diluted	(C/B)	₹	7.68	(8.00)

Note: In respect of current year, potential equity shares in the form of ESOPs have exercise price greater than average market price and hence, do not have dilutive effect. In respect of previous year, ESOPs were anti-dilutive and therefore not considered for calculation of diluted earning per share.

48 SHARE-BASED PAYMENT PLANS (ESOP)

(i) During the year ended 31st March, 2021 the company has share-based payment arrangements which are described below:

Type of arrangement	ESOP 2018	
	Senior Management stock option scheme - I	Senior Management stock option scheme- II
Date of Grant	06.08.2018	19.11.2018
Number granted	15,12,224	1,75,840
Contractual life	3-5 Years	3-5 Years
Vesting condition	As decided by Board/ Compensation Committee based on various factors	

Further, there were 22,500 stock options under ESOP 2008 outstanding as at 1st April, 2019. These stock options were exercised during the previous year (weighted average exercise price ₹ 46 and weighted average fair value of option was ₹ 149). Share price at the date of exercise of options i.e. 24th May, 2019, ₹ 196.04.

(ii) Summary of stock option are as follows

Particulars	ESOP 2018	
	2020-2021	2019-2020
Option outstanding at the beginning of the year (Nos.)	15,12,224	16,88,064
Granted during the year (Nos.)	-	-
Exercised during the year (Nos.)	-	-
Lapsed during the year (Nos.)	-	(1,75,840)
Option outstanding at the end of the year (Nos.)	15,12,224	15,12,224
Vested and exercisable at the end of the year (Nos.)	-	-
Weighted Average Exercise Price (₹)	250	250
Weighted Average Fair Value of Option at the measurement date * (₹)	80	80

** Fair value calculated based on Black & Scholes option pricing model*

(iii) Share options outstanding at the end of year have the following expiry dates and exercise prices

Grant Date	Expiry Date	Scheme Name	Exercise price (₹)	No. of ESOPS 2020-2021	No. of ESOPS 2019-2020
6th Aug, 2018	30th June, 2023	ESOP 2018	250	7,56,112	7,56,112
6th Aug, 2018	30th June, 2024	ESOP 2018	250	7,56,112	7,56,112
				15,12,224	**15,12,224**

(iv) Expense arising from share-based payment transactions expense:

Expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expenses were as follows:

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Employee stock option plan	224.56	173.61
Total	**224.56**	**173.61**

49 PAYMENTS TO STATUTORY AUDITORS AND COST AUDITORS

(₹ in Lakhs)

(i) Statutory Auditors (Excluding indirect tax)	2020-2021	2019-2020
Included in Establishment & Administrative expenses:		
Audit Fees	41.00	38.25
Tax Audit	9.50	8.00
Certification Charges	3.41	2.59
Taxation	71.47	51.54
Reimbursement of Expenses	0.03	3.47
Total	**125.41**	**103.85**

(₹ in Lakhs)

(ii) Cost Auditors (Excluding indirect Tax)	2020-2021	2019-2020
Included in Establishment & Administrative expenses:		
Audit Fees	7.50	8.13
Certification charges	0.10	1.48
Reimbursement of Expenses	-	0.15
Total	**7.60**	**9.76**

50 Establishment and administrative Expenses includes donation given to political party of ₹ Nil. (P.Y. ₹ 2 lakhs)

51 RESEARCH & DEVELOPMENT EXPENDITURE

i) Total Research and Development expenditure including amount incurred at units approved by Department of Scientific & Industrial Research :

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Materials	5,379.18	5,324.29
Salaries, wages and Ex-gratia	3,116.79	2,912.05
Contribution to Provident fund and other Funds	159.55	151.16
Employee's welfare expenses	57.48	28.68
Rent	25.36	13.73
Insurance	42.99	28.53
Rates and Taxes	21.65	19.60
Repairs:		
Buildings	0.03	1.80
Plant and machinery	126.26	94.46
Others	256.02	273.79
Power and fuel	343.32	467.54
Travelling and conveyance	7.28	76.16
Legal & Professional Expenses	732.18	2,206.71
Others (Bioequivalence Studies, etc.)	2,722.72	4,042.25
Total	**12,990.81**	**15,640.75**

ii) Research and Development expenditure at units approved by Department of Scientific & Industrial Research included in total Research and Development expenditure (Refer note - 51(i)).

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Materials	3,999.67	3,562.70
Salaries, wages and Ex-gratia	2,999.73	2,787.48
Contribution to Provident fund and other Funds	157.29	145.42
Employee's welfare expenses	56.52	28.05
Rent	25.36	13.73
Insurance	37.13	27.00
Rates and Taxes	21.65	19.60
Repairs:		
Buildings	-	-
Plant and machinery	122.81	88.99
Others	244.17	255.46
Power and fuel	278.88	341.37
Travelling and conveyance	7.28	76.16
Interest	-	-
Legal & Professional Expenses	732.16	2,206.71
Others (Bioequivalence Studies, etc.)	2,340.16	2,696.68
Total	**11,022.81**	**12,249.35**

52 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS PURSUANT TO SECTION 186(4) OF THE COMPANIES ACT, 2013

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Amount outstanding as at year end :		
Guarantees given *	2,588.40	2,999.36
Investments made **	61,607.46	91,124.32

* Guarantees are given to subsidiaries for business purposes

** Refer note no. 6, 11 and 13 for details of investments made

53 FINANCIAL INSTRUMENTS

i) The carrying value and fair value of financial instruments by category is as follows :

(₹ in Lakhs)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets *:				
Amortised cost				
Cash and cash equivalents	2,781.08	2,781.08	3,097.76	3,097.76
Other Bank Balances	498.78	498.78	229.21	229.21
Trade receivables	36,048.49	36,048.49	32,309.79	32,309.79
Loans	11.75	11.75	12.35	12.35
Other Financial Assets	1,908.11	1,908.11	2,536.32	2,536.32
Fair value through profit or loss				
Investments in mutual funds and bonds (including Cash and cash equivalents)	26,121.70	26,121.70	59,120.32	59,120.32
Investments in equity instruments	17.03	17.03	6.09	6.09
Derivative Instruments	38.04	38.04	-	-
Fair value through OCI				
Investments in equity instruments	14,948.83	14,948.83	12,444.73	12,444.73
Total	**82,373.81**	**82,373.81**	**1,09,756.57**	**1,09,756.57**
Financial liabilities:				
Amortised cost				
Borrowings	-	-	1,521.41	1,521.41
Trade payables	18,856.83	18,856.83	20,822.16	20,822.16
Lease liabilities	148.00	148.00	149.72	149.72
Other financial liabilities	11,567.20	11,567.20	6,671.79	6,671.79
Fair value through profit or loss				
Derivative Instruments	-	-	447.58	447.58
Total	**30,572.03**	**30,572.03**	**29,612.66**	**29,612.66**

* excluding financial assets measured at cost

ii) Fair value hierarchy

The financial instruments are categorized into three levels based on the inputs used to arrive at fair value measurements as described below:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3 : Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly unobservable;

The following tables categorise the financial assets and liabilities held at fair value by the valuation methodology applied in determining their fair value.

Fair value hierarchy as at 31st March, 2021

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in equity instruments (other than in subsidiaries)	15.03	-	14,950.83	14,965.86
Investments in mutual funds & bonds	26,121.70	-	-	26,121.70
Derivative Instruments (gain)	-	38.04	-	38.04

Fair value hierarchy as at 31st March, 2020

(₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in equity instruments (other than in subsidiaries)	4.09	-	12,446.73	12,450.82
Investments in mutual funds & bonds	59,120.32	-	-	59,120.32
Financial Liabilities				
Derivative Instruments (loss)	-	447.58	-	447.58

Determination of fair values: The following are the basis of assumptions used to estimate the fair value of financial assets and liabilities that are measured at fair value on recurring basis.

Investment in mutual funds & bonds: The fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Equity investments :

a) Equity investments traded in an active market determined by reference to their quoted market prices.

b) Investments which are designated through other comprehensive income are fair valued and the changes in fair value is recognised in other comprehensive income. There are no gains / losses from such investments.

Derivative instruments: For forward contracts and cross currency interest rate swaps, future cash flows are estimated based on forward exchange rates and forward interest rates (from observable forward exchange rates / yield curves at the end of the reporting period) and contract forward exchange rates and forward interest rates, discounted at a rate that reflects the credit risk of respective counterparties.

54 FINANCIAL RISK MANAGEMENT

The Company's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

Market risk:

Market risk refers to the possibility that changes in the market rates may have impact on the Company's profits or the value of its holding of financial instruments. The Company is exposed to market risks on account of foreign exchange rates, interest rates and underlying equity prices.

Foreign currency exchange rate risk:

The Company's foreign currency risk arises from its foreign operations, investments in foreign subsidiaries and foreign currency transactions. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the Company.

Since a major part of the Company's revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the Company's performance. Consequently, the overall objective of the foreign currency risk management is to minimize the short-term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

The major foreign currency exposures for the Company are denominated in USD & EURO. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The Company hedges all trade receivables upto a maximum of 6 months forward based on historical trends. Hedge effectiveness is assessed on a regular basis.

The following table sets forth information relating to foreign currency exposure from USD, EURO and other currencies (which are not material) form non-derivative financial instruments:

(₹ in Lakhs)

As at 31st March, 2021	USD	Euro	Others*	Total
Assets				
Trade Receivables & other assets	35,063.03	3,873.30	2,088.00	41,024.33
Total	**35,063.03**	**3,873.30**	**2,088.00**	**41,024.33**
Liabilities				
Trade Payable & others	4,147.08	358.32	215.90	4,721.30
Total	**4,147.08**	**358.32**	**215.90**	**4,721.30**
Net Assets / Liabilities	**30,915.95**	**3,514.98**	**1,872.10**	**36,303.03**

*Others mainly include currency namely GBP (pounds), ZAR & CAD

(₹ in Lakhs)

As at 31st March, 2020	USD	Euro	Others**	Total
Assets				
Trade Receivables & other assets	30,185.56	4,827.96	1,437.87	36,451.39
Total	**30,185.56**	**4,827.96**	**1,437.87**	**36,451.39**
Liabilities				
Trade Payable & others	5,273.24	249.97	98.49	5,621.70
Total	**5,273.24**	**249.97**	**98.49**	**5,621.70**
Net Assets/ Liabilities	**24,912.32**	**4,577.99**	**1,339.38**	**30,829.69**

**Others mainly include currency namely GBP (pounds), ZAR & CAD

Sensitivity analysis

(₹ in Lakhs)

Particulars	FOREIGN CURRENCY SENSITIVITY					
	As at 31st March, 2021			As at 31st March, 2020		
	USD	Euro	Others	USD	Euro	Others
1 % Appreciation in INR Impact on Profit & Loss	(309.16)	(35.15)	(18.72)	(249.12)	(45.78)	(13.39)
1 % Depreciation in INR Impact on Profit & Loss	309.16	35.15	18.72	249.12	45.78	13.39

Interest Rate Risk:

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates and where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments or borrowings will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The Company adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate and there are no financial instruments with floating interest rates.

Credit risk:

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consists of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business. The Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables (other than from subsidiaries) and unbilled revenues. The Company does not have significant concentration of credit risk related to trade receivables. In the current year, there is no single external party customer which contributes to more than 10% of outstanding accounts receivable (excluding outstanding from subsidiaries) as of 31st March, 2021. In previous year, there was no single external party customer which contributed to more than 10% of outstanding accounts receivable (excluding outstanding from subsidiaries).

The Company limits its exposure to credit risk by generally investing in liquid securities having and only with counterparties that have a good credit rating. The company does not expect any losses from non- performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

None of the financial instruments of the company result in material concentration of credit risk. Geographic concentration of credit risk relating to trade receivable (other than subsidiaries) is predominantly there in USA i.e. above 10% and less than 10% in other countries. Refer note no. 12 for movement in expected credit loss allowance.

Liquidity risk:

Liquidity risk refers to the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short-term line of credits from banks to ensure necessary liquidity.

Contractual maturities of significant financial liabilities are as below:

(₹ in Lakhs)

As at 31st March, 2021	In 1 year	More than 1 year	Total
Trade Payable	18,856.83	-	18,856.83
Lease liabilities	1.84	146.16	148.00
Other financial liabilities	11,567.20	-	11,567.20
Total	**30,425.87**	**146.16**	**30,572.03**

(₹ in Lakhs)

As at 31st March, 2020	In 1 year	More than 1 year	Total
Trade Payable	20,822.16	-	20,822.16
Lease liabilities	1.72	148.00	149.72
Other financial liabilities	8,640.78	-	8,640.78
Total	**29,464.66**	**148.00**	**29,612.66**

Capital Management

Equity share capital and other equity (other than ESOP Reserve and Other comprehensive income) are considered for the purpose of Company's capital management (refer Statement of Changes in Equity of standalone financial statement). There are no externally imposed capital requirements on the Company. The 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. The Company monitors the return on capital as well as the level of dividends on its equity shares. The Company's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Company is predominantly equity financed. Further, the company's current assets has always been higher than the liabilities. Also current assets includes cash and bank balances along with investment which is predominantly investment in liquid and short-term mutual funds being far in excess of borrowings / debt.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2021 and 31st March, 2020.

COVID 19 related

The COVID 19 pandemic has adversely impacted the global economic conditions and its impact still remains uncertain. Considering the Company is in the business of manufacturing and supplying pharmaceutical products which is categorized under essential goods, the management believes that the impact of the pandemic may not be significant. The Company will continue to closely monitor any material changes to future economic conditions.

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Firm's Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 29th May, 2021

Sandip Ghume
Deputy Chief
Financial Officer
Mumbai

Pradeep Bhandari
Head - Legal &
Company Secretary
Mumbai

Dr. Prakash A. Mody
Chairman &
Managing Director
DIN.: 00001285
Mumbai

Dilip Kunkolienkar
Director - Technical
DIN.: 02666678
Panaji - Goa

Independent Auditors' Report to the Members of Unichem Laboratories Limited

To
The Members
Unichem Laboratories Limited

Report on the Consolidated Financial Statements

Opinion

1. We have audited the accompanying consolidated financial statements of Unichem Laboratories Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising the Consolidated Balance Sheet as at 31st March, 2021, 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 for the year then ended on that date, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "consolidated financial statements").

2. 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 referred to in paragraph 9 below on separate financial statements and on the other financial information of the subsidiaries and the associate, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 (hereinafter referred to as "the Act") in the manner so required and give a true and fair view in conformity with the Ind AS and accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2021, and their consolidated profit (including other comprehensive income), consolidated statement of changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

3. We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards 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 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 consolidated financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our 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 consolidated financial statements.

Emphasis of Matter

4. We draw attention to note 37 of notes to the consolidated financial statements, which informs that the General Court of the European Union had on 12th December, 2018 rejected the appeal and confirmed the fine of Euro 13.96 Million (equivalent to ₹ 12,044.69 lakhs) imposed by the European Commission jointly and severally on the Holding Company and its subsidiary (Niche Generics Limited, UK). The Holding Company and its subsidiary based on legal advice and merits, have filed appeals against the decision of General Court before the Court of Justice of the European Union and outcome of the appeals are awaited. Considering the above, in view of the management, no provision for the aforesaid fine is considered necessary. This matter was also reported earlier under 'Emphasis of Matter' paragraph in our report on the standalone financial statements for year ended 31st March, 2019 and 31st March, 2020 and consolidated financial statements for year ended 31st March, 2018, 31st March, 2019 and 31st March, 2020. Our opinion is not modified in respect of the above matter.

Key Audit Matters

5. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

   5.1. Contingent liability as elaborated above in 'Emphasis of Matter Paragraph'

   As elaborated in 'Emphasis of Matter' paragraph given above, the Holding Company and its subsidiary based on legal advice and merits have filed appeals against the decision of General Court before the Court of Justice of the European Union and outcome of the appeals is awaited. This matter of contingent liability is considered as a key audit matter for the current audit period and we have relied on the management's assessment which is supported by legal advice and merits that the aforesaid fine is considered as contingent liability.

   Refer to note 36(A)(ii) and note 37 of the consolidated financial statements.

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

6. The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Corporate Governance, Business Responsibility Report and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

   Our opinion on the consolidated financial statements does not cover the other information and we will 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 during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report the fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

7. The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

   The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and 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 the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

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

8. 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 whether the Holding Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

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

Other matters

9. We did not audit the standalone financial statements of six subsidiaries, whose financial statements reflect total assets of ₹ 44,206.72 lakhs, total revenues (including other income) of ₹ 80,630.58 lakhs, share of total profit after tax amounting to ₹ 4,981.82 lakhs, and net cash outflow amounting to ₹ 151.21 lakhs for the year ended 31st March, 2021, as considered in the consolidated financial

statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the management. These financial statements have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. Our opinion on the consolidated financial statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the reports of such other auditor.

10. The consolidated financial statements also include the Group's share of net loss of ₹ 34.25 lakhs for the year ended 31st March, 2021, as considered in the consolidated financial statements, in respect of the associate, whose financial information have not been audited by us. This financial information is unaudited and 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 the associate and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate, is based solely on the reports of such other auditor. In our opinion and according to the information and explanations given to us by the Management, this financial information is not material to the Group.

    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 standalone financial statements of the associate which are certified by the Management.

Report on Other Legal and Regulatory Requirements

11. 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 of 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; and with respect to associate, we have relied on the information and explanation provided to us by the management;

    c. The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), 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, read with rule 7 of the Companies (Accounts) Rules, 2014;

    e. On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2021 taken on record by the Board of Directors of the Holding Company, none of the directors are disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act. The Subsidiary companies are incorporated outside India; hence, Section 164(2) of the Act is not applicable to the subsidiary companies. With respect to the associate, the information about disqualification of director u/s 164(2) is not available; hence, we cannot comment on the same;

    f. With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, considering that the wholly owned subsidiaries are incorporated outside India and an associate whose accounts are not audited as on the date of the report, reporting requirement are not applicable and not possible to report upon respectively. In respect of the Holding Company our report on adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls may be referred to our separate report in Annexure I. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding Company's internal financial controls over financial reporting;

    g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act:

       In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Holding Company to its directors during the year is in accordance with the provisions of section 197 of the Act; and

    h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

       i. The Consolidated financial statements disclose the impact of pending litigations on its financial position of the Group and the associate. Refer note 36(A)(i), 36(A)(ii), 36(B)(i), 36(B)(ii) and 36(B)(iii) to the consolidated financial statements;

       ii. The Group and the associate did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

       iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company. With respect to the subsidiaries and the associate, this clause is not applicable.

For **N. A. Shah Associates LLP**
Chartered Accountants
Firm's Registration No.: 116560W/W100149

Milan Mody
Partner
Membership No.: 103286
UDIN.: 21103286AAAACU5629

Place: Mumbai
Date: 29th May, 2021

Annexure I to Independent Auditor's Report for the year ended 31st March, 2021
[Referred to in point 11 (f) under the heading "Report on other legal and regulatory requirements" of our report of even date]
Report on the Internal Financial Controls under section 143(3)(i) of the Companies Act, 2013 ("the Act")
Opinion
In conjunction with our audit of the consolidated financial statements of Unichem Laboratories Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate company as of and for the year ended 31st March, 2021, we have audited the internal financial controls over financial reporting of the Holding Company.

In our opinion the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2021, based on the internal control over financial reporting criteria established by the Holding 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 ICAI.

Management's Responsibility for Internal Financial Controls
The Holding Company's Board of Directors is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("the Guidance Note"), issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Holding Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' Responsibility
Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") issued by ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statement. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, 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 system over financial reporting of the Holding Company.

Meaning of Internal Financial Controls over Financial Reporting
A Holding Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with generally accepted accounting principles. The Holding Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Holding Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Holding Company are being made only in accordance with authorizations of management and directors of the Holding Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Holding Company's assets that could have a material effect on the consolidated financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting
Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **N. A. Shah Associates LLP**
Chartered Accountants
Firm's Registration No.: 116560W/W100149

Milan Mody
Partner
Membership No.: 103286
UDIN.: 21103286AAAACU5629

Place: Mumbai
Date: 29th May, 2021

Consolidated Balance Sheet as at 31st March, 2021

CIN: L99999MH1962PLC012451

(₹ in Lakhs)

Particulars	Note No.	As at 31st March, 2021	As at 31st March, 2020
I. ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	83,281.41	81,519.78
(b) Right-of-use assets	4	4,606.35	4,931.39
(c) Capital work-in-progress	3	56,749.62	33,046.97
(d) Investment property	5	353.29	359.60
(e) Goodwill	3	154.51	154.51
(f) Other intangible assets	3	-	-
(g) Investments accounted for using the equity method	6	593.23	627.48
(h) Financial assets			
(i) Investments	6	14,965.86	12,450.82
(ii) Loans	7	7.28	7.95
(iii) Other financial assets	8	1,026.33	1,003.35
(i) Deferred tax assets (net)	9	1,395.36	293.75
(j) Other non-current assets	10	11,706.50	11,431.37
		1,74,839.74	**1,45,826.97**
Current assets			
(a) Inventories	11	53,833.98	39,654.10
(b) Financial assets			
(i) Investments	12	23,642.92	41,910.22
(ii) Trade receivables	13	25,026.95	39,013.99
(iii) Cash and bank balances	14		
Cash & cash equivalents		7,746.08	23,151.84
Other bank balances		498.78	229.21
(iv) Loans	15	4.47	4.40
(v) Other financial assets	16	919.82	1,532.97
(c) Other current assets	17	26,058.66	23,149.89
		1,37,731.66	**1,68,646.62**
TOTAL ASSETS		**3,12,571.40**	**3,14,473.59**
II. EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	18	1,408.12	1,408.12
(b) Other equity	19	2,54,275.36	2,51,727.05
		2,55,683.48	**2,53,135.17**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Lease liabilities	20	1,431.02	1,845.35
(b) Provisions	21	3,041.36	2,351.21
(c) Deferred tax liabilities (net)	22	1,370.22	-
(d) Other non-current liabilities	23	469.21	469.21
		6,311.81	**4,665.77**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	24	10,062.50	18,403.36
(ii) Trade payables	25		
Total outstanding dues of micro enterprises and small enterprises		631.27	247.91
Total outstanding dues of creditors other than micro enterprises and small enterprises		20,376.87	24,773.69
(iii) Lease liabilities	20	415.79	402.06
(iv) Other financial liabilities	26	11,618.51	7,270.29
(b) Other current liabilities	27	5,662.50	4,531.48
(c) Provisions	28	1,482.60	980.80
(d) Current tax liabilities (net)		326.07	63.06
		50,576.11	**56,672.65**
TOTAL EQUITY AND LIABILITIES		**3,12,571.40**	**3,14,473.59**
Significant accounting policies & notes	**1-53**		

Notes to Accounts form an integral part of consolidated financial statements

As per our report of even date attached

For N. A. Shah Associates LLP
Chartered Accountants
Firm's Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 29th May, 2021

Sandip Ghume
Deputy Chief Financial Officer
Mumbai

Pradeep Bhandari
Head - Legal & Company Secretary
Mumbai

Dr. Prakash A. Mody
Chairman & Managing Director
DIN.: 00001285
Mumbai

Dilip Kunkolienkar
Director - Technical
DIN.: 02666678
Panaji - Goa

Consolidated Statement of Profit and Loss for the year ended 31st March, 2021

CIN: L99999MH1962PLC012451

(₹ in Lakhs)

Particulars		Note No.	For the year ended 31st March, 2021	For the year ended 31st March, 2020
I	Revenue from operations	29	1,23,513.53	1,10,371.28
II	Other income	30	5,018.76	9,131.31
III	**Total Income (I+II)**		**1,28,532.29**	**1,19,502.59**
IV	**EXPENSES**			
	Cost of materials consumed (including provisions)	31	46,698.72	42,187.92
	Purchases of Stock-in-Trade		53.52	104.37
	Changes in inventories of finished goods and work-in-progress	31	(8,814.04)	(3,575.68)
	Employee benefits expense	32	30,697.06	27,327.99
	Finance costs	33	511.86	784.72
	Depreciation and amortization expense	3,4	8,435.63	8,166.94
	Other expenses	34	45,767.35	49,408.62
	Total expenses (IV)		**1,23,350.10**	**1,24,404.88**
V	**Profit/(loss) before share of profit/(loss) in associate (III - IV)**		**5,182.19**	**(4,902.29)**
VI	Share of profit/(loss) in associate (net of tax)		(34.25)	81.27
VII	**Profit/(loss) before tax (V+VI)**		**5,147.94**	**(4,821.02)**
VIII	Tax expense:			
	(1) Current tax	22	1,668.26	547.24
	(2) Deferred tax charge / (credit)	9,22	(14.82)	649.99
	(3) Short/(Excess) provision for tax (earlier years)	22	62.02	-
			1,715.46	**1,197.23**
IX	**Profit/(loss) for the year (VII+VIII)**		**3,432.48**	**(6,018.25)**
X	Other Comprehensive Income	35		
	A (i) Items that will not be reclassified subsequently to profit or loss			
	- Re-measurement of the net defined benefit plan		(97.68)	(144.60)
	- Equity instruments through other comprehensive income		2,504.10	444.10
	(ii) Income tax (expenses) / credit relating to items that will not be reclassified to profit or loss			
	- Re-measurement of the net defined benefit plan		24.58	-
	- Equity instruments through other comprehensive income (net)		(300.51)	-
	B (i) Items that will be reclassified to profit or loss			
	- Foreign currency translation difference		(491.02)	6.14
	(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
	Total Other Comprehensive Income		**1,639.47**	**305.64**
XI	**Total of Comprehensive Income for the year (IX+X)**		**5,071.95**	**(5,712.61)**
XII	**Earnings per equity share(face value of ₹ 2 each)**	44		
	(1) Basic		4.88	(8.55)
	(2) Diluted		4.88	(8.55)
Significant accounting policies & notes		**1- 53**		

Notes to Accounts form an integral part of consolidated financial statements

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Firm's Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 29th May, 2021

Sandip Ghume
Deputy Chief
Financial Officer
Mumbai

Pradeep Bhandari
Head - Legal &
Company Secretary
Mumbai

Dr. Prakash A. Mody
Chairman &
Managing Director
DIN.: 00001285
Mumbai

Dilip Kunkolienkar
Director - Technical
DIN.: 02666678
Panaji - Goa

Consolidated Statement of Changes in Equity for the year ended 31st March, 2021

CIN: L99999MH1962PLC012451

A. Equity Share Capital

Particulars	2020-2021		2019-2020	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Shares outstanding as at the beginning of the year	7,04,05,750	1,408.12	7,03,83,250	1,407.67
Add: Shares allotted under ESOP during the year	-	-	22,500	0.45
Shares outstanding as at the end of the year	**7,04,05,750**	**1,408.12**	**7,04,05,750**	**1,408.12**

B. Other Equity

(₹ in Lakhs)

Particulars	Employee stock options outstanding account	Reserves and Surplus			Other Comprehensive Income (OCI)			Total
		Securities Premium	Capital Redemption Reserve	Retained Earnings	Remeasurements of defined benefit plans	Equity instrument through OCI	Exchange differences on translating the financial statements of a foreign operation	
Balance at 31st March, 2019	**384.01**	**89.49**	**1,246.00**	**2,58,805.65**	**(320.53)**	**-**	**378.40**	**2,60,583.02**
Profit / (loss) for the year	-	-	-	(6,018.25)	-	-	-	(6,018.25)
Other comprehensive Income for the year	-	-	-	-	(144.60)	444.10	6.14	305.64
Payment of dividends (Incl. Tax on dividend)	-	-	-	(3,395.11)	-	-	-	(3,395.11)
Transfer to retained earnings	(109.63)	-	-	109.63	-	-	-	-
Recognition of share-based payments (ESOP) (net)	208.22	-	-	-	-	-	-	208.22
Issue of shares under ESOP	-	43.53	-	-	-	-	-	43.53
Balance at 31st March, 2020	**482.60**	**133.02**	**1,246.00**	**2,49,501.92**	**(465.13)**	**444.10**	**384.54**	**2,51,727.05**
Profit/(loss) for the year	-	-	-	3,432.48	-	-	-	3,432.48
Other comprehensive Income for the year	-	-	-	-	(73.10)	2,203.59	(491.03)	1,639.46
Payment of dividend	-	-	-	(2,816.23)	-	-	-	(2,816.23)
Recognition of share-based payments (ESOP) (net)	292.60	-	-	-	-	-	-	292.60
Balance at 31st March, 2021	**775.20**	**133.02**	**1,246.00**	**2,50,118.17**	**(538.23)**	**2,647.69**	**(106.49)**	**2,54,275.36**

Significant accounting policies & notes
Notes to Accounts form an integral part of consolidated financial statements 1- 53

Employee stock option outstanding account
The fair value of the equity settled share-based payment transactions with employees is recognised in statement of profit and loss with corresponding credit to Employee Stock Options Outstanding Account.

Securities Premium
The amount received in excess of face value of the equity shares is recognised in securities premium. In case of equity-settled share based payment transactions, the difference between fair value on grant date and nominal value of share is accounted as securities premium. The utilisation of securities premium is in accordance with the Section 52 of the Indian Companies Act, 2013.

Capital Redemption Reserve
The Holding Company had recognised capital redemption reserve on buyback of equity shares from its retained earnings. The amount in capital redemption reserve is equal to nominal amount of the equity shares bought back. This reserve will be utilised in accordance with the Section 69 of the Indian Companies Act, 2013. It also includes capital redemption reserve of a subsidiary.

Other Comprehensive Income
a) The reserve represents the remeasurement gains/(losses) arising from the actuarial valuation of the defined benefit obligations of the Holding Company. The remeasurement gains/(losses) are recognised in other comprehensive income and accumulated under this reserve within equity. The amounts recognised under this reserve are not reclassified to profit or loss.
b) Equity instrument through OCI represents changes in fair value of equity instruments which are measured at fair value through OCI, net of taxes.
c) Exchange differences arising on translation of the foreign operations are recognised in other comprehensive income and accumulated in separate reserve within equity. The cumulative amount is reclassified to profit or loss when the investment is disposed-off.

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Firm's Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286
Place: Mumbai
Date: 29th May, 2021

Sandip Ghume
Deputy Chief
Financial Officer
Mumbai

Pradeep Bhandari
Head - Legal &
Company Secretary
Mumbai

Dr. Prakash A. Mody
Chairman &
Managing Director
DIN.: 00001285
Mumbai

Dilip Kunkolienkar
Director - Technical
DIN.: 02666678
Panaji - Goa

Consolidated Statement of Cash Flows for the year ended 31st March, 2021

CIN: L99999MH1962PLC012451

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021		For the year ended 31st March, 2020	
A. Cash Flow from Operating Activities				
Net Profit/(loss) before tax		**5,147.94**		**(4,821.02)**
Adjustments:				
Depreciation/amortisation/Impairment loss (including investment property)	8,441.94		8,172.20	
Loss / (profit) on sale / discard of property, plant and equipment (net)	52.26		185.73	
Unrealised exchange difference (net)	761.13		(548.92)	
Rent income	(46.22)		(38.12)	
Share of (profit) / loss from associate	34.25		(81.27)	
Finance cost	511.86		784.72	
Provision for doubtful debts, loans ,advances & deposits (net)	27.00		(35.25)	
Share-based payments to employees	282.64		241.66	
Fair value gain on investments (net)	(1,164.20)		(2,735.30)	
Interest income	(2,293.95)		(3,869.15)	
Sundry credit balances written back	(41.56)		(39.70)	
Dividend income	(0.36)		(157.64)	
		6,564.79		1,878.96
Operating Profit/(loss) Before Working Capital Changes		11,712.73		(2,942.06)
Working capital Adjustments:				
Trade receivables & other assets	9,519.82		6,309.42	
Inventories	(14,179.88)		(5,787.64)	
Trade payable & other liabilities	(2,306.48)		4,835.74	
		(6,966.54)		5,357.52
Cash Generated from Operations		4,746.19		2,415.46
Direct taxes refund received / (payment made)		(1,436.32)		(433.81)
Net Cash Flow from/(used in) Operating Activities A		**3,309.87**		**1,981.65**
B. Cash Flow from Investing Activities				
Purchase of property, plant & equipment including Capital WIP		(28,781.44)		(38,615.20)
Proceeds from sale of property, plant and equipment		42.22		588.20
Sale / (purchase) of current investment (net)		18,661.31		29,614.92
Rent received (including amount received in advance)		46.22		38.12
(Increase) / decrease in escrow bank accounts		(269.57)		165.05
Interest received		2,945.14		4,460.04
Dividend received		0.36		157.64
Net cash flow from / (used in) Investing Activities B		**(7,355.76)**		**(3,591.23)**
C. Cash Flow from Financing Activities				
Increase / (decrease) in working capital borrowings (net)		(8,340.86)		(1,658.98)
Proceeds from employee stock option plan		-		10.35
Payments of Lease liability		(478.74)		(470.62)
Finance cost paid		(433.72)		(707.34)
Dividend paid (inclusive of dividend tax in previous year)		(2,865.79)		(3,403.36)
Net cash flow from / (used in) Financing Activities C		**(12,119.11)**		**(6,229.95)**
Net (Decrease)/ Increase in Cash and Cash Equivalents (A+B+C)		**(16,165.00)**		**(7,839.53)**
Add: Current Investments reclassified as cash and cash equivalents during the year		759.24		11,286.70
Net (Decrease)/ Increase in Cash and Cash Equivalents		**(15,405.76)**		**3,447.17**
Cash and Cash Equivalents at the beginning of the year		**23,151.84**		**19,704.67**
Cash and Cash Equivalents at the end of the year		**7,746.08**		**23,151.84**
Significant accounting policies & notes 1- 53				

Notes: 1. Changes in financing liabilities arising from cash and non-cash changes.

(₹ in Lakhs)

Particulars	1st April, 2020	Cash inflows / (outflows)	Non cash changes	31st March, 2021
Short-term borrowings (packing credit) - non cash changes arising out of exchange rate fluctuations	1,521.41	(1,509.78)	(11.63)	-
Lease liabilities - non cash changes arising out of unwinding of liabilities	2,247.41	(478.74)	78.14	1,846.81

(₹ in Lakhs)

Particulars	1st April, 2019	Cash inflows / (outflows)	Non cash changes	31st March, 2020
Short-term borrowings (packing credit) - non cash changes arising out of exchange rate fluctuations	-	1,425.63	95.78	1,521.41
Lease liabilities - non cash changes arising out of unwinding of liabilities	2,636.66	(470.62)	81.37	2,247.41

Notes to Accounts form an integral part of consolidated financial statements

As per our report of even date attached

For N. A. Shah Associates LLP
Chartered Accountants
Firm's Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 29th May, 2021

Sandip Ghume
Deputy Chief Financial Officer
Mumbai

Pradeep Bhandari
Head - Legal & Company Secretary
Mumbai

Dr. Prakash A. Mody
Chairman & Managing Director
DIN.: 00001285
Mumbai

Dilip Kunkolienkar
Director - Technical
DIN.: 02666678
Panaji - Goa

Notes forming part of Consolidated Financial Statements

for the year ended 31st March, 2021

1. Group information

The consolidated financial statements comprise the financial statements of the Unichem Laboratories Limited ("the Holding Company") and the following wholly owned subsidiaries and associate (together referred to as "the Group"):

Name of Entity	Country of Incorporation*	Principal Activities
Subsidiaries (having 100% of ownership interest)		
Niche Generics Limited	United Kingdom	Pharmaceuticals
Unichem SA Pty Ltd.	South Africa	Pharmaceuticals
Unichem Pharmaceuticals (USA) Inc.	United States of America	Pharmaceuticals
Unichem Farmaceutica Do Brasil Ltda	Brazil	Pharmaceuticals
Unichem Laboratories Limited.	Ireland	Pharmaceuticals
Unichem China Pvt. Ltd.–(incorporated w.e.f. 27th June 2019)	China	Pharmaceuticals
Associate		
Synchron Research Services Pvt. Ltd.	India	Technical Testing and Analysis Services
(Proportion of equity holding – 32.11%)		

* Principal place of business is same as country of incorporation.

Equity Investment in 'Synchron Research Services Pvt. Ltd.' is accounted as per Ind AS 28 - Investments in Associates and joint ventures, although the Holding Company does not exercise any significant influence over the operations of investee.

The consolidated financial statements of the Group for the year ended 31st March, 2021 were approved and adopted by the Board of Directors in their meeting dated 29th May, 2021.

2. Significant accounting policies

2.1. Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended for rules issued thereafter, the provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2.2. Basis of preparation and presentation

These consolidated financial statements have been prepared on the historical cost convention and on accrual basis except for the following assets and liabilities which have been measured at fair value:

i. Certain financial assets and liabilities (including derivative instruments);

ii. Defined benefit plans – plan assets;

iii. Equity settled share-based payments;

iv. Assets held for sale

The financial statements are in accordance with Division II of Schedule III to the Act, as applicable to the Holding Company.

2.3. Basis of Consolidation

i) The Holding Company consolidates all entities which it controls. Control is established when the Holding Company has power over the entity, is exposed, or has rights to variable returns from its involvement with the entity and has ability to affect the entity's returns by using its power over the entity.

ii) The Holding Company reassesses 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 listed above. Profit or loss and each component of other comprehensive income are attributed to the owners of the Holding Company.

iii) Profit or loss and each component of other comprehensive income are attributed to the owners of the Holding Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Holding Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

iv) Where the cost of the investment is higher than the share of equity in the subsidiary at the time of acquisition, the resulting difference is treated as goodwill. Where the cost of the equity is lower than the share of equity in the subsidiary, the difference is treated as capital reserve.

v) The financial statements of the Holding Company and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, incomes, expenses and cash flows, after fully eliminating intra-group balances and intra-group transactions.

vi) Profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant & equipment, are eliminated in full. Tax impact is given for the intra-group eliminations wherever applicable.

vii) In case of subsidiaries, revenue items are converted at the average rate prevailing during the year. All assets and liabilities are converted at rates prevailing at the end of the year. Any exchange difference arising on consolidation is recognised in the Foreign Currency Translation Reserve in 'other equity'.

viii) Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.

ix) Investment in associates where the Holding Company holds more than 20% of equity and/or having significant influence, are accounted for using equity method as per Ind AS 28 - Investments in Associates and joint ventures.

x) The Holding Company accounts for its share of post-acquisition changes in net assets of associates, after eliminating unrealised profits and losses resulting from transactions between the Holding Company and its associates to the extent of its share, to the extent such change is attributable to the associates' statement of profit and loss.

xi) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.

2.4. Current and non-current classification

All assets and liabilities are presented in the Balance Sheet based on current or non-current classification as per Group's normal operating cycle and other criteria set out in the division II of Schedule III of the Act.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation, the Group has ascertained its operating cycle as twelve months for the purpose of current/ non-current classification of assets and liabilities.

2.5. Functional currency and presentation of currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Holding Company operates ('the functional currency'). The financial statements are presented in Indian Rupee, which is the Holding Company's functional and presentation currency. All amounts are rounded off to the nearest rupees in lakhs. The functional currency of foreign subsidiaries is the currency of the primary economic environment in which the entity operates.

2.6. Use of significant accounting estimates, judgements and assumptions

The preparation of the financial statements requires the management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported balances of assets and liabilities, disclosure of contingent liabilities and assets as on the date of financial statements and reported amounts of income and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements. The application of accounting policies that require critical accounting estimates involving complex and subjective judgments and the use of assumptions in these financial statements have been disclosed below:

i) Estimation of useful life of property, plant and equipment (refer note no. 2.9 and 3)

ii) Estimation of useful life of intangible assets (refer note no. 2.11 and 3)

iii) Impairment of goodwill (refer note no. 2.12 and 3)

iv) Impairment of property, plant and equipment and Capital work-in-progress (refer note no. 2.14 and 3)

v) Estimation of provisions and contingent liabilities (refer note no. 2.19, 28 and 36)

vi) Estimation of defined benefit plan and other long-term benefits (refer note no. 2.20, 21, 28 and 47)

vii) Fair value measurement and impairment of financial instruments (refer note no. 2.30 and 50)

viii) Recognition of "Right-of-use" of assets as per the requirement of Ind AS 116. (refer note no. 2.17, 4 and 20)

2.7. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is recognised on satisfaction of performance obligation as per contract and upon transfer of control of products to customers.

Revenue is measured at the transaction price that is allocated to that performance obligation. Amounts disclosed as revenue are net of other indirect taxes, discounts, rebates, expiry claims and sales returns.

Income from services including commission income, product development revenue and licence fees income is recognised when the services are rendered or when contracted milestones have been achieved and is recorded net of indirect taxes.

Export benefits are recognised as income when right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

Interest income on financial assets is recognised using the effective interest rate.

Dividend income is recognised when the Group's right to receive the payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group and the amount of dividend can be measured reliably.

Rental income on investment property given under operating lease arrangement is recognised on straight-line basis over the lease term in accordance with terms of agreement. Rental income is recorded net of indirect tax and expenses which are directly attributable to investment property.

2.8. Taxes

Income Tax expenses for the year comprises of current tax, deferred tax charge or credit minimum alternate tax credit and adjustments of taxes for earlier years that may become necessary due to certain developments or reviews during the relevant period. In respect of amounts adjusted outside the statement of profit or loss (i.e. in other comprehensive income or equity), the corresponding tax effect, if any, is also adjusted in other comprehensive income or in equity and not in the statement of profit or loss.

Current tax

Provision for current tax is made as per the provisions of governing tax laws. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where applicable.

Current tax assets and current tax liabilities are offset when there is legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Minimum Alternate Tax Credit

The Group recognises tax credits in the nature of Minimum Alternative Tax (MAT) credit as an asset only to the extent that there is convincing evidence that the Group will pay normal tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Group recognises tax credits as an asset, the said asset is created by way of tax credit to the statement of profit and loss.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences, and deferred tax assets are recognised for all deductible temporary differences, carry forward tax losses and allowances to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, carry forward tax losses and allowances can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date. The effect of changes in tax rates on deferred income tax assets and liabilities is recognised as income or expense in the period that includes the enactment or the substantive enactment date.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxation authority.

Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which such deferred tax assets can be utilized. In situations where the Group has unused tax losses and unused tax credits, deferred tax assets are recognised only if it is probable that they can be utilized against future taxable profits. Deferred tax assets are reviewed for the appropriateness of their respective carrying amounts at each Balance Sheet date.

Deferred tax liabilities arising out of temporary differences associated with investment in subsidiaries and associates, are not recognised when the Holding Company can control the timing of the reversal of temporary difference and it is probable that the temporary difference will not reverse in foreseeable future.

At each reporting date, the Group re-assesses unrecognised deferred tax assets. It recognises previously unrecognised deferred tax assets to the extent that it has become probable that future taxable profit allow deferred tax assets to be recovered.

For units which enjoy tax holiday benefit, deferred tax assets and liabilities have been provided for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Dividend Distribution Tax

Dividend distribution tax arising out of payment of dividends to shareholders under the Indian Income Tax Act regulation are recognised in statement of changes in equity as part of associated dividend payment.

2.9. Property, plant and equipment (Tangible Assets) and depreciation

Property, plant and equipment are stated at cost of acquisition less accumulated depreciation and accumulated impairment losses, if any. Gross carrying amount of all property, plant and equipment are measured using cost model.

Cost of an item of property, plant and equipment includes purchase price including non - refundable taxes and duties, borrowing cost directly attributable to the qualifying asset, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and the present value of the expected cost for the dismantling/decommissioning of the asset.

Cost for subsequent additions comprises the purchase price and any other attributable cost of bringing the asset to its working condition for its intended use. Subsequent expenditures are added to its gross book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

The Group identifies and determines cost of each component/part of the plant and equipment separately, if the component/part has a cost which is significant to the total cost of the plant and equipment and has useful life that is materially different from that of the remaining plant and equipment.

Pre-operation expenses and trial runs (net of revenue) and borrowing cost directly attributable to the cost of construction of the qualifying asset are treated as part of the project cost and are capitalized / allocated to the cost of asset in the year in which the project is completed. Administrative and other expenses which are not directly related to construction are charged to the consolidated statement of profit and loss.

Gains or losses arising from derecognition of tangible property, plant and equipment are recognised in the consolidated statement of profit and loss.

Depreciation is provided on all assets (other than free hold land and capital work-in-progress), on pro-rata basis, using the following methods based on the respective estimate of useful lives as given below.

a) Straight-Line Method on buildings, plant and machinery, computers and servers

b) Written-Down Value Method for others

The management believes that useful lives currently used is as prescribed under Part C of Schedule II to the Indian Companies Act, 2013, fairly reflect its estimate of the useful lives and residual values of property, plant and equipment.

Estimated useful lives of Property, plant and equipment are as follows:

Nature of assets	Useful life
Factory buildings on leasehold land	Lower of 30 years or balance lease period
Buildings on freehold land	30 to 60 years
Roads	3 to 10 years
Plant and equipments [other than below]	10 to 15 years
Plant and equipments [continuous processing assets and other special equipment's related to Pharma industry]	20 to 25 years
Furniture and fixture	5 to 10 years
Vehicles	8 years
Office equipments	3 to 5 years

The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

Advances paid towards the acquisition of property, plant and equipment outstanding at each Balance Sheet date is classified as capital advances under ''Other non-current assets''. Cost of assets under construction / acquisition / not put to use at the Balance Sheet date are disclosed under ''Capital work-in-progress''.

2.10. Investment Property

Property that is held for long-term rentals yields or for capital appreciation or both, and that is not occupied by the Group, is classified as investment property. Investment properties are measured at its cost, including related transaction costs and where applicable borrowing costs less depreciation and impairment if any. Depreciation on building held as Investment Property is provided over its useful life (of 60 years) using the straight-line method.

2.11. Intangible Assets and amortization

Intangible assets acquired separately are measured at cost of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and impairment losses, if any. Intangible assets comprise licence submission fees which are amortised over their estimated useful economic life (expected to be about 5 years) from commencement of marketing. The estimated useful life of intangible assets is reviewed at the end of each reporting period and change in estimates if any are accounted for on a prospective basis.

Other standalone softwares / licenses cost are fully charged off to statement of profit and loss in the year of expenditure. These softwares / licenses are for administrative purposes.

2.12. Goodwill

Goodwill represents the excess of the consideration paid to acquire a business over the underlying fair value of the identified assets acquired. Goodwill is carried at cost less accumulated impairment losses, if any. Goodwill is deemed to have an indefinite useful life and is tested for impairment annually or when events or circumstances indicate that the implied fair value of goodwill is less than its carrying amount.

For the purposes of impairment testing, goodwill is allocated to each of the Group's Cash-Generating Units (CGUs) that is expected to benefit from the synergies of the combination. Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.13. Non-Current assets held for sale and discontinued operations

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Non-current assets and liabilities classified as held for sale are presented separately from the other assets and liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held for sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations. The results of discontinued operations are presented separately in the Statement of Profit and Loss.

2.14. Impairment of non-financial assets

The carrying amounts of assets are reviewed at each balance sheet date for any indication of impairment based on internal / external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of a) fair value of assets less cost of disposal and b) its value in use. Value in use is the present value of future cash flows expected to derive from an asset or Cash-Generating Unit (CGU).

Based on the assessment done at each balance sheet date, recognised impairment loss is further provided or reversed depending on changes in circumstances. After recognition of impairment loss or reversal of impairment loss as applicable, the depreciation charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value if any, on a systematic basis over its remaining useful life. If the conditions leading to recognition of impairment losses no longer exist or have decreased, impairment losses recognised are reversed to the extent it does not exceed the carrying amount that would have been determined after considering depreciation / amortisation had no impairment loss been recognised in earlier years.

2.15. Research and development expenditure

Revenue expenditure pertaining to research is charged to the statement of profit and loss. Development costs of products are also charged to the statement of profit and loss unless a product's technical feasibility has been established, in which case such expenditure is capitalized.

Development expenditures on an individual project are recognised as an intangible asset when the Group can demonstrate:

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale.
- Its intention to complete and its ability and intention to use or sell the asset.
- How the asset will generate future economic benefits.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

The amount capitalized comprises expenditure that can be directly attributed or allocated on a reasonable and consistent basis for creating, producing and making the asset ready for its intended use. Property, plant and equipment utilized for research and development are capitalized and depreciated in accordance with the policies stated for Property, plant and equipment and depreciation.

2.16. Foreign currency transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing on the date of the transaction. As at the Balance Sheet date, foreign currency monetary items are translated at closing exchange rate. Exchange difference arising on settlement or translation of foreign currency monetary items are recognised as income or expense in the year in which they arise.

Foreign currency non-monetary items which are carried at historical cost are reported using the exchange rate at the date of transaction. Foreign currency non-monetary items which are measured at fair value are reported using the exchange rate at the date when the fair value is determined. Exchange difference arising on fair valuation of non-monetary items is recognised in line with the gain or loss of item that give rise to such exchange difference (i.e. translation differences on items whose gain or loss is recognised in statement of profit and loss or other comprehensive income is also recognised in the statement of profit or loss or other comprehensive income respectively).

2.17. Leases

The Group has applied Ind AS 116 - "Leases" from 1st April, 2019 using the modified retrospective approach.

Right-of-use assets were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the consolidated balance sheet as at 31st March, 2019.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. 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. The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease and non-lease component on the basis of their relative standalone prices.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprise of the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date net of lease incentive received, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located.

The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use asset is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property, plant and equipment. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. The lease liability is measured at amortised cost using the effective interest method.

Identification of a lease requires significant judgment. The Group uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Group determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. In assessing whether the Group is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Group to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Group revises the lease term if there is a change in the non-cancellable period of a lease.

2.18. Inventories

Inventories consists of raw materials, packing materials, stores and spares, stock-in-trade, work-in-progress and finished goods. Inventories of raw materials, packing material, stores and spares are valued at cost and other inventories are valued at lower of cost and net realisable value after providing for obsolete / slow moving items. Cost is determined on weighted average basis.

Cost includes cost of purchase, non-refundable taxes and other costs / overheads 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 estimated costs of completion and estimated costs necessary to make the sale. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be used are expected to be sold at or above cost.

2.19. Provisions, contingent liabilities and contingent assets

A provision is recognised when the Group has a present obligation (legal or constructive) as a result of 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. If the effect of 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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised and disclosed only when an inflow of economic benefits is probable.

2.20. Employee benefits

i) Short-term employee benefit

All employee benefits falling due wholly within twelve months after the end of the reporting period are classified as short-term employee benefits and they are recognised as an expense at the undiscounted amount in the statement of profit and loss in the period in which the employee renders the related service.

ii) Post-employment benefits

a. Defined contribution plan

The Group contributes fixed contribution to a government administered fund and will have no legal or constructive obligation to pay further contribution.

Certain employees of the Holding Company are participants in Superannuation plan. The Holding Company has no further obligations to the Superannuation plan beyond its monthly contributions which are periodically contributed to "Unichem Laboratories Limited Employees Superannuation Fund Trust", the corpus of which is invested with the Life Insurance Corporation of India.

The Group's contribution to defined contribution plans are recognised in the statement of profit and loss in the period in which the employee renders the related services.

b. Defined benefit plan

The Holding 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 Holding Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each Balance Sheet date using the projected unit credit method. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations. The Holding Company fully contributes all ascertained liabilities to "Unichem Laboratories Limited Employees Gratuity Fund Trust", the corpus of which is invested with the Life Insurance Corporation of India.

The current service cost and interest on the net defined benefit liability / (asset) is recognised in the statement of profit and loss. Past service cost are immediately recognised in the statement of profit and loss. Actuarial gains and losses net of deferred taxes arising from experience adjustment and changes in actuarial assumptions are recognised in other comprehensive income and are not reclassified to statement of profit or loss in subsequent periods. Gains or losses on the curtailment or settlement of defined benefit plan are recognised when the curtailment or settlement occurs.

iii) Other long-term benefits

The Holding Company has other long-term benefits in the form of leave benefits. The present value of the obligation is determined based on actuarial valuation using the projected unit credit method carried out by independent actuary. The rate used to discount defined benefit obligation is determined by reference to market yields at the Balance Sheet date on Indian Government Bonds for the estimated term of obligations. Actuarial gains or losses arising on account of experience adjustment and the effect of changes in actuarial assumptions are recognised immediately in the statement of profit and loss as income or expense. Gains or losses on the curtailment or settlement of other long-term benefits are recognised when the curtailment or settlement occurs.

In case of a subsidiary (Niche Generics Limited), employees who have completed specified years of service are eligible for a death benefit plan wherein a defined amount would be paid to the survivors of the employee in the event of their death while in service with the subsidiary. To fulfil the subsidiary's obligation for the above mentioned plan, the subsidiary has taken term policy from an insurance company. The annual premium for insurance cover is recognised in the profit and loss account.

2.21. Equity settled share-based payments

Equity settled share-based payments to employees are measured at the fair value (i.e. excess of fair value over the exercise price of the option) of the Employee Stock Options Plan at the grant date. The fair value of option at the grant date is calculated by Black-Scholes model. In case the options are granted to employees of the Holding Company and Subsidiary Company, the fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Holding Company's estimate of options that will eventually vest, with a corresponding increase in equity.

The dilutive effect of outstanding options is reflected in determining the diluted earnings per share.

2.22. Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). Operating Segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the CODM, in deciding how to allocate resources and assessing performance.

2.23. Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of the respective asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset which necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest expenses calculated as per effective interest method, exchange difference arising from foreign currency borrowings to the extent they are treated as an adjustment to the borrowing cost and other costs that an entity incurs in connection with the borrowing of funds.

2.24. Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Holding company will comply with its conditions.

Government grants relating to income are recognised in the statement of profit and loss over the period necessary to match them with the costs that they are intended to compensate. In case of Exports Promotion Capital Goods (EPCG) scheme, government grants is recognised in the statement of profit and loss over the period of fulfilment of export obligation.

Government grants relating to the assets are credited in the statement of profit and loss over the expected useful life of the assets.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the fair value of the loan and the proceeds received.

2.25. Dividend distribution

Final equity dividends on shares are recorded as a liability on the date of approval by the shareholders and interim equity dividends are recorded as a liability on the date of declaration by the Holding Company's Board of Directors.

2.26. Share Capital

Ordinary shares are classified as equity. Transaction cost related to buy-back of equity shares is reduced from the retained earnings / reserves, net of tax effects.

2.27. Earnings per equity share

The Basic earnings per equity share is computed by dividing the net profit after tax for the year attributable to the equity shareholders of the Holding Company by weighted average number of equity shares outstanding during the year.

Diluted earnings per equity share are computed by dividing the net profit attributable to equity holders of the Holding 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. Dilutive potential equity shares are deemed converted as of the beginning of the period unless issued at a later date.

The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, share split, etc.

2.28. Cash and cash equivalents

Cash and cash equivalents in the Balance Sheet comprise cash at banks and on hand and short-term deposits, 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, net of outstanding bank overdrafts, if any, as they are considered an integral part of the Group's cash management.

2.29. Cash flow statement

Cash Flows are reported using Indirect Method, whereby profit for the year 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 flows from operating, investing and financing activities of the Group are segregated.

2.30. 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 and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. The transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss.

Effective interest method:

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

Financial assets:

Cash and bank balances

Cash and cash equivalents include cash in hand, bank balances, deposits with banks (other than on lien) and all short-term highly liquid investments / mutual funds (with zero exit load at the time of investment) that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. Other bank balances includes balances and deposits with bank that are restricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

In respect of equity investments (other than joint ventures) which are not held for trading, the Group has made an irrevocable election to present in other comprehensive income subsequent changes in the fair value of such equity instruments. Such an election is made by the Group on an instrument by instrument basis at the time of initial recognition of such equity investments.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

Impairment of financial assets

The Group recognises loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognised as an impairment gain or loss in profit or loss.

De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Holding Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

De-recognition of financial liabilities

The Group de-recognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

2.31. New Ind AS & amendments to existing Ind AS issued but not effective as at 31st March 2021

Ministry of Corporate Affairs has not notified new standards or amendments to the existing standards which would have been effective from 1st April, 2021

3 PROPERTY, PLANT & EQUIPMENT

(₹ in Lakhs)

Particulars	Property, Plant & equipment									Other Intangible Assets			
	Freehold land	Leasehold land	Buildings *	Plant & equipments	Furniture & fixture	Vehicles	Office equipment	Total	Goodwill	Software Licenses	Product Licenses	Total Intangible Assets	Capital work-in -progress
Gross carrying value, at cost													
As at 31st March, 2019	378.01	3,041.51	31,222.30	60,697.08	745.96	331.30	574.58	96,990.74	154.51	32.59	418.13	605.23	9,238.89
Additions	189.77	-	2,015.20	8,818.69	596.78	7.27	211.69	11,839.40	-	91.95	223.70	315.65	36,075.00
Disposal/held for sale & Exchange gain/loss	-	-	646.15	1,101.62	(13.81)	75.27	4.52	1,813.75	-	-	-	-	-
Capitalisation	-	-	-	-	-	-	-	-	-	-	-	-	12,266.92
Reclassified on account of adoption of Ind AS 116 (refer note 4)	-	(3,041.51)	-	-	-	-	-	(3,041.51)	-	-	-	-	-
As at 31st March, 2020	**567.78**	**-**	**32,591.35**	**68,414.16**	**1,356.55**	**263.30**	**781.75**	**1,03,974.89**	**154.51**	**124.54**	**641.84**	**920.89**	**33,046.97**
Additions	-	-	1,460.27	7,624.55	60.49	311.44	166.68	9,623.43	-	291.32	-	291.32	33,147.00
Disposal & Exchange gain/loss	-	-	(118.74)	360.66	93.20	98.59	1.75	435.46	-	-	(27.50)	(27.50)	-
Capitalisation	-	-	-	-	-	-	-	-	-	-	-	-	9,444.35
Reclassification as per Ind AS 116 (refer note 4)	189.77	-	-	-	-	-	-	189.77	-	-	-	-	-
As at 31st March, 2021	**378.01**	**-**	**34,170.36**	**75,678.05**	**1,323.84**	**476.15**	**946.68**	**1,12,973.09**	**154.51**	**415.86**	**669.37**	**1,239.74**	**56,749.62**
Accumulated Depreciation / amortisation / Impairment													
As at 31st March, 2019	-	227.40	3,338.48	12,206.06	344.46	88.85	335.67	16,540.92	-	32.59	393.58	426.17	-
Charge for the year - Depreciation & amortization	-	-	1,419.27	5,530.79	149.06	75.49	160.04	7,334.65	-	91.95	124.25	216.20	-
Charge for the year - Impairment losses	-	-	-	-	-	-	-	-	-	-	77.96	77.96	-
Disposal/held for sale & Exchange gain/loss	-	-	131.84	912.28	66.45	69.20	13.29	1,193.06	-	-	(46.05)	(46.05)	-
Reclassified on account of adoption of Ind AS 116 (refer note 4)	-	(227.40)	-	-	-	-	-	(227.40)	-	-	-	-	-
As at 31st March, 2020	**-**	**-**	**4,625.91**	**16,824.57**	**427.07**	**95.14**	**482.42**	**22,455.11**	**-**	**124.54**	**641.84**	**766.38**	**-**
Charge for the year - Depreciation & amortization	-	-	1,438.61	5,715.47	227.14	87.42	183.38	7,652.02	-	291.32	-	291.32	-
Disposal & Exchange gain/loss	-	-	(51.76)	301.15	82.05	81.03	2.98	415.45	-	-	(27.53)	(27.53)	-
As at 31st March, 2021	**-**	**-**	**6,116.28**	**22,238.89**	**572.16**	**101.53**	**662.82**	**29,691.68**	**-**	**415.86**	**669.37**	**1,085.23**	**-**
Net book value													
As at 31st March, 2021	**378.01**	**-**	**28,054.08**	**53,439.16**	**751.68**	**374.62**	**283.86**	**83,281.41**	**154.51**	**-**	**-**	**154.51**	**56,749.62**
As at 31st March, 2020	**567.78**	**-**	**27,965.44**	**51,589.59**	**929.48**	**168.16**	**299.33**	**81,519.78**	**154.51**	**-**	**-**	**154.51**	**33,046.97**

* Buildings include one Flat amounting to ₹ 97.16 lakhs (P.Y. ₹ 97.16 lakhs) where the co-operative society is yet to be formed.

Notes :

1. Building includes cost of shares in cooperative societies ₹ 0.56 lakhs (P.Y. ₹ 0.56 lakhs)
2. Capital work-in-progress includes ₹ 17,617.87 lakhs (P.Y. ₹ 10,431.73 lakhs) on account of cost of construction.
3. The amount of capital commitment disclosed in note 38(a).
4. Certain property plant and equipment were hypothecated /mortgaged as security for borrowing as disclosed under note 39.
5. The Group tests goodwill for impairment annually and provides for impairment if the carrying amount of goodwill exceeds its recoverable amount. The recoverable amount is determined based on "value in use" calculations which is calculated as the net present value of forecasted cash flows of Cash Generating Unit (CGU) to which the goodwill is related.
   Key assumptions are as follows:
   a) Projected cash flows
   b) Long-term growth rate depending on macro-economic growth factors.
   c) Discount rate reflecting current market assessment of the risks specific to the CGU.
6. Addition to property plant and equipment and CWIP includes ₹ 238.02 lakhs (P.Y. ₹ 1,584.57 lakhs) being expenditure on Research and Development as under:

(₹ in Lakhs)

Assets Description	2020-2021	2019-2020
Buildings	-	7.39
Plant & Machinery	126.05	1,506.52
Furniture & Fixtures	5.09	10.73
Office Equipment	43.49	14.01
Capital Work in Progress	63.39	45.92
Total	**238.02**	**1,584.57**

4 RIGHT-OF-USE ASSETS

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

(₹ in Lakhs)

Particulars	Category of ROU assets					
	2020-2021			2019-2020		
	Leasehold Land	Buildings	Total	Leasehold Land	Buildings	Total
Opening Balance	**2,878.61**	**2,052.78**	**4,931.39**	**-**	**-**	**-**
Reclassified on account of adoption of Ind AS 116	-	-	-	2,814.11	-	2,814.11
Additions - transition adjustment as on 1st April 2019	-	-	-	151.71	2,484.95	2,636.66
Reclassification as per Ind AS 116 (refer note 3)	189.77	-	189.77	-	-	-
Additions	20.01	1.93	21.94	17.70	-	17.70
Depreciation	(58.32)	(433.97)	(492.29)	(60.49)	(432.17)	(492.66)
Depreciation charged to CWIP	(44.46)	-	(44.46)	(44.42)	-	(44.42)
Closing Balance	**2,985.61**	**1,620.74**	**4,606.35**	**2,878.61**	**2,052.78**	**4,931.39**

Refer note - 46

The Group holds leasehold land and building against which there is annual payment over the lease period which is in range of 24-75 years and 6-10 years respectively is non-cancellable. The terms and conditions includes extension of the lease period subject to fulfilment of the conditions as per lease agreements.

5 INVESTMENT PROPERTY

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Gross Carrying amount		
Opening gross Carrying amount	398.81	398.81
Additions	-	-
Closing gross carrying amount	**398.81**	**398.81**
Accumulated depreciation		
Opening accumulated depreciation	39.21	32.90
Depreciation charge (netted off from rent income)	6.31	6.31
Closing accumulated depreciation	**45.52**	**39.21**
Net carrying Amount	**353.29**	**359.60**

i) Amounts recognised in statement of profit or loss for investment property

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Gross Carrying amount		
Rental Income	46.12	44.29
Depreciation	6.31	6.31
Net income from investment property	**39.81**	**37.98**

ii) Operating lease agreement is cancellable. The fair value of the property is not readily available however based on the annual rent income earned by the Holding Company, the fair value would be higher than the carrying value of the assets.

6 INVESTMENTS (NON-CURRENT)

6.1 Investments accounted for using the equity method

(₹ in Lakhs)

Particulars	No. of Shares As at 31st March, 2021	No. of Shares As at 31st March, 2020	Face value	As at 31st March, 2021	As at 31st March, 2020
(I) At Cost :					
UNQUOTED					
Equity Instruments of Associates (Fully Paid)					
Synchron Research Services Private Limited	2,08,333	2,08,333	₹10	569.31	569.31
Add: Share in Profit / (Loss) after tax				23.92	58.17
Total of Investments measured at cost				**593.23**	**627.48**

6.2 Investments - Non current

(₹ in Lakhs)

Particulars	No. of Shares As at 31st March, 2021	No. of Shares As at 31st March, 2020	Face value	As at 31st March, 2021	As at 31st March, 2020
(I) At fair value through profit and loss (FVTPL)					
UNQUOTED					
Equity Instruments (fully paid)					
Mediklin Healthcare Limited	2,02,500	2,02,500	₹ 10	-	-
Shivalik Solid Waste Management Limited	20,000	20,000	₹ 10	2.00	2.00
Sub Total				**2.00**	**2.00**
QUOTED					
Equity Instruments (fully paid)				-	
Jindal Polyfilm Limited	2,000	2,000	₹ 10	14.81	4.01
Jindal Poly Investment and Finance Company Ltd.	500	500	₹ 10	0.07	0.05
Aurobindo Pharma Ltd.	8	8	₹ 1	0.15	0.03
Kothari Industrial Corporation Ltd.	20	20	₹ 5	-	-
Sub Total				**15.03**	**4.09**
Total of Investments measured at FVTPL				**17.03**	**6.09**
(II) At fair value through Other comprehensive Income (FVTOCI)					
UNQUOTED					
Equity Instruments (fully paid)					
Optimus Drugs Private Limited	17,04,034	17,04,034	₹ 10	7,957.84	7,344.39
Optrix Laboratories Private Limited	21,98,423	21,98,423	₹ 10	6,990.99	5,100.34
Total of Investments measured at FVTOCI				**14,948.83**	**12,444.73**
Total				**14,965.86**	**12,450.82**
Aggregate book value of unquoted investments				15,544.06	13,074.21
Aggregate amount of impairment in value of investments				-	-
Aggregate book value of quoted investments				15.03	4.09
Aggregate market value of quoted investments				15.03	4.09

7 LOANS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good		
Loans to Employees	7.28	7.95
Total	**7.28**	**7.95**

8 OTHER FINANCIAL ASSETS - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Inter Corporate Deposits	500.00	500.00
(Net of provision for Impairment loss of ₹ 500 Lakhs, P.Y. ₹ 500 Lakhs)		
Deposits		
Considered Good	526.33	503.35
Considered Doubtful	78.52	78.52
Less : Allowance for Doubtful deposits	(78.52)	(78.52)
	526.33	**503.35**
Total	**1,026.33**	**1,003.35**

9 DEFERRED TAX ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred tax assets (net)	1,395.36	293.75
Total	**1,395.36**	**293.75**

9.1 The deferred tax asset comprises of:

Particulars	As at 31st March, 2021	Charge/(credit) for the year	As at 31st March, 2020
Deferred Tax Assets			
Unrealised profits (net) on account of Intra-group eliminations	1,094.30	(1,094.30)	-
Brought forward losses	-	-	-
Capitalized development stage costs	99.13	43.22	142.35
Exchange difference for the year	-	(7.51)	-
Depreciation/Amortization	(55.81)	(7.46)	(63.27)
Others	257.74	(43.07)	214.67
Total	**1,395.36**	**(1,109.12)**	**293.75**

Particulars	As at 31st March, 2020	Charge/(credit) for the year	As at 31st March, 2019
Deferred Tax Assets			
Unrealised profits (net) on account of Intra-group eliminations	-	1,373.39	1,373.39
Capitalized development stage costs	142.35	17.96	160.31
Exchange difference for the year	-	24.85	-
Depreciation/Amortization	(63.27)	32.87	(30.40)
Others	214.67	(49.52)	165.15
Total	**293.75**	**1,399.55**	**1,668.45**

9.2 In case of certain subsidiaries, deferred tax asset has not been recognised on unused tax losses of ₹ 17,081.00 lakhs (P.Y. ₹ 18,237.62 lakhs) in the absence of probable future taxable income. This loss can be carried forward as per the timeline prescribed in jurisdiction of the subsidiaries.

10 OTHER NON CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Capital advances	9,082.56	9,040.98
(Net of provision for Doubtful advances ₹ 11.86 lakhs, P.Y. ₹ 11.86 lakhs)		
Payments to European Commission (refer note 37)	1,451.52	1,152.33
Balance with government authorities	120.33	155.02
Advance income tax (net of provision)	1,052.09	1,083.04
Total	**11,706.50**	**11,431.37**

11 INVENTORIES

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Raw Materials [Include ₹ 938.15 lakhs in transit, (P.Y ₹ 683.59 lakhs)]	22,243.80	17,364.35
Packing Materials	2,371.96	2,232.08
Work-in- Progress	7,746.22	7,422.24
Finished Goods [Include ₹ 552.64 lakhs in transit, (P.Y ₹ 568.43 lakhs)]	20,574.74	12,084.68
Stores and Spares	897.26	550.75
Total	**53,833.98**	**39,654.10**

Note : -

1) During the year ended 31st March 2021, ₹ 1,431.00 lakhs (P.Y ₹ 1,246.84 lakhs) was recognised as an expenses for inventories carried at net realisable value
2) Refer note 2.18 for accounting policy for inventory valuation.

12 INVESTMENTS (CURRENT)

(₹ in Lakhs)

Particulars	No. of Units		Amount	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
At fair value through profit and loss (FVTPL)				
QUOTED				
INVESTMENT IN MUTUAL FUNDS				
SBI Liquid Fund Direct Growth	1,12,892.00	1,39,570.00	3,636.95	4,339.26
INVESTMENT IN PERPETUAL BOND				
HDFC Bank Limited Sr-1 8.85 BD	329	579	3,362.52	5,736.38
Axis Bank Limited Sr-26 8.75 NCD	650	1,700	6,558.05	16,855.40
State Bank of India Sr-III 8.39 BD	1,000	1,500	10,085.40	14,979.18
Total			**23,642.92**	**41,910.22**
Aggregate book value of quoted investments			23,642.92	41,910.22
Aggregate market value of quoted investments			23,642.92	41,910.22

Investments in mutual funds are pledged with Citibank N.A. Refer note 39.

13 TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Considered good - Secured	-	-
Unsecured		
Considered good	25,026.95	39,013.99
Considered Doubtful	492.16	364.01
Less : Allowance for Doubtful debts	(492.16)	(364.01)
Total	**25,026.95**	**39,013.99**

The movement in allowance for doubtful receivables is as follows :

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Opening balance	364.01	456.25
Add : Allowance for doubtful receivables made during the year	128.15	78.31
Less : Allowance for doubtful receivables reversed/utilised during the year	-	(170.55)
Closing balance	**492.16**	**364.01**

14 CASH AND BANK BALANCES

(₹ in Lakhs)

Particulars	No. of Units		Amount	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
(a) Cash & cash equivalents				
(i) Balances with banks				
In Current Accounts			4,926.43	5,404.46
(ii) Cash on hand			7.27	7.43
(iii) Investments in Mutual Fund (At FVTPL)				
Quoted				
HDFC Liquid Fund-Direct Plan-Growth Option	-	85,389.08	-	3,335.82
ICICI Prudential Liquid Fund-Direct Plan-Growth	3,07,665.93	5,10,873.43	937.57	1,500.75
ICICI Prudential Equity Arbitrage Fund-Direct Plan-Growth	-	1,96,05,845.80	-	5,290.07
SBI Liquid Fund Direct Growth	-	48,475.37	-	1,507.11
Aditya Birla Liquid - Direct Plan - Growth	4,64,875.52	-	1,541.21	-
IDFC Arbitrage Fund - Growth - (Direct Plan)	-	2,16,71,870.74	-	5,576.35
Immediate liquidity applications -FAF (Brazil)	44,627.26	70,666.77	333.60	529.85
			7,746.08	**23,151.84**
(b) Other bank balances (Restricted bank balances)				
In Unpaid Dividend Account			179.04	228.60
In Fixed Deposits (against Bank Guarantee) having original maturity more than 3 months			319.74	0.61
			498.78	**229.21**
Total			**8,244.86**	**23,381.05**
Aggregate book value of quoted investments			2,812.38	17,739.95
Aggregate market value of quoted investments			2,812.38	17,739.95

15 LOAN-CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, considered good		
Loans to Employees	4.47	4.40
Total	**4.47**	**4.40**

16 OTHER FINANCIAL ASSETS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Accrued Interest on bonds and fixed deposits (Net of provision for Impairment loss, ₹ 60.59 Lakhs, P.Y. ₹ 60.59 Lakhs)	881.78	1,532.97
Others (Forward contract receivable, etc.)	38.04	-
Total	**919.82**	**1,532.97**

17 OTHER CURRENT ASSETS

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured, Considered Good		
Prepaid Expenses	1,899.78	1,821.87
Balances with Revenue Authorities (Including refund receivables)		
Considered good	19,109.00	16,041.94
Considered Doubtful	91.38	43.41
Less :Provision for Doubtful Advances	(91.38)	(43.41)
Advance against materials & expenses	1,648.18	2,257.23
Export incentive receivable	2,780.37	2,445.87
Other receivables /advances		
Considered good	621.33	582.98
Considered Doubtful	47.00	193.78
Less :Provision for Doubtful Advances	(47.00)	(193.78)
Total	**26,058.66**	**23,149.89**

17.1: The movement in allowance for doubtful advances (including allowance made against non current items) is given below (₹ in Lakhs)

Particulars	2020-2021	2019-2020
Opening balance (refer note 8,10,16 and 17)	844.75	787.76
Add : Allowance for doubtful advances made during the year	-	56.99
Less: Reversal / utilisation during the year	(146.78)	-
Closing balance	**697.97**	**844.75**

18 EQUITY SHARE CAPITAL

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
AUTHORISED		
17,50,00,000 Equity Shares of ₹ 2/- each (P.Y :17,50,00,000 Equity shares of ₹ 2/- each)	3,500.00	3,500.00
5,00,00,000 Unclassified Shares of ₹ 2/- each (P.Y.: 5,00,00,000 Unclassified Shares of ₹ 2/- each)	1,000.00	1,000.00
50,00,000 Preference Shares of ₹ 10/- each (P.Y. : 50,00,000 Preference Shares of ₹ 10/- each)	500.00	500.00
Total	**5,000.00**	**5,000.00**

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
ISSUED, SUBSCRIBED AND FULLY PAID UP		
7,04,05,750 Equity Shares of ₹ 2/- each fully paid up (P.Y 7,04,05,750 Equity Shares of ₹ 2/- each fully paid up)	1,408.12	1,408.12
Total	**1,408.12**	**1,408.12**

18.1 Reconcilation of Number of Shares (Equity)

Particulars	2020-2021		2019-2020	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Shares outstanding as at the beginning of the year	7,04,05,750	1,408.12	7,03,83,250	1,407.67
Add:Shares allotted under ESOP during the year	-	-	22,500	0.45
Shares outstanding as at the end of the year	**7,04,05,750**	**1,408.12**	**7,04,05,750**	**1,408.12**

18.2 Rights, preferences and restrictions attached to Equity Shares.

The Holding Company has one class of equity shares having a par value of ₹ 2/- per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Holding Company after distribution of all preferential amounts, in proportion to their shareholding.

18.3 Shareholders holding more than 5 per cent of total Equity Shares of the Holding Company

Name of the Shareholders	As at 31st March, 2021		As at 31st March, 2020	
	No. of Shares	% held	No. of Shares	% held
Dr. Prakash Amrut Mody	3,24,99,392	46.16	3,24,55,699	46.10
HDFC Small Cap Fund	51,03,389	7.25	50,93,189	7.23

18.4 As per the records of the Holding Company , including its register of shareholders / members & other declarations received from shareholders regarding beneficial interest , the above shareholding represents both legal and beneficial ownership of shares.

19 OTHER EQUITY

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
CAPITAL REDEMPTION RESERVE		
Balance at the beginning of the year	1,246.00	1,246.00
Add : Additions /(deductions) during the year	-	-
Balance at the end of the year	**1,246.00**	**1,246.00**
SECURITIES PREMIUM		
Balance at the beginning of the year	133.02	89.49
Add : Additions /(deductions) during the year	-	43.53
Less: Buy back of shares (refer note 18.1)	-	-
Balance at the end of the year	**133.02**	**133.02**
EMPLOYEE STOCK OPTIONS OUTSTANDING ACCOUNT		
Balance at the beginning of the year	1,204.53	1,967.40
Add : Additions during the year	-	-
Less : Deduction during the year	-	(762.87)
	1,204.53	1,204.53
Less: Deferred Employees' stock compensation	(429.33)	(721.93)
Balance at the end of the year	**775.20**	**482.60**
OTHER COMPREHENSIVE INCOME		
Foreign currency translation reserve		
Balance at the beginning of the year	384.54	378.40
Exchange difference arising on translating the foreign operations	(491.03)	6.14
Balance at the end of the year	**(106.49)**	**384.54**
Equity instrument through OCI		
Balance at the beginning of the year	444.10	-
Add/(Less): Movements during the year	2,203.59	444.10
Balance at the end of the year	**2,647.69**	**444.10**
Remeasurements of defined benefit plans		
Balance at the beginning of the year	(465.13)	(320.53)
Add/(Less): Movements during the year	(73.10)	(144.60)
Balance at the end of the year	**(538.23)**	**(465.13)**
RETAINED EARNINGS		
Balance at the beginning of the year	2,49,501.92	2,58,805.65
Add: Profit/(loss) for the year	3,432.48	(6,018.25)
Add: Transfer from shares options outstanding Account	-	109.63
Less: Final Dividend paid (Incl. Tax on dividend in previous year)	2,816.23	3,395.11
Balance at the end of the year	**2,50,118.17**	**2,49,501.92**
Total Reserves & Surplus	**2,54,275.36**	**2,51,727.05**

19.1 During the year ended 31st March, 2018, the Holding Company had concluded the buyback of 20,600,000 equity shares aggregating 22.65% of the paid-up equity share capital of the Holding Company at a price of ₹ 430 per equity share. the Holding Company had funded the buyback from its securities premium account, general reserve and retained earnings. Further, capital redemption reserve of ₹ 412.00 lakhs representing the nominal value of the shares bought back had been created as an appropriation from retained earnings. Transaction costs related to buyback were adjusted against retained earnings (net of tax).

19.2 In respect of the year ended 31st March, 2021, the Board of Directors of the Holding Company at its meeting held on 29th May, 2021 recommended a dividend of ₹ 4 /- per share to be paid on its fully paid up equity shares having a face value of ₹ 2/-.This equity dividend is subject to the approval of shareholders at the ensuing Annual General Meeting and has not been included as a liability in these consolidated financial statements. The total estimated equity dividend to be paid is ₹ 2,816.23 Lakhs.

20 LEASE LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Current lease liabilities	415.79	402.06
Non-current lease liabilities	1,431.02	1,845.35
Total	**1,846.81**	**2,247.41**

Refer note - 46

21 PROVISIONS - NON CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits :		
Defined benefit plan-Gratuity	609.48	266.52
Leave benefits	2,070.04	1,582.09
Long-term bonus	361.84	502.60
Total	**3,041.36**	**2,351.21**

22 DEFERRED TAX LIABILITIES (NET)

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred tax liabilities (net) in respect of the Holding Company	1,370.22	-
	1,370.22	**-**

22.1 (a) March 2021 - As at year end, deferred tax liability exceeds the deferred tax assets (including assets in respect of brought forward losses and depreciation) in accordance with the new tax regime. Also MAT credit is not available under the new tax regime. Further, deferred tax libility on fair value gain on equity instruments is net of deferred tax asset on brought forward long-term capital loss of ₹ 734.76 Lakhs.

(b) March 2020 - The Holding Company was under old tax regime. Deferred tax assets was recognised on the entire amount of tax loss, unabsorbed tax depreciation and other temporary differences to the extent of deferred tax liability. Accordingly, deferred tax asset was not recognised on unused tax depreciation of ₹ 9,067.27 lakhs in the absence of probable future taxable income. The said unused tax depreciation did not have an expiry date. Further, deferred tax assets was also not recognised on long-term capital loss of ₹ 290.65 lakhs which was expiring in fiscal year 2026-27 in the absence of probable long-term capital gain. Also, in the absence of probable future taxable income, the Holding Company had not recognised MAT credit of ₹ 13,755.64 lakhs which could be used upto periods ranging from year 2025-2032.

22.2 Income tax expense/ (benefit) recognised in consolidated statement of profit and loss (Holding Company and its Subsidiaries) :

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Current tax:		
Current tax on profits for the year	1,668.26	547.24
Adjustments for current tax of prior periods	62.02	-
Total Current tax expense	1,730.28	547.24
Deferred Tax:		
Decrease/(Increase) in Deferred Tax Assets	1,677.67	(186.87)
(Decrease)/Increase in Deferred Tax Liabilities	(1,692.49)	836.86
Total Deferred tax expense /(credit)	(14.82)	649.99
Aggregate income tax expense	**1,715.46**	**1,197.23**

22.3 Income tax expense recognised in other comprehensive income and other equity (Holding Company and Its Subsidiaries):

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Deferred tax liability on fair value gain on equity instruments	300.51	-
Deferred tax asset on net loss/(gain) on Re-measurements of Defined Benefit Plans	(24.58)	-
Income Tax Expense/(Income) Charged to OCI	**275.93**	**-**

22.4 Reconciliation of tax expense and the accounting profit (Holding Company and its Subsidiaries) multiplied by India's domestic tax rate:

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Total profit/(loss) before income taxes	**5,147.94**	**(4,821.02)**
At India's Statutory Income Tax Rate of 25.168% (Previous year 31.20%)	1,295.63	(1,504.16)
Adjustments to reconcile expected income tax expense to reported income tax expense		
Weighted deduction allowed in respect of research and development expenses	-	1,235.12
Reversal of deferred tax in respect of unrealised profits on intra-group elimination	-	1,373.39
Effect of expenses not deductible in determining taxable profit	121.90	-
Tax rate difference	(250.28)	-
Exempt income on which tax is not payable	(177.45)	-
Deferred tax recognised on remaining b/f tax loss	(523.33)	-
Tax effect due to taxable income of subsidiaries / intra-group eliminations	1,155.15	-
Deferred tax regrouped on remeasurements of defined benefit plans	24.58	-
Others (net)	69.26	92.88
Adjusted income tax expenses	**1,715.46**	**1,197.23**
Effective Income Tax Rate	**33.32%**	**-24.83%**

22.5 Reflected in the Balance Sheet as follows (Holding Company):

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Deferred Tax Liabilities		
Depreciation and amortisation	7,333.06	9,025.55
Fair value gain on equity instruments (net)	300.51	-
	7,633.57	**9,025.55**
Deferred Tax Assets		
Allowance for doubtful trade receivables	123.87	113.57
Allowance for doubtful advances	14.81	62.95
Allowance for impairment in value of investments	1,474.04	1,474.04
Allowance for impairment in value of other financial assets	141.09	174.90
Provision for employee benefits	885.88	812.76
Business loss / unabsorbed depreciation	3,618.49	6,338.00
Others	5.17	49.33
	6,263.35	9,025.55
Deferred Tax Liabilities (net)	**1,370.22**	**-**

22.6 Movement of deferred tax during the year 2020-2021 (Holding Company)

(₹ in Lakhs)

Particulars	Opening balance 1st April, 2020	(Credit) / charge recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance 31st March, 2021
Deferred tax liabilities in relation to				
Depreciation and amortisation	9,025.55	(1,692.49)	-	7,333.06
Fair value gain on equity instruments (net)	-	-	300.51	300.51
Deferred tax assets in relation to				
Allowance for doubtful trade receivables	(113.57)	(10.30)	-	(123.87)
Allowance for doubtful advances	(62.95)	48.14	-	(14.81)
Allowance for impairment in value of investments	(1,474.04)	-	-	(1,474.04)
Allowance for impairment in value of other financial assets	(174.90)	33.81	-	(141.09)
Provision for employee benefits	(812.76)	(48.54)	(24.58)	(885.88)
Business loss / unabsorbed depreciation	(6,338.00)	2,719.51	-	(3,618.49)
Others	(49.33)	44.16	-	(5.17)
Deferred tax liabilities (net)	**-**	**1,094.30**	**275.93**	**1,370.22**

22.7 Movement of deferred tax during the year 2019-2020 (Holding Company)

(₹ in Lakhs)

Particulars	Opening balance 1st April, 2019	(Credit) / charge recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance 31st March, 2020
Deferred tax liabilities in relation to				
Depreciation and amortisation	8,221.57	803.98	-	9,025.55
Deferred tax assets in relation to				
Allowance for doubtful trade receivables	(142.35)	28.78	-	(113.57)
Allowance for doubtful advances	(49.69)	(13.26)	-	(62.95)
Allowance for impairment in value of investments	(1,474.04)	-	-	(1,474.04)
Allowance for impairment in value of other financial assets	(174.90)	-	-	(174.90)
Provision for employee benefits	(589.99)	(222.77)	-	(812.76)
Business loss / unabsorbed depreciation	(4,689.45)	(1,648.55)	-	(6,338.00)
Others	(351.58)	302.26	-	(49.33)
Deferred tax liabilities (net)	**749.56**	**(749.56)**	**-**	**-**

23 OTHER NON-CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unsecured		
Others (Customer Advances)	469.21	469.21
Total	**469.21**	**469.21**

24 BORROWINGS-CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Secured		
From Banks		
Packing credit (refer note 39)	-	1,521.41
Cash credit facility, repayable on demand (refer note 39)	10,062.50	16,881.95
Total	**10,062.50**	**18,403.36**

25 TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Trade Payables		
Total outstanding dues of micro enterprises and small enterprises	631.27	247.91
Total outstanding dues of creditors other than micro enterprises and small enterprises	20,376.87	24,773.69
Total	**21,008.14**	**25,021.60**

26 OTHER FINANCIAL LIABILITY-CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Unclaimed Dividend	179.04	228.60
Deposits from Customers	19.64	19.64
Payable for employee benefits	1,626.29	1,683.75
Payable for Capital Goods	9,793.54	4,890.72
Others (Forward contract payable)	-	447.58
Total	**11,618.51**	**7,270.29**

27 OTHER CURRENT LIABILITIES

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Other Payables		
Statutory Dues	2,193.43	2,631.54
Revenue received in advance (refer note 27.1)	2,828.81	1,008.93
Others (customer advances, etc.)	640.26	891.01
Total	**5,662.50**	**4,531.48**

27.1 It includes ₹ 2,828.81 lakhs (P.Y. ₹ 1,008.93 lakhs) of grants (in the nature of export benefits) relating to property, plant and equipment imported under the EPCG scheme. Under such scheme, the Holding Company is committed to export prescribed times of the duty saved on import of capital goods over a specified period of time. In case such commitments are not met, the Holding Company would be required to pay the duty saved along with interest to the regulatory authorities.

28 PROVISIONS - CURRENT

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
Provision for employee benefits :		
Defined benefit plan	372.10	299.93
Leave benefits	468.26	456.43
Long-term bonus	570.07	-
Other Provisions		
Claims (refer note 28.1)	72.17	224.44
Total	**1,482.60**	**980.80**

28.1 The Holding Company has made provisions for certain claims where cash outflow is expected within 12 months from balance sheet date. The Holding Company does not expect any reimbursement in regards to the provision made.

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Opening Balance	**224.44**	**538.85**
Add : provisions made	-	-
Less: utilisations	152.27	314.41
Closing balance	**72.17**	**224.44**

29 REVENUE FROM OPERATIONS

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Sale of products	1,18,991.83	1,04,958.41
Other operating revenues		
Export benefits (refer note 29.2)	3,026.87	3,660.93
Other operating revenues (Raw material, solvent, scrap sale, R&D revenue etc.)	1,494.83	1,751.94
	4,521.70	5,412.87
Total Revenue from Operations	**1,23,513.53**	**1,10,371.28**

29.1 Disclosure for disaggregation of revenue :

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Formulations	1,05,262.05	93,580.02
Bulk Drugs and chemicals	13,729.78	11,378.39
Total	**1,18,991.83**	**1,04,958.41**

29.2 The Government of India has announced a new WTO-compliant scheme called the Remission of Duties or Taxes On Export Product (RoDTEP) which has replaced Merchandise Exports from India Scheme (MEIS) starting from 1st January, 2021. The modalities for claiming benefit are yet to be notified by the Government and consequently benefits under the new scheme could not be accounted by the Holding Company.

30 OTHER INCOME

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest Income (Refer note 30.1)	2,293.95	3,869.15
Dividend Income on investments measured at Fair value through Profit and loss	0.36	157.64
Net gain on investments measured at Fair value through Profit and loss	1,164.20	2,735.30
Other non-operating Income (lease rent, etc.)(net)	506.38	72.20
Net gain / (Loss) on foreign currency translation and transactions	1,053.87	2,297.02
Total	**5,018.76**	**9,131.31**

30.1 Details of interest income

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest Income on financial assets measured at amortised cost/others	34.02	64.46
Interest Income on investments measured at Fair value through Profit and loss	2,259.93	3,804.69

31 COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Raw Materials	38,974.31	34,334.81
Packing Materials	7,724.41	7,853.11
Total	**46,698.72**	**42,187.92**

CHANGES IN INVENTORIES OF FINISHED GOODS & WORK-IN- PROGRESS

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Inventories at the Commencement		
Finished Goods	12,084.68	8,854.79
Work in progress	7,422.24	7,076.45
	19,506.92	**15,931.24**
Inventories at year end		
Finished Goods	20,574.74	12,084.68
Work in progress	7,746.22	7,422.24
	28,320.96	**19,506.92**
(Increase) / Decrease in Finished Goods	(8,490.06)	(3,229.89)
(Increase) / Decrease in Work in progress	(323.98)	(345.79)
Total change in inventory	**(8,814.04)**	**(3,575.68)**

32 EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Salaries & wages	28,104.32	25,198.43
Contribution to provident and other funds	1,475.33	1,286.29
Share-based payments to employees	282.64	241.66
Staff welfare expenses	834.77	601.61
Total	**30,697.06**	**27,327.99**

33 FINANCE COST

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Interest expense	361.86	630.70
Interest on lease	78.14	81.37
Unwinding of interest	6.84	-
Other borrowing costs (bank charges/ fees, etc)	65.02	72.65
Total	**511.86**	**784.72**

34 OTHER EXPENSES

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Consumption of Stores and Spares	2,198.84	2,267.37
Power and Fuel	6,888.62	7,301.65
Rent	163.00	137.10
Insurance	994.25	909.38
Repairs :		
Plant and Machinery	1,334.96	1,627.25
Buildings	291.47	447.74
Others	3,037.98	2,860.94
Rates and Taxes	422.99	477.12
Advertising and sales promotion	268.09	398.35
Travelling and Conveyance	98.22	946.83
Freight outward	11,777.79	10,962.27
Directors' Fees	41.00	47.50
Commission on sales	206.32	250.97
Legal & Professional Expenses	2,648.07	4,024.15
Loss on discard/sale of property, plant and equipment (net)	52.26	147.07
Contribution towards Corporate Social Responsibility	328.45	202.98
Establishment and Administrative Expenses (refer note 34.1)	15,015.04	16,399.95
Total	**45,767.35**	**49,408.62**

34.1 Establishment and Administrative Expenses includes following major expenses :

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
Research and Development expenditure (Material, services, accessories etc)	4,390.20	4,222.33
Bio Equivalence Studies	785.30	2,168.12
Lab related expenses (Glass apparatus, chemicals, accessories etc)	1,809.53	1,761.19
Regulatory Fees	2,503.34	2,806.28

35 OTHER COMPREHENSIVE INCOME

(₹ in Lakhs)

Particulars	For the year ended 31st March, 2021	For the year ended 31st March, 2020
A (i) Items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	(97.68)	(144.60)
Equity instruments through other comprehensive income	2,504.10	444.10
A (ii) Income tax relating to items that will not be reclassified to profit or loss		
Remeasurements of defined benefit plans	24.58	-
Equity instruments through other comprehensive income (net)	(300.51)	-
B (i) Items that will be reclassified to profit or loss		
Exchange difference in translating the financial statements of foreign operations	(491.02)	6.14
B (ii) Income tax relating to items that will be reclassified to profit or loss	-	-
Total	**1,639.47**	**305.64**

36 CONTINGENT LIABILITIES AND OTHER LIABILITIES WHICH ARE REMOTE IN NATURE

A. Matters considered as contingent liability

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
(i) Claims not acknowledged as debts*.	1,930.03	1,935.33
(ii) Fine imposed by European Commission (refer note no. 37)	12,044.69	11,614.72
(iii) Other money for which the Group is contingently liable	476.71	4,008.81
(iv) Other bank guarantees	713.52	645.53
Total	**15,164.95**	**18,204.39**

* includes ₹ 88.04 lakhs (P.Y ₹ 82.53 lakhs) income tax / sales tax refund amount kept on hold, amount paid under protest/deposit made pending adjudication under Income tax Act ,1961, Finance Act, 1994, Central Excise Act, 1944 and respective State VAT Acts.

Future cash outflow, if any, will be based on the outcome of the appeals / writ petition in case of disputed (a) statutory dues (b) claims from regulatory authorities and (c) European Commission matter (as elaborated in note 37 below). The Group does not expect any cash outflow in other matters mentioned above.

B Other liabilities which are remote in nature

(i) Claims made by the ex-employees whose services have been terminated in earlier years are not acknowledged as debts. The matters are frivolous and are disputed under various forums. However in the opinion of the management, these claims are not tenable.

(ii) During the previous year, one party has filed the legal case on the Holding Company for breach of trust and claimed certain compensation / damages. In view of the Holding Company in absence of any binding arrangement, the claim made by the party is frivolous and non tenable. The matter is under litigation and sub judiced. During the year, the party has provided bank guarantee of GBP 4.56 lakhs (equivalent to ₹ 462.65 lakhs) to cover the legal cost incurred by the Holding Company in case the litigation is ruled in the favour of the Company.

(iii) The Holding Company is involved in certain intellectual property claims / legal proceedings filed against it by the innovators which are considered to be normal to its business. These proceedings are pending before different authorities / courts . The outcome from these claims are uncertain due to a number of factors involved in legal trial. Often, these issues are subject to uncertainties and therefore the probability of a loss, if any, being sustained and an estimate of the amount of any loss is difficult to ascertain. Although there can be no assurance regarding the outcome of any of the intellectual property claims / legal proceedings referred to in this note, the Holding Company does not expect such liabilities to be significant.

(iv) The Holding Company has filed rectification letters in respect of certain income-tax refunds which have been with held by the department. The Holding Company is of the view that once the rectification letters are processed by the department, the refunds will be received by the Company.

In respect of matters stated in B (i) to (iv), the possibility of any liability devolving on the Holding Company is remote and hence no disclosure as contingent liability is considered necessary.

37 On 9th July, 2014, the European Commission ("EU") decided to impose an unjustified fine of Euro 13.96 million, jointly and severally on the Holding Company and its subsidiary Niche Generics Limited ("Niche") contending that they had acted in breach of EU competition law as Niche Generics Limited had, in early 2005 (when the Holding Company was only a part owner and financial investor in Niche) had agreed to settle a financially crippling patent litigation with Laboratories Servier. The Holding Company vehemently denies any wrongdoing on the part of either itself or Niche. Both the Holding Company & Niche had submitted appeals in September 2014 to the General Court of the EU seeking appropriate relief in the matter. The General Court of the EU has rejected the appeals vide Order dated 12th December 2018 and confirmed the fine of Euro 13.96 million. The Holding Company and its subsidiary based on legal advice and merits, have filed appeals against the decision of General Court before the Court of Justice of the EU and outcome of the appeals are awaited. Considering the above, in view of the management, no provision for the aforesaid fine is considered necessary. Based on above, fine imposed by the EU of Euro 13.96 million (equivalent to ₹ 12,044.69 lakhs) is disclosed under contingent liability.

38 (a) Estimated amount of Contracts remaining to be executed (Net of Advances) on Capital account ₹ 12,361.67 lakhs (P.Y. ₹ 21,505.50 lakhs) and on other revenue accounts ₹ 19,064.57 lakhs (P.Y. ₹ 9,486.11 lakhs) are not provided for.

(b) The Holding Company's intention is to continue to provide financial support to its subsidiaries [Niche Generics Ltd., Unichem Laboratories Ltd. (Ireland) and Unichem Farmaceutica Do Brasil Ltda]. Further, pending outcome of the appeal in respect of European Commission matter (refer note 37), the Company will consider all available options to assist the subsidiary.

39 Credit facilities from Kotak Mahindra Bank availed by the Holding Company and its subsidiary, Niche Generics Limited (United Kingdom), are secured by first and exclusive mortgage charge on immovable property being industrial land and building known as Unichem Laboratories Limited on plot bearing CTS No. 510 of village Oshiwara and CTS No.1 of village Majas, Prabhat Estate, Off. S. V. Road, Patel Engineering Road, Jogeshwari (West), Mumbai 400 102. Further credit facilities from Citibank, N.A. availed by the Holding Company, are secured by way of a pledge against investments in mutual funds to the extent of ₹ 3,636.95 lakhs (P.Y. ₹ 4,339.26 lakhs). In addition to above, credit facilities with Bank of India and Axis Bank are secured against hypothecation of stock and debtors. In respect of one subsidiary, credit facilities have been secured against all the assets of the subsidiary.

40 Expenditure incurred during the year and included in Capital work-in-progress as follows.

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
i) Power & fuel	47.86	19.29
ii) Repairs & maintenance	-	97.91
iii) Payroll expenses	275.68	45.91
iv) Freight	0.18	0.12
v) Insurance	21.62	13.56
vi) Travelling Expenses	0.28	6.16
vii) Rent ,Rates & Taxes	-	16.88
viii) Depreciation	44.46	44.58
ix) Administrative expenses	161.41	195.12
x) Professional fees	3.97	-
Total	**555.46**	**439.53**

41 HEDGE ACCOUNTING

The Holding Company has managed the foreign exchange risk with appropriate hedging activities in accordance with policies of the Holding Company. The Holding Company manages currency risk as per trends and experiences. The Holding Company uses forward exchange contracts to hedge against its foreign currency exposures relating to export receivables. The Holding Company does not enter into any derivative instruments for trading or speculative purposes.

Fair Value Hedge

Hedging Instrument and Hedge Item :

(₹ in Lakhs)

Type of Hedge and Risks	Nominal Value	Carrying amount as at 31st March, 2021		Changes in amount of fair value	Hedge Maturity Date	Line Item in Balance Sheet
		Assets	Liabilities			
Foreign currency risk Trade Receivables hedged by Forward Contracts	12,565.75	12,603.79	-	38.04	April 2021 to September 2021	Other Financial Assets

Hedging Instrument and Hedge Item :

(₹ in Lakhs)

Type of Hedge and Risks	Nominal Value	Carrying amount as at 31st March, 2020		Changes in amount of fair value	Hedge Maturity Date	Line Item in Balance Sheet
		Assets	Liabilities			
Foreign currency risk Trade Receivables hedged by Forward Contracts	13,669.34	13,221.76	-	(447.58)	April 2020 to July 2020	Other Financial Liabilities

i) The following are the outstanding forward contracts:

Currency	Buy / Sell	In Foreign Currency (in lakhs)		₹ in Lakhs	
		As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
USD	Sell	169.99	185.34	12,603.79	13,221.76

ii) Foreign Currency exposure not hedged by forward contracts are given below :

Particulars	In Foreign Currency (in lakhs)		₹ in Lakhs	
	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2020
A) Receivable				
Euro	34.70	37.57	2,974.95	3,114.16
USD	149.23	108.72	10,900.93	8,191.32
Others	11.58	14.20	479.80	756.79
B) Payable				
Euro	4.13	3.71	356.24	307.40
USD	55.31	48.12	4,068.51	3,616.67
Others	0.23	1.12	22.82	97.16
C) Borrowings				
USD (PCFC loan)	-	20.00	-	1,521.40

42 Segment Information

The Group's Chief operating decision maker is Chairman & Managing Director and the Group has only one reportable segment i.e. Pharmaceuticals. It is identified as single operating segment for the purpose of making decision on allocation of resources and assessing its performance. The risk, returns and internal business reporting systems are related to the one segment only.

Entity-wide disclosures:

(i) Revenues from sale of products from external customers

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
India	3,706.59	2,920.79
Outside India	1,15,285.24	1,02,037.62
USA	70,760.37	63,766.85
Others	44,524.87	38,270.77
Total	**1,18,991.83**	**1,04,958.41**

Revenue from external customers is allocated based on the location of the customer.

(ii) Details of Products

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Formulations	1,05,262.05	93,580.02
Bulk Drugs and Chemicals	13,729.78	11,378.39
Total	**1,18,991.83**	**1,04,958.41**

(iii) Non-current assets:

(₹ in Lakhs)

Particulars	As at 31st March, 2021	As at 31st March, 2020
India	1,52,933.66	1,27,124.69
Outside India		
USA	1,176.63	1,509.47
Others	3,775.00	3,820.76
Total	**1,57,885.29**	**1,32,454.92**

(iv) Major customers

During the year, the Group has two external customers based in USA amounting to ₹ 21,161.13 lakhs (17.78%) and ₹ 12,892.69 lakhs (10.83%) which accounts for more than 10% of the Group's total revenue for the year ended 31st March, 2021. In previous year, the Group had two external customers based in USA amounting to ₹ 16,467.88 lakhs (14.24%) and ₹ 15,592.47 lakhs (13.48%) which accounted for more than 10% of the Group's total revenue for the year ended 31st March, 2020.

43 Related Party Disclosures

Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosure".

a) List of related parties

(i) Enterprises under significant influence of key management personnel as defined in (ii) Uni - Distributors Pvt. Ltd. Elemage Wellness LLP Adiwasi Unnati Mandal Uni Trust Prakash Amrut Mody - Suparna Mody (Promoter Trust) Prakash Amrut Mody - Supriya Mody (Promoter Trust) Prakash Amrut Mody - Shwetambari Mody (Promoter Trust) Also Refer note (f)	**(ii) Key management personnel and their relatives: (disclosed to the extent of transactions)** Dr. Prakash A. Mody (Chairman & Managing Director - CMD, Promoter) Mrs. Anita Mody (Spouse of CMD) Ms. Supriya Mody (Daughter of CMD) Ms. Suparna Mody (Daughter of CMD) Mr. Dilip J. Kunkolienkar (Director - Technical)
(iii) Independent Directors: Dr. (Mrs.) B. Kinnera Murthy Mr. Anand Y. Mahajan Mr. Prafull Anubhai Mr. Prafull D Sheth	**(iv) Post-employment benefit plans:** Unichem Laboratories Ltd.-Employees Gratuity Fund Unichem Laboratories Ltd.-Employees Superannuation Fund
(v) Key management personnel and their relatives as per Companies Act, 2013. Mr. Pradeep Bhandari- (Head- Legal & Company Secretary) (w.e.f. 01.08. 2019) Mrs. Neema Thakore (Head - Legal & Company Secretary) (upto 31.07.2019) Mr. Sandip Ghume (Dy. Chief Financial Officer)	

b) Disclosure of related party transactions :

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
i) Rent & Maintenance Paid (excluding indirect taxes)		
Relative of Key Management Personnel		
Mrs Anita Mody	18.66	18.56
Enterprise under significant influence of Key Management Personnel		
Uni - Distributors Pvt. Ltd.	11.69	12.59
Uni Trust	9.00	9.00
	39.35	**40.15**
ii) Reimbursements given (excluding indirect tax)		
Elemage Wellness LLP	-	2.35
	-	**2.35**
iii) Managerial remuneration (including defined contribution plan)		
Key Management Personnel		
Dr. Prakash A. Mody	542.63	538.75
Mr. Dilip J Kunkolienkar	181.00	138.58
	723.63	**677.33**
iv) Share-based payments (ESOP)		
Key Management Personnel		
Mr. Dilip J. Kunkolienkar	-	33.59
	-	**33.59**
v) Salary (including defined contribution plan)		
Relative of Key Management Personnel		
Ms Supriya Mody	84.84	76.21
	84.84	**76.21**
vi) Dividend Paid		
Key Management Personnel & Relatives		
Dr. Prakash A. Mody	1,299.98	1,296.78
Mrs Anita Mody	52.94	52.94
Ms Supriya Mody	38.00	38.00
Ms. Suparna Mody	38.00	38.00
Mr. Dilip J. Kunkolienkar	3.02	3.02
Prakash Amrut Mody - Suparna Mody (Promoter Trust)	2.08	-
Prakash Amrut Mody - Supriya Mody (Promoter Trust)	1.80	-
Prakash Amrut Mody - Shwetambari Mody (Promoter Trust)	1.65	-
	1,437.47	**1,428.74**
Independent Directors		
Mr. Anand Y. Mahajan	0.60	0.60
Mr. Prafull Anubhai	0.03	0.03
Mr. Prafull D Sheth	0.30	0.30
	0.93	**0.93**
vii) Sitting Fees		
Independent Directors		
Dr. (Mrs.) B. Kinnera Murthy	10.50	13.00
Mr. Anand Y. Mahajan	9.50	9.00
Mr. Prafull Anubhai	11.50	14.50
Mr. Prafull D Sheth	9.50	11.00
	41.00	**47.50**
viii) Corporate Social Responsibility		
Enterprise under significant influence of Key Management Personnel		
Adiwasi Unnati Mandal	10.00	15.00
	10.00	**15.00**

c) Disclosure of related party balances :

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
i) Deposits paid		
Relative of Key Management Personnel		
Mrs Anita Mody	45.90	45.90
Enterprise under significant influence of Key Management Personnel		
Uni - Distributors Pvt. Ltd.	5.00	5.00
Uni Trust	2.25	2.25
	53.15	**53.15**
ii) Other Current Liabilities		
Key Management Personnel		
Dr. Prakash A. Mody	50.85	33.67
	50.85	**33.67**

d) Contribution to post employment benefit plan :

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Post-employment benefit plans		
Unichem Laboratories Ltd. - Employees Gratuity Fund	9.97	10.61
Unichem Laboratories Ltd. - Employees Superannuation Fund	86.12	83.45
	96.09	**94.06**

e) Following are Key Management Personnel (not covered above) in accordance with provisions of the Indian Companies Act, 2013. Details of transactions and balances are below :

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
i) Salary (including defined contribution plan)		
Key Management Personnel		
Mrs. Neema Thakore	-	30.94
Mr. Pradeep Bhandari	77.38	47.17
Mr. Sandip Ghume	52.63	43.43
	130.01	**121.54**

1 Number of option pending to be exercised by Mr. Dilip Kunkolienkar as on 31st March, 2021 are 2,46,176 (P.Y. 2,46,176).

2 Key Managerial Personnel and their Relatives who are under the employment of the Holding Company are entitled to post employment benefits and other long-term employee benefits recognised as per Ind AS 19 - 'Employee Benefits' in the financial statements. As these employee benefits are lump sum amounts provided on the basis of actuarial valuation, the same is not included above. Further, it also does not include actual payments of gratuity and leave encashment. Also, re-imbursement of expenses to KMP and their relatives are not included above.

3 Related party contracts / arrangements have been entered in ordinary course of business and are approved by the board of directors/ shareholders as applicable.

f) In view of the Management, equity Investment in Synchron Research Services Pvt. Ltd. will not result the investee company becoming a related party since there is no control / influence over operations :
The summary of transactions with Synchron Research Services Pvt. Ltd. are as follows:

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Research & Development Expenditure (Bio-equivalence studies)	80.80	4.30
Rent Income (net of indirect tax)	46.12	44.28
Deposit received	7.50	7.50

44 EARNINGS PER EQUITY SHARE (EPS)

Particulars			2020-2021	2019-2020
Weighted average number of equity shares for basic EPS	(A)	Nos	7,04,05,750	7,04,02,492
Add : Potential equity shares on exercise of option of ESOP			-	-
Weighted average number of equity shares for diluted EPS	(B)	Nos	7,04,05,750	7,04,02,492
Face value of equity share		₹	2.00	2.00
Profit/(loss) attributable to equity shareholders for basic & Diluted EPS	(C)	₹ lakhs	3,432.48	(6,018.25)
Earnings per equity share				
Basic	(C/A)	₹	4.88	(8.55)
Diluted	(C/B)	₹	4.88	(8.55)

Note: In respect of current year, potential equity shares in the form of ESOPs have exercise price greater than average market price and hence, do not have dilutive effect. In respect of previous year, ESOPs were anti-dilutive and therefore not considered for calculation of diluted earning per share.

45 The Subsidiaries (Niche Generics Ltd., Unichem Laboratories Ltd. (Ireland) and Unichem Farmaceutica Do Brasil Ltda) have accumulated losses which have been considered for the purpose consolidated financial statements. The standalone financial statements of these subsidiaries have been prepared on a going concern basis considering the continuous financial support from the Holding Company to its subsidiaries. Management of the Holding Company is of the view that performance of the subsidiaries is improving and will turnaround.

46 LEASE

The Holding Company has adopted Ind AS 116 'Leases' effective from 1st April 2019. Also refer note 2.17 and 4

As a Lessee

a) The Holding Company has obtained certain equipment under non-cancellable lease agreements for the period of 36 months which are subject to renewal at mutual consent. For such leases with lower underlying value asset, the Holding Company has applied the 'low value asset' recognition exemption. The expenses charged to the statement of profit & loss in current year is ₹ 35.55 lakhs (P.Y ₹ 36.53 lakhs) and is grouped under note 34 (P.Y note 35) (establishment and administrative expenses).

(₹ in Lakhs)

The details of outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows	2020-2021	2019-2020
Lease payment not later than one year	34.07	39.27
Lease Payment later than one year and not later than five years	7.73	28.60
Lease Payment later than five years	-	-
Total	**41.80**	**67.87**

b) The Holding Company has taken flats / office premises, vehicles and other machinery on cancellable operating leases. There are no restrictions imposed by lease arrangements. For such lease arrangement with lease terms of 12 months or less, the Holding Company has applied the 'short-term lease' recognition exemptions. There are no sub-leases. The deposit amount are refundable on completion / cancellation of lease term.The aggregate lease rentals charged as lease rent to the statement of profit and loss in current year is ₹ 140.36 lakhs (P.Y ₹ 102.71 lakhs) and is grouped under note 34 (P.Y note 35) (rent and establishment & administrative expenses).

c) Disclosure with respect to lease under Ind AS - 116 leases

(₹ in Lakhs)

Particluars	2020-2021	2019-2020
Interest expense on lease liabilities (Refer note 33)	78.14	81.37
Lease expenses in case of short-term leases (Refer note 46 (b))	140.36	102.71
Lease expenses in case of low value leases (other than short-term as disclosed above) (Refer note 47 (a))	35.55	36.53
Lease payments debited to lease liabilities	400.60	389.25
Total cash outflow for leases [including short-term and low value leases]	654.65	609.86
Additions to ROU assets	211.71	2,654.36

d) The table below provides details regarding the contractual maturities of lease liabilities as at 31st March, 2021 and 31st March, 2020 on an undiscounted basis :

(₹ in Lakhs)

Particluars	2020-2021	2019-2020
Lease payment not later than one year	493.84	445.24
Lease Payment later than one year and not later than five years	1,305.03	1,485.76
Lease Payment later than five years	455.69	550.24
Total	**2,254.56**	**2,481.24**

e) The right-of-use asset is depreciated using the straight-line method (SLM) from the commencement date over the lease term of right-of-use asset. For details of addition, depreciation and carrying amount of right of use asset (refer note 4).

47 EMPLOYEE BENEFITS

The Holding Company has a defined benefit gratuity plan. The scheme is funded with an insurance company in the form of a qualifying insurance policy.

Other long-term benefits comprises of leave entitlements and long-term bonus to the employees. Leave entitlements benefits is partly funded by the Holding Company.

Bifurcation of liability including short-term leave benefits as per Schedule III of the Indian Companies Act 2013 :

(₹ in Lakhs)

Particulars	As at 31st March, 2021			As at 31st March, 2020		
	Current Liability	Non-Current Liability	Net Liability	Current Liability	Non-Current Liability	Net Liability
Gratuity	372.10	609.48	981.58	299.93	266.52	566.45
Leave entitlements	468.26	2,070.04	2,538.30	456.43	1,582.09	2,038.52
Long-term Bonus	570.07	361.84	931.91	-	502.60	502.60
Net Liability	**1,410.43**	**3,041.36**	**4,451.79**	**756.36**	**2,351.21**	**3,107.57**

The principal assumptions used in determining gratuity benefit obligations for the Holding Company's plans are shown below:

Particulars	Gratuity	
	2020-2021	2019-2020
Discount rate	6.30%	6.60%
Salary growth rate	9.00%	9.00%
Expected rate of return on Plan assets	6.30%	6.60%
Withdrawal rate	15% at younger ages reducing to 2% at older ages	15% at younger ages reducing to 2% at older ages

The estimates of future salary increases considered in actuarial valuation take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market. The discounting rate is based on material yield on government bonds having currency and terms consistent with the currency and terms of post-employment benefit obligations. The overall expected rate of return on assets is based on the LIC structure of interest rates on gratuity funds.

The following tables summarise the funded status and amounts recognised in the balance sheet for gratuity .

Funded status of the plan :

(₹ in Lakhs)

Particulars	Gratuity	
	As at 31st March, 2021	As at 31st March, 2020
Present value of funded obligations	2,816.53	2,358.60
Fair value of plan assets	1,834.95	1,792.15
Net Liability (Asset)	**981.58**	**566.45**

Amount charge to statement of Profit and loss:

(₹ in Lakhs)

Particulars	Gratuity	
	2020-2021	2019-2020
Current service cost	299.93	269.50
Net interest cost	27.49	3.01
Total Charge to statement of P&L (included in employee benefit expense)	**327.42**	**272.51**

Amount charged Other Comprehensive Income:

(₹ in Lakhs)

Particulars	Gratuity	
	2020-2021	2019-2020
Components of actuarial gain/losses on obligations:		
Due to Change in financial assumptions	55.07	70.84
Due to change in demographic assumption	-	0.35
Due to experience adjustments	82.25	94.13
Return on plan assets excluding amounts included in interest income	(39.64)	(20.72)
Amounts recognised in Other Comprehensive Income	**97.68**	**144.60**

Reconciliation of defined benefit obligation:

(₹ in Lakhs)

Particulars	Gratuity	
	2020-2021	2019-2020
Opening Defined Benefit Obligation	**2,358.60**	**1,981.73**
Current service cost	299.93	269.50
Interest cost	128.89	113.29
Actuarial loss/(gain) due to change in financial assumptions	55.06	70.84
Due to change in demographic assumption	-	0.35
Actuarial loss/ (gain) due to experience adjustments	82.25	94.13
Benefits paid	(108.21)	(171.24)
Closing Defined Benefit Obligation	**2,816.52**	**2,358.60**

Reconciliation of plan assets:

(₹ in Lakhs)

Particulars	Gratuity	
	2020-2021	2019-2020
Opening value of plan assets	**1,792.15**	**1,821.78**
Interest Income	101.40	110.28
Return on plan assets excluding above	39.64	20.72
Contributions by employer	9.97	10.61
Benefits paid	(108.21)	(171.24)
Closing value of plan assets	**1,834.95**	**1,792.15**

Sensitivity analysis:

Assumptions	Change in assumptions		Increase/(decrease) in defined benefit obligation	
	Increase/decrease	Percentage	2020-2021	2019-2020
Discount rate	Increase by	0.5%	-3.21%	-3.00%
	Decrease by	0.5%	3.46%	3.23%
Salary growth rate	Increase by	0.5%	3.35%	3.14%
	Decrease by	0.5%	-3.15%	-2.95%
Withdrawal rate	Increase by	10%	-1.10%	-0.99%
	Decrease by	10%	1.20%	1.07%

The above sensitivity analysis are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

These plans typically expose the Holding Company to actuarial risks such as: investment risk, interest risk, longevity risk and salary risk.

Investment risk :
The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds.

Interest risk :
A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan debt investments.

Longevity risk :
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk :
The present value of the defined plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Expected contribution and weighted average duration for defined benefit obligation

Particulars	2020-2021	2019-2020
Expected contribution for the next year (₹ lakhs)	372.10	299.93
Weighted average duration for defined benefit obligation (years)	6.06	5.75

Asset-liability matching strategies
The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

48 SHARE-BASED PAYMENT PLANS (ESOP)

(i) During the year ended 31st March, 2021 the Holding company has share-based payment arrangements which are described below:

Type of arrangement	ESOP 2018	
	Senior Management stock option scheme - I	Senior Management stock option scheme- II
Date of Grant	06.08.2018	19.11.2018
Number granted	15,12,224	1,75,840
Contractual life	3-5 Years	3-5 Years
Vesting condition	As decided by Board/ Compensation Committee based on various factors	

Further, there were 22,500 stock options under ESOP 2008 outstanding as at 1st April, 2019. These stock options were exercised during the previous year (weighted average exercise price ₹ 46 and weighted average fair value of option was ₹ 149). Share price at the date of exercise of options i.e. 24th May 2019 is ₹ 196.04.

(ii) Summary of stock option are as follows

Particulars	ESOP 2018	
	2020-2021	2019-2020
Option outstanding at the beginning of the year (Nos.)	15,12,224	16,88,064
Granted during the year (Nos)	-	-
Exercised during the year (Nos.)	-	-
Lapsed during the year (Nos.)	-	(1,75,840)
Option outstanding at the end of the year (Nos.)	**15,12,224**	**15,12,224**
Vested and exercisable at the end of the year (Nos.)		
Weighted Average Exercise Price (₹)	250	250
Weighted Average Fair Value of Option at the measurement date * (₹)	80	80

* Fair value calculated based on Black & Scholes option pricing model

(iii) Share options outstanding at the end of year have the following expiry dates and exercise prices

Grant Date	Expiry Date	Scheme Name	Exercise price (₹)	No. of ESOPS	
				2020-2021	2019-2020
6th Aug, 2018	30th June, 2023	ESOP 2018	250	7,56,112	7,56,112
6th Aug, 2018	30th June, 2024	ESOP 2018	250	7,56,112	7,56,112
				15,12,224	**15,12,224**

(iv) Expense arising from share-based payment transactions

Expenses arising from share-based payment transactions recognised in profit or loss as part of employee benefit expenses were as follows:

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Employee option plan	282.64	241.66
Total	**282.64**	**241.66**

49 RESEARCH & DEVELOPMENT EXPENDITURE

i) Total Research and Development expenditure including amount incurred at units approved by Department of Scientific & Industrial Research :

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Materials	5,379.18	5,324.29
Salaries, wages and Ex-gratia	3,116.79	2,912.05
Contribution to Provident fund and other Funds	159.55	151.16
Employee's welfare expenses	57.48	28.68
Rent	25.36	13.73
Insurance	42.99	28.53
Rates and Taxes	21.65	19.60
Repairs:		
Buildings	0.03	1.80
Plant and machinery	126.26	94.46
Others	256.02	273.79
Power and fuel	343.32	467.54
Travelling and conveyance	7.28	76.16
Interest	-	-
Legal & Professional Expenses	732.18	2,206.71
Others (Bioequivalence Studies, etc.)	2,722.72	4,042.25
Total	**12,990.81**	**15,640.75**

ii) Research and Development expenditure at units approved by Department of Scientific & Industrial Research included in Total Research and Development expenditure (Refer note - i)

(₹ in Lakhs)

Particulars	2020-2021	2019-2020
Materials	3,999.67	3,562.70
Salaries, wages and Ex-gratia	2,999.73	2,787.48
Contribution to Provident fund and other Funds	157.29	145.42
Employee's welfare expenses	56.52	28.05
Rent	25.36	13.73
Insurance	37.13	27.00
Rates and Taxes	21.65	19.60
Repairs:		
Buildings	-	-
Plant and machinery	122.81	88.99
Others	244.17	255.46
Power and fuel	278.88	341.37
Travelling and conveyance	7.28	76.16
Interest	-	-
Legal & Professional Expenses	732.16	2,206.71
Others (Bioequivalence Studies, etc.)	2,340.16	2,696.68
Total	**11,022.81**	**12,249.35**

50 FINANCIAL INSTRUMENTS

i) The carrying value and fair value of financial instruments by category is as follows : (₹ in Lakhs)

Particulars	As at 31st March, 2021		As at 31st March, 2020	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets* :				
Amortised cost				
Cash and cash equivalents	4,933.70	4,933.70	5,411.89	5,411.89
Other Bank Balances	498.78	498.78	229.21	229.21
Trade receivables	25,026.95	25,026.95	39,013.99	39,013.99
Loans	11.75	11.75	12.35	12.35
Other Financial Assets	1,908.11	1,908.11	2,536.32	2,536.32
Fair value through profit or loss				
Investments in mutual funds and bonds (including Cash and cash equivalents)	26,455.30	26,455.30	59,650.17	59,650.17
Investments in equity instruments	17.03	17.03	6.09	6.09
Derivative Instruments	38.04	38.04	-	-
Fair value through OCI				
Investments in equity instruments	14,948.83	14,948.83	12,444.73	12,444.73
Total	**73,838.49**	**73,838.49**	**1,19,304.75**	**1,19,304.75**
Financial liabilities :				
Amortised cost				
Borrowings	10,062.50	10,062.50	18,403.36	18,403.36
Lease liabilities	1,846.81	1,846.81	2,247.41	2,247.41
Trade payables	21,008.14	21,008.14	25,021.60	25,021.60
Other financial liabilities	11,618.51	11,618.51	6,822.71	6,822.71
Fair value through profit or loss				
Derivative Instruments	-	-	447.58	447.58
Total	**44,535.96**	**44,535.96**	**52,942.66**	**52,942.66**

* excluding financial assets measured at cost

ii) Fair value hierarchy

The financial instruments are categorized into three levels based on the inputs used to arrive at fair value measurements as described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly observable;

Level 3: Valuation techniques for which lowest level input that is significant to the fair value measurement is directly or indirectly unobservable;

The following tables categorise the financial assets and liabilities held at fair value by the valuation methodology applied in determining their fair value.

Fair value hierarchy as at 31st March, 2021 (₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in equity instruments	15.03	-	14,950.83	**14,965.86**
Investments in mutual funds & bonds	26,455.30	-	-	**26,455.30**
Derivative Instruments (gain)	-	38.04	-	**38.04**

Fair value hierarchy as at 31st March, 2020 (₹ in Lakhs)

Particulars	Level 1	Level 2	Level 3	Total
Financial Assets				
Investment in equity instruments	4.09	-	12,446.73	**12,450.82**
Investments in mutual funds & Bonds	59,650.17	-	-	**59,650.17**
Financial Liabilities				
Derivative Instruments(loss)	-	447.58	-	**447.58**

Determination of fair values:

The following are the basis of assumptions used to estimate the fair value of financial assets and liabilities that are measured at fair value on recurring basis :

Investment in mutual funds :

The fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Equity investments :

a) Equity investments traded in an active market determined by reference to their quoted market prices.

b) Investments which are designated through other comphrensive income are fair valued and the changes in fair value is recognised in other comprehensive income. There are no gains / losses from such investments.

Derivative instruments :

For forward contracts and cross currency interest rate swaps, future cash flows are estimated based on forward exchange rates and forward interest rates (from observable forward exchange rates / yield curves at the end of the reporting period) and contract forward exchange rates and forward interest rates, discounted at a rate that reflects the credit risk of respective counterparties.

51 FINANCIAL RISK MANAGEMENT

The Group's activities are exposed to variety of financial risks. These risks include market risk (including foreign exchange risk and interest rate risks), credit risks and liquidity risk. The Group's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Group through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits, controls, continuous monitoring and its compliance.

Market risk:

Market risk refers to the possibility that changes in the market rates may have impact on the Group's profits or the value of its holding of financial instruments. The Group is exposed to market risks on account of foreign exchange rates, interest rates and underlying equity prices.

Foreign currency exchange rate risk:

The Group’s foreign currency risk arises from its foreign operations, investments in foreign subsidiaries and foreign currency transactions. The fluctuation in foreign currency exchange rates may have potential impact on the income statement and equity, where any transaction references more than one currency or where assets/liabilities are denominated in a currency other than the functional currency of the respective consolidated entities.

Since a major part of the group’s operating revenue is in foreign currency and major part of the costs are in Indian Rupees, any movement in currency rates would have impact on the group’s performance. Consequently, the overall objective of the foreign currency risk management is to minimize the short-term currency impact on its revenue and cash-flow in order to improve the predictability of the financial performance.

The major foreign currency exposures for the group are denominated in USD & EURO. Additionally, there are transactions which are entered into in other currencies and are not significant in relation to the total volume of the foreign currency exposures. The group hedges all trade receivables upto a maximum of 6 months forward based on historical trends. Hedge effectiveness is assessed on a regular basis.

The following table sets forth information relating to foreign currency exposure from USD, EUR and other currencies (which are not material) form non-derivative financial instruments:

(₹ in Lakhs)

As at 31st March, 2021	USD	Euro	Others*	Total
Assets				
Trade Receivables	23,504.72	2,974.95	479.80	26,959.47
Total	**23,504.72**	**2,974.95**	**479.80**	**26,959.47**
Liabilities				
Trade Payable	4,068.51	356.24	22.82	4,447.57
Total	**4,068.51**	**356.24**	**22.82**	**4,447.57**
Net Assets/ Liabilities	**19,436.21**	**2,618.71**	**456.98**	**22,511.90**

*Others mainly include currency namely GBP (pounds), ZAR & CAD

(₹ in Lakhs)

As at 31st March, 2020	USD	Euro	Others**	Total
Assets				
Trade Receivables	8,680.08	3,114.16	756.79	12,551.03
Total	**8,680.08**	**3,114.16**	**756.79**	**12,551.03**
Liabilities				
Trade Payable	5,138.07	307.40	97.16	5,542.63
Total	**5,138.07**	**307.40**	**97.16**	**5,542.63**
Net Assets/ Liabilities	**3,542.01**	**2,806.76**	**659.63**	**7,008.40**

**Others mainly include currency namely GBP (pounds), ZAR & CAD

Sensitivity analysis

(₹ in Lakhs)

Particulars	Foreign Currency Sensitivity					
	As at 31st March, 2021			As at 31st March, 2020		
	USD	Euro	Others	USD	Euro	Others
1% Appreciation in INR Impact on Profit & Loss	(194.36)	(26.19)	(4.57)	(35.42)	(28.07)	(6.60)
1% Depreciation in INR Impact on Profit & Loss	194.36	26.19	4.57	35.42	28.07	6.60

Interest Rate Risk:

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates and where the borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments or borrowings will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

The Holding Company adopts a policy of ensuring that maximum of its interest rate risk exposure is at a fixed rate and there are no financial instruments with floating interest rates.

Credit risk:

Credit risk is the risk of financial loss arising from counterparty failure to repay or service debt according to the contractual terms or obligations. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Financial instruments that are subject to concentrations of credit risk materially consists of trade receivables, investments and derivative financial instruments.

All trade receivables are subject to credit risk exposure. The Holding Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country, in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through established policies, controls relating to credit approvals and procedures for continuously monitoring the creditworthiness of customers to which the Holding Company grants credit terms in the normal course of business. The Holding Company uses expected credit loss model to assess the impairment loss or gain. The Holding Company uses a provision matrix to compute the expected credit loss allowance for trade receivables (other than from subsidiaries) and unbilled revenues. The Holding Company does not have significant concentration of credit risk related to trade receivables. In the current year, there are two external third party customer which contributes to more than 10% of outstanding accounts receivable (excluding outstanding from subsidiaries) as of 31st March 2021. In previous year, there were two external party customers which contributed to more than 10% of outstanding accounts receivable (excluding outstanding from subsidiaries).

The Holding Company limits its exposure to credit risk by generally investing in liquid securities having and only with counterparties that have a good credit rating. The Holding company does not expect any losses from non- performance by these counter-parties, and does not have any significant concentration of exposures to specific industry sectors.

None of the financial instruments of the Holding Company result in material concentration of credit risk. Geographic concentration of credit risk relating to trade receivable (other than subsidiaries) is predominantly there in USA i.e. above 10% and less than 10% in other countries. Refer note no. 13 for movement in expected credit loss allowance.

Liquidity risk:

Liquidity risk refers to the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group generates cash flows from operations to meet its financial obligations, maintains adequate liquid assets in the form of cash & cash equivalents and has undrawn short-term line of credits from banks to ensure necessary liquidity.

Contractual maturities of significant financial liabilities are as below:

(₹ in Lakhs)

As at 31st March, 2021	In 1 year	More than 1 year	Total
Trade Payable	21,008.14	-	**21,008.14**
Borrowings	10,062.50	-	**10,062.50**
Lease liabilities	415.79	1,431.02	**1,846.81**
Other financial liabilities	11,618.51	-	**11,618.51**
Total	**43,104.94**	**1,431.02**	**44,535.96**

(₹ in Lakhs)

As at 31st March, 2020	In 1 year	More than 1 year	Total
Trade Payable	25,021.60	-	**25,021.60**
Borrowings	18,403.36	-	**18,403.36**
Lease liabilities	402.06	1,845.35	**2,247.41**
Other financial liabilities	7,270.29	-	**7,270.29**
Total	**51,097.31**	**1,845.35**	**52,942.66**

Capital Management

Equity share capital and other equity (other than ESOP Reserve and Other comprehensive income) are considered for the purpose of Group's capital management (refer Statement of Changes in Equity of consolidated financial statement). There are no externally imposed capital requirements on the Group. The 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. The Group monitors the return on capital as well as the level of dividends on its equity shares. The Group's objective when managing capital is to maintain an optimal structure so as to maximize shareholder value.

The Group is predominantly equity financed. Further, the Group's current assets has always been higher than the liabilities. Also current assets includes cash and bank balances along with investment which is predominantly investment in liquid and short term mutual funds being far in excess of borrowings / debt.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31st March, 2021 and 31st March, 2020.

COVID 19 related

The COVID 19 pandemic has adversely impacted the global economic conditions and its impact still remains uncertain. Considering the Holding Company is in the business of manufacturing and supplying pharmaceutical products which is categorized under essential goods, the management believes that the impact of the pandemic may not be significant. The Holding Company will continue to closely monitor any material changes to future economic conditions.

52 ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS TO SCHEDULE III TO THE COMPANIES ACT, 2013

(a) As at and for the year ended 31st March, 2021

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ in Lakhs	As % of consolidated profit or loss	₹ in Lakhs	As % of consolidated other comprehensive income	₹ in Lakhs	As % of consolidated other comprehensive income	₹ in Lakhs
Parent								
Unichem Laboratories Ltd.	105.5%	2,69,733.47	157.6%	5,408.23	129.9%	2,130.49	148.6%	7,538.72
Subsidiaries								
Foreign								
Niche Generics Limited.	0.2%	491.41	2.5%	84.73	2.1%	34.82	2.4%	119.55
Unichem SA Pty Ltd.	0.0%	124.16	0.8%	30.57	1.0%	16.37	0.9%	46.94
Unichem Farmaceutica Do Brasil Ltda	-0.4%	(1,111.29)	-14.1%	(483.93)	6.5%	106.73	-7.4%	(377.20)
Unichem Pharmaceuticals (USA) Inc .	5.1%	13,121.46	158.9%	5,455.10	-15.5%	(255.07)	102.5%	5,200.03
Unichem Laboratories Limited. (Incorporated in Ireland)	0.0%	(47.50)	-1.7%	(59.58)	0.5%	7.41	-1.0%	(52.17)
Unichem (China) Pvt. Ltd.	0.0%	17.76	-1.3%	(45.06)	0.1%	2.07	-0.8%	(42.99)
Associate								
Synchron Research Pvt. Ltd.	0.1%	173.03	-1.0%	(34.25)	0.0%	-	-0.7%	(34.25)
Consolidation Adjustments	-10.5%	(26,819.02)	-201.7%	(6,923.33)	-24.6%	(403.35)	-144.5%	(7,326.68)
Total	**100.0%**	**2,55,683.48**	**100.0%**	**3,432.48**	**100.0%**	**1,639.47**	**100.0%**	**5,071.95**

Note:
1. The amounts given in the table above are from the annual accounts made for the financial year ended 31st March, 2021 for each of the companies.
2. The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on 31st March, 2021.

(b) As at and for the year ended 31st March, 2020

Name of the Entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or (loss)		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	₹ in Lakhs	As % of consolidated profit or loss	₹ in Lakhs	As % of consolidated other comprehensive income	₹ in Lakhs	As % of consolidated other comprehensive income	₹ in Lakhs
Parent								
Unichem Laboratories Ltd.	104.6%	2,64,718.38	93.6%	(5,631.62)	98.0%	299.50	93.3%	(5,332.12)
Subsidiaries								
Foreign								
Niche Generics Limited.	0.1%	371.86	5.4%	(323.23)	2.9%	8.75	5.5%	(314.48)
Unichem SA Pty Ltd.	0.0%	77.23	-1.2%	73.95	-3.4%	(10.24)	-1.1%	63.71
Unichem Farmaceutica Do Brasil Ltda	-0.3%	(734.10)	15.3%	(923.07)	45.7%	139.79	13.7%	(783.28)
Unichem Pharmaceuticals (USA) Inc .	3.1%	7,741.16	-25.9%	1,553.60	197.7%	603.90	-37.8%	2,157.50
Unichem Laboratories Limited. (Incorporated in Ireland)	-0.3%	(867.39)	8.1%	(485.18)	-16.6%	(50.59)	9.4%	(535.77)
Unichem (China) Pvt. Ltd.	0.0%	60.75	1.4%	(83.91)	0.3%	0.94	1.5%	(82.97)
Associate								-
Synchron Research Pvt. Ltd.	0.1%	207.28	-1.4%	81.27	0.0%	-	-1.4%	81.27
Consolidation Adjustments	-7.3%	(18,440.00)	4.7%	(280.06)	-224.6%	(686.41)	16.9%	(966.47)
Total	**100%**	**2,53,135.17**	**100%**	**(6,018.25)**	**100%**	**305.64**	**100%**	**(5,712.61)**

Note:
1. The amounts given in the table above are from the annual accounts made for the financial year ended 31st March, 2020 for each of the companies.
2. The Indian rupee equivalents of the figures given in foreign currencies in the accounts of the subsidiary companies, have been given based on the exchange rates as on 31st March, 2020.

53 Previous year regrouping in respect of subsidiary accounts

(a) Certain selling expenses of ₹ 10,690.84 lakhs have been regrouped and reduced from revenue from operations

(b) Investment in liquid funds of ₹ 529.85 lakhs have been regrouped from other bank balances to cash & cash equivalents.

As per our report of even date attached
For N. A. Shah Associates LLP
Chartered Accountants
Firm's Registration No.: 116560W/W100149

For and on behalf of the Board of Directors

Milan Mody
Partner
Membership No.: 103286

Place: Mumbai
Date: 29th May, 2021

Sandip Ghume
Deputy Chief
Financial Officer
Mumbai

Pradeep Bhandari
Head - Legal &
Company Secretary
Mumbai

Dr. Prakash A. Mody
Chairman &
Managing Director
DIN.: 00001285
Mumbai

Dilip Kunkolienkar
Director - Technical
DIN.: 02666678
Panaji - Goa

Notes

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