

## DIRECTORS' REPORT

Your directors are pleased to present forty-seventh report and audited financial statements of the Company for the financial year ended on March 31, 2023.

### 1. FINANCIAL HIGHLIGHTS

The following are the highlights of financial performance of the Company during the year under review.

(Rs. in lakhs)

	Standalone		Consolidated	
	2022-23	2021-22	2022-23	2021-22
Revenue	<b>285,542.14</b>	216,239.43	<b>312,091.06</b>	239,761.56
Other Operating revenue	<b>2,874.27</b>	2,748.20	<b>2,837.22</b>	2,662.82
Total Operating revenue	<b>288,416.41</b>	218,987.63	<b>314,928.28</b>	242,424.38
Other Income	<b>864.69</b>	3,861.38	<b>994.01</b>	3,922.63
Total Income	<b>289,281.10</b>	222,849.01	<b>315,922.29</b>	246,347.01
Profit before finance cost and depreciation	<b>67,334.10</b>	54,752.35	<b>70,569.26</b>	58,268.24
Less: Finance cost	<b>3,430.93</b>	494.87	<b>3,605.31</b>	512.05
Less: Depreciation & Amortisation expense	<b>11,199.28</b>	7,128.21	<b>11,440.69</b>	7,265.99
Profit before tax	<b>52,703.89</b>	47,129.27	<b>55,523.26</b>	50,490.20
Tax Expense (Net)	<b>13,815.22</b>	11,029.06	<b>14,522.73</b>	11,886.31
Net Profit after tax	<b>38,888.67</b>	36,100.21	<b>41,000.53</b>	38,603.89
Other Comprehensive Income/(Loss)	<b>(40.24)</b>	106.59	<b>(1,358.04)</b>	400.60
Total Comprehensive Income after tax	<b>38,848.43</b>	36,206.80	<b>39,642.49</b>	39,004.49
Earnings per share of Rs.2 (in Rs.)				
- Basic	<b>50.29</b>	46.71	<b>53.00</b>	49.86
- Diluted	<b>49.69</b>	46.67	<b>52.34</b>	49.82

### 2. DIVIDEND

Your directors recommend a final dividend of Rs. 9.25 (462.50%) per equity share of face value of Rs. 2, payment whereof will be subject to deduction of tax at source. During the year, Board of Directors declared interim dividend of Rs. 8.50 (425%) per equity share, which was paid on March 1, 2023. The final dividend, if declared, together with interim dividend already paid would result in total outgo of Rs. 13,737 lakhs. The Board has not proposed any transfer out of profit for the financial year to reserves in relation to these dividend payments. The Company

paid interim dividend of Rs. 8.50 (425%) and final dividend of Rs. 8 (400%) per equity share in the previous year.

### **3. OPERATIONS/STATE OF AFFAIRS**

The Company's strong performance and sales momentum continued throughout the year, with the Company achieving Rs. 3,000 crores milestone in terms of revenue. Revenue stood at Rs. 314,928 lakhs as compared to Rs. 242,424 lakhs registering a growth of 30%. The domestic business continued its strong performance growing at 38% driven by organic and inorganic growth while the international business recorded a growth of 22%.

Total standalone revenue during the year at Rs. 288,416 lakhs was 32% higher over the previous year.

Domestic formulations business revenue was at Rs. 163,965 lakhs as compared to Rs. 118,827 lakhs for the previous financial year registering a growth of 38%. The business continued to retain its position as the fastest growing company in Indian Pharmaceuticals Market amongst the top 25. This outperformance is mainly attributed to factors such as – the 5 pillar brands driving market-beating growth, increasing contribution from Chronic Therapies, improved field-force productivity, acceleration in new launches and acquisitions. Consequently, we witnessed further rank improvement in our IPM ranking to 24. As per IQVIA MAT March'23 data, the Company grew at 22% vs market growth of 8%. Its main brands continued their market-beating performance and remained well above market growth rates. The Company now has 6 brands in the IQVIA top 300 brands list with Azmarda being the new entrant ranking at 261.

The international business revenue (including API) was Rs. 150,963 lakhs for FY23 vs Rs. 123,597 lakhs for FY22 recording a growth of 22%. International business delivered a good performance against the odds of challenging and volatile market. The CMO business grew at 60% to record Rs. 40,578 lakhs of revenue in the financial year. Exports formulation business revenue stood at Rs. 101,026 lakhs growing at 13% over the previous year with both Russia and South Africa business registering growth. The API sales at Rs. 9,359 lakhs achieved a growth of ~3% over the previous year.

The cost environment continued to remain challenging but stabilised by the second half of the year. Raw materials costs and packing materials costs remained at elevated levels throughout the year. Logistics costs tapered down in the second half of the financial year. High inflationary environment and lower Azmarda margins, impacted the overall gross margins. However, towards the fourth quarter we could see some normalisation of gross margins. Reported

EBIDTA was Rs. 69,575 lakhs (previous year Rs. 54,346 lakhs). Operating EBIDTA (after adjusting non-cash ESOP costs) was Rs. 76,513 lakhs (previous year Rs. 60,611 lakhs).

Profit Before Tax was at Rs. 55,523 lakhs as compared to Rs. 50,490 lakhs, growing at 10%. Profit After Tax was at Rs. 41,001 lakhs as compared to Rs. 38,604 lakhs. PAT and PBT growth was impacted due to higher finance costs, depreciation and lower treasury income.

#### **4. ACQUISITIONS**

During the year, the Company made three acquisitions starting with the acquisition of the brand Azmarda (Sacubitril-Valsartan) which expanded Company's cardiac portfolio to now include heart failure. Sacubitril-Valsartan is one of the fastest growing molecules in the cardiology segment for the last few years and Azmarda has a sizeable market share in the segment. The second acquisition was the pediatric portfolio which included 4 brands: Z&D, Pecef, Pedicloryl and Ezinapi, all of which complement JB Pharma's existing pedia portfolio. These brands have helped the Pedia division leverage its Go-to-Market strategy and strengthened its positioning in the overall gut health for children. The latest acquisition was the Rosuvastatin brand Razel and its other combinations. Razel is the 10<sup>th</sup> largest brand in the Rosuvastatin molecule category (as per IQVIA MAT Oct'22 data). This acquisition ensures JB Pharma's presence in the largest category of cardiology i.e. statins while further complementing its strong cardiology portfolio.

#### **5. RESPONSIBILITY STATEMENT**

The Directors confirm:

- (i) that in the preparation of the annual accounts for the year under review, the applicable accounting standards have been followed;
- (ii) that they have selected appropriate accounting policies and applied them 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 at the end of financial year 2022-23 and of profit of the Company for that year;
- (iii) that they have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- (iv) that they have prepared the annual accounts for the year ended on March 31, 2023 on a going concern basis;
- (v) that they have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (vi) that they have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **6. SUBSIDIARIES**

The highlights of performance of the subsidiary companies in Rupee terms for the year 2022-23 is presented in Schedule-A. After inter-company adjustments, subsidiary companies contributed Rs. 26,512 lakhs to consolidated revenue and Rs. 2,819 lakhs to consolidated profit before tax of the Company.

Revenues for Biotech Laboratories (Pty.) Ltd., South Africa, for the financial year 2022-23 were Rand 647.64 million, which represents growth of 12.31% over the previous year, while its operating profit and profit after tax at Rand 47.54 million and Rand 37.13 million were 22.65% and 30.17% higher over the previous year respectively. Sales of LLC Unique Pharmaceutical Laboratories, Russia, for the financial year 2022-23, at Rouble 794.39 million were 8.14% higher over the previous year, while it incurred net loss of Rouble 2.58 million against profit of Rouble 26.96 million in the previous year. Unique Pharmaceutical Laboratories FZE, Dubai is presently not engaged in any business activity and incurred loss of AED 0.71 million due to operating and other expenses.

## **7. CORPORATE GOVERNANCE AND COMPLIANCES**

A certificate from practising company secretary on compliance with conditions of corporate governance is annexed to this Board's report. Management Discussion and Analysis Report, Compliance report on Corporate Governance, Business Responsibility and Sustainability Report and Dividend Distribution Policy form part of this annual report.

## **8. PUBLIC DEPOSITS**

The Company has not accepted any deposit covered under Chapter V of the Companies Act, 2013 during the year. All the public deposits accepted prior to the commencement of the said Act have been repaid in 2014-15.

## **9. DIRECTORS AND KEY MANAGERIAL PERSONNEL**

The members of the Company at annual general meeting held on August 24, 2022 re-appointed Mr. Prashant Kumar, who was retiring by rotation.

In accordance with provisions of the Companies Act, 2013, Mr. Gaurav Trehan would retire by rotation at the ensuing annual general meeting. Being eligible, he has offered himself for re-appointment.

In the opinion of the Board of Directors, Mr. Ranjit Shahani, Mr. Sumit Bose and Ms. Padmini Khare Kaicker, independent directors, are persons of integrity and they all possess relevant expertise and experience necessary for effective functioning of the Company. These independent directors have given declarations to the Board that they meet the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 as well as in Regulation 16 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. They have also confirmed that they have registered with the Indian Institute of Corporate Affairs to include their names in the databank of independent directors. However, in terms of Companies (Appointment and Qualification of Directors) Rules, 2014, as amended, these independent directors are not required to pass an online proficiency self-assessment test conducted by the said Institute notified under sub-section (1) of section 150 of the Companies Act, 2013.

Nine meetings of the Board of Directors were held during the financial year ended on March 31, 2023. These meetings were held on April 1, 2022, May 26, 2022, June 29, 2022, July 22, 2022, August 4, 2022, November 11, 2022, December 13, 2022, February 8, 2023 and March 29, 2023.

## **10. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

The Company's policy on directors' appointment is set out in Schedule-B. The salient features of the Company's policy on remuneration for the directors, key managerial personnel and other employees is set out in Schedule-C. The said Policy including criteria for determining qualifications, positive attributes and independence of a director has been posted on the Company's website [www.jbpharma.com](http://www.jbpharma.com).

## **11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The particulars as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 are given in Schedule-D.

## **12. CORPORATE SOCIAL RESPONSIBILITY**

Corporate Social Responsibility (CSR) Committee of the Board consists of Mr. Ranjit Shahani, Mr. Sumit Bose, Mr. Nikhil Chopra and Mr. Prashant Kumar. The salient features of the CSR Policy of the Company and the annual report on CSR in the prescribed form are set out in Schedule-E. The CSR Policy and annual report on CSR are posted on the Company's website [www.jbpharma.com](http://www.jbpharma.com).

The Company spent Rs. 819.36 lakhs on CSR activities (Rs. 779.36 lakhs on CSR activities and Rs. 40.00 lakhs on administrative overheads for general management and administration of CSR function) during financial year 2022-23 as against obligation of Rs. 815.10 lakhs being 2% of the average net profits of the Company made during three immediately preceding financial years.

## **13. AUDIT COMMITTEE AND VIGILANCE MECHANISM**

The Board has constituted Audit Committee that consists of Ms. Padmini Khare Kaicker, Chairperson, Mr. Ranjit Shahani, Mr. Sumit Bose and Mr. Prashant Kumar. There has been no instance of non-acceptance of recommendation of Audit Committee by the Board.

The Board of Directors has adopted revised vigil mechanism in the form of Whistle Blower Policy to enable directors, employees and other stakeholders to make Protected Disclosures (as defined in the Policy) in relation to Alleged Wrongful Conduct (as defined in the Policy) to the Redressal Committee for evaluation and investigation in consultation with the Audit Committee. The Company has posted the Whistle Blower Policy and the associated Complaint Response Plan Policy on its website [www.jbpharma.com](http://www.jbpharma.com).

## **14. ANNUAL PERFORMANCE EVALUATION**

The Board of Directors carried out formal annual evaluation of performance of the Board, its Committees and individual directors during 2022-23 in accordance with the manner specified by the Nomination and Remuneration Committee (NRC) and using evaluation criteria recommended by the NRC and approved by the Board. The performance evaluation was carried out in the following manner, being manner recommended by the NRC.

Evaluation of performance of the Board: Members of the Board evaluated the Board on the given criteria on scale of 1 to 4 (4 being highest). The aggregate of simple average of rating assigned by each Board member was further averaged to ascertain Board's performance.

Evaluation of performance of the Board Committees: Members of the concerned committee evaluated performance of the committee on the given criteria on scale of 1 to 4. Aggregate of

simple average of rating assigned by members was further averaged to ascertain performance of the concerned committee.

Evaluation of performance of Individual Director: Board members (excluding director being evaluated) evaluated performance of all other Board members on the given criteria on scale of 1 to 4. Aggregate of simple average of rating assigned to each Board member was further averaged to ascertain performance of such director.

## **15. CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

Form AOC-2 prescribed under Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014 provides for disclosure of (a) details of contracts or arrangements or transactions not at arm's length basis, and (b) details of material contracts or arrangement or transactions at arm's length basis.

All the transactions entered into by the Company with the related parties during the year were pursuant to the contract or arrangement approved by the Audit Committee and the Board of Directors. The transactions so entered into were in the ordinary course of business of the Company and on arm's length basis. The contract or arrangement or transactions were neither material in terms of the Policy on materiality of related party transactions adopted by the Company nor it exceeded the threshold limit prescribed pursuant to first proviso to Section 188(1) of the Companies Act, 2013. Accordingly, the disclosure of related party transactions in Form AOC-2 is not applicable. However, disclosure on related party transactions as per IND AS-24 has been provided under Note No. 45 of the standalone financial statements and Note No. 43 of the consolidated financial statements.

## **16. PARTICULARS OF EMPLOYEES AND OTHER REMUNERATION RELATED DISCLOSURES**

The remuneration related and other disclosure required in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, are given in Schedule-F.

A statement showing name and other particulars of the employees in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended, is given in Schedule-G.

## **17. EMPLOYEE STOCK OPTION SCHEME**

"JBCPL Employee Stock Option Scheme 2021" ("Scheme") was approved by the shareholders on July 31, 2021. The Compensation Committee of the Board administers the Scheme and granted

time based options and performance based options to eligible employees and director(s) of the Company and its subsidiary companies with a view to achieve overall growth objective. The Scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (under the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021) and there has been no change in the Scheme since the shareholders' approval date.

Disclosure of details of the Scheme as required under (a) Regulation 14 of the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 are posted on the Company's website [www.ibpharma.com](http://www.ibpharma.com) and web link thereto is <https://ibpharma.com/download/esop-disclosure-for-the-year-ended-31-03-2023/?wpdmdl=7953&refresh=6493e84a349c41687414858> and (b) the Companies (Share Capital and Debentures) Rules, 2014, is set out in Schedule-H to this report.

## **18. RISK MANAGEMENT**

The Board of Directors has developed and implemented risk management policy for the Company. Pursuant to the Listing Regulations, the Board has constituted Risk Management Committee and delegated monitoring and review of the risk management plan to the Committee. Committee periodically reviews the status of mitigation measures taken in respect of risk management plan and reports the progress thereof and new risks identified to the Board and Audit Committee. Board at present does not perceive any element of risk, which may threaten existence of the Company.

## **19. INTERNAL FINANCIAL CONTROLS**

The Board has adopted internal financial controls encompassing policies and procedures for ensuring orderly and efficient conduct of business, including adherence to Company's policies, safeguarding the Company's assets, prevention and detection of fraud and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information. The specific internal financial controls with reference to financial statements include internal audit of important activities and processes relating to preparation of financial statements, adoption of well-defined standard operating procedure for business transactions and compliance relating thereto, use of ERP for accuracy and control, review of periodically prepared financial statements with an objective to ensure that financial statements present true and fair view and are sufficient/credible and in compliance with legal and regulatory requirements. The Board has appointed Ernst & Young LLP as internal auditor to periodically audit systems and controls in all key areas of operations to ascertain effective functioning of internal controls including internal financial controls. In the opinion of the Board, the Company has adequate internal controls with reference to the financial statements.

Neither management of the Company has come across any instance of fraud during the year 2022-23 nor the auditors of the Company have reported any such instance to the Audit Committee.

## **20. LOANS, GUARANTEES AND INVESTMENTS**

During the year, the Company has not given any loan or made any investment attracting the provisions of Section 186 of the Companies Act, 2013. The particulars of guarantees given pursuant to Section 134(3)(g) of the Companies Act, 2013 during the year and outstanding as at the year-end are given in Annexure-I.

## **21. COST RECORDS**

The Company is required to maintain cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and such accounts and records are duly made and maintained by the Company. The Company is further required to get such cost records audited by a cost auditor in accordance with the Companies (Cost Records and Audit) Rules, 2014 and furnish cost audit report received from the cost auditor to the Central Government within the prescribed time. The Company is in compliance with these provisions.

## **22. SECRETARIAL AUDIT REPORT**

Ashish Bhatt & Associates, Practising Company Secretaries, Secretarial Auditor of the Company, carried out secretarial audit for the financial year 2022-23 as provided under Section 204 of the Companies Act, 2013 and rules made there under. The secretarial audit report given by the said auditor is annexed to this report as Schedule-J.

## **23. AUDITORS**

The members at annual general meeting held on September 9, 2021 has appointed Deloitte Haskins & Sells LLP, (having firm registration no. 117366W/W-100018) as statutory auditors of the Company until conclusion of the 49<sup>th</sup> annual general meeting of the Company at such remuneration as may be agreed by the Board of Directors with the auditors.

## **24. ESG (ENVIRONMENT, SOCIAL & GOVERNANCE)**

We stand firmly by our commitment towards instituting a sustainable business strategy to positively impact the environment and society while also catering to our shareholders.

Our Company's growth is not limited to economic performance but also our environmental and social performance.

Our philosophy is to conduct business in a socially, environmentally, and ethically responsible manner with a defined approach towards environmental protection, natural resource conservation, and cost efficiency in order to ensure the safety & health protection of our employees, communities, and the planet at large.

This year we published our maiden Sustainability report which is a testament to our unwavering commitment to creating a positive impact across various facets of Environment, Social, and Governance (ESG). This report has been prepared in accordance with the GRI Standards: Core option United Nations Sustainable Development Goals (UN SDGs).

In this endeavour, we conducted a comprehensive analysis to understand areas which can be improved to propel our sustainability agenda forward. It entailed enhancing our processes, systems, and policies that nurture an equitable, environmentally conscious, and gender sensitive culture. We also conducted an extensive stakeholder engagement exercise this year to take into consideration their perspective which helped us to gauge their ESG expectations as well as identify the key priority areas for the business to focus on.

The materiality assessment, based on the engagement, formed the foundation of our maiden Sustainability Report.

As we move forward, the Company remains committed towards reducing the environmental burden, generating more clean energy and decreasing CO2 emissions in absolute or as a percentage of units produced and continue its efforts towards social transformation as we address patients' needs with utmost importance and ensure accessibility and affordability of healthcare for all.

## **25. OTHER DISCLOSURES AND CONFIRMATIONS**

Board has to make further disclosures and provide confirmations, as required, as under:

- The Company has placed annual return referred to in sub-section (3) of section 92 on its website [www.jbpharma.com](http://www.jbpharma.com).
- No regulator or court or tribunal has passed, during the year, any significant or material order affecting the going concern status and Company's operations in future.
- The Company has complied with applicable Secretarial Standards specified by the Institute of Company Secretaries of India and approved by the Central Government under Section 118(10) of the Companies Act, 2013.

- The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

## 26. HEALTH AND SAFETY

The Company continues to accord high priority to health and safety of employees and workmen at all manufacturing locations. Annual medical check-up of all employees at all sites was carried out. The Company also conducted safety training programmes and mock-drills for increasing disaster preparedness and creating awareness among all employees at the plants. There was no casualty at any site during the year.

For and on behalf of the Board of Directors

  
Ranjit Shahani  
Chairman

Place: Mumbai

Date: May 24, 2023

**Schedule-A**

**Highlights of performance of the subsidiary companies for the year ended on March 31, 2023**

(Rs. in lakhs)

<b>Particulars</b>	<b>LLC Unique Pharmaceutical Laboratories, Russia</b>	<b>Biotech Laboratories (Pty.) Ltd., South Africa</b>	<b>Unique Pharmaceutical Laboratories FZE, Dubai</b>
Sales	9,802.79	30,685.16	-
Other operating income	1,905.21	141.09	102.85
Other income	9.85	123.47	-
Total income	11,717.85	30,949.72	102.85
Profit before tax	<b>12.67</b>	<b>2,362.60</b>	<b>(155.63)</b>
Provision for current tax	73.58	522.49	-
Deferred tax charge/(credit)	(28.99)	80.73	-
Earlier year tax	-	-	-
Profit/(Loss) after tax	<b>(31.93)</b>	<b>1,759.38</b>	<b>(155.63)</b>

**For and on behalf of the Board of Directors**



**Ranjit Shahani**  
Chairman

Place: Mumbai

Date: May 24, 2023

## **Schedule—B**

### **Company's Policy on directors' appointment**

#### **Policy Statement:**

The following shall be followed/kept in view, to the extent possible and practicable while selecting any person for a position of a director of the Company.

(a) The appointment of any director should be such as to help maintain/achieve diversity of thought, experience, knowledge, perspective and gender in the Board of Directors.

(b) A candidate proposed for appointment as a director should be a person of integrity.

(c) A candidate proposed for appointment as independent director shall:

(i) be independent of management;

(ii) shall possess appropriate skills, experience and knowledge in fields such as finance and financial advisory, law, management, sales, marketing, administration, corporate governance, taxation, regulatory affairs, drugs and medicine, technical operations and any other discipline related to the Company's business;

(iii) be such that brings in appropriate balance of skills, experience and knowledge in the Board of Directors;

(iv) be willing to devote time for the affairs and activities of the Board and its Committee(s) and otherwise to enable the Board of Directors to discharge its functions and duties effectively; and

(v) satisfy criteria of independence as mentioned in the Companies Act, 2013 and the Listing Agreement from time to time.

(d) For independent directors, requisite professional qualification in the area of expertise is preferred. However, experience and expertise in a given field should be determining factor.

(e) A candidate proposed for position of executive director may be from the promoter group or outside. Such candidate should have enough experience or potentially fit for the executive responsibilities.

Observance of the Policy: Besides the Board of Directors, this Policy will also be followed by the Nomination and Remuneration Committee.

**For and on behalf of the Board of Directors**

  
**Ranjit Shahani**  
Chairman

Place: Mumbai  
Date: May 24, 2023

## Schedule– C

### **Salient features of Company's policy on remuneration for the directors, key managerial personnel and other employees**

- The objective of remuneration for executives and employees is to focus on achieving objectives and improving performance, to motivate and retain them and to be able to attract qualified, talented and competent executives and employees to the Company.
- The Nomination and Remuneration Committee (“Committee”) shall endeavour to fix the base salaries (fixed salaries) for executive directors keeping in view practices prevailing in the industry and also variety of other factors such as experience, past performance, scope of responsibilities and complexity of functions. The annual increments in their base salaries shall be determined keeping in view performance of the Company and shall also reflect appropriate performance benchmarks.
- Non-Executive directors shall be entitled to receive remuneration by way of fee for attending meetings of the Board of Directors and Committee(s) thereof or any other purpose whatsoever as may be decided by the Board from time to time within the maximum limit prescribed under the Rules made under the Companies Act. Subject to the provisions of the Act, Non-Executive directors may also receive profit related commission as may be decided by the Board.
- The Committee shall endeavour to fix the base salaries (fixed salaries) for Key Managerial Personnel (KMP) and Senior Management Personnel (SMP) at the time of appointment keeping in view practices prevailing in the industry and also variety of other factors such as qualifications, experience, scope of responsibilities, complexity of functions and geographical area. The annual increments in the base salaries of KMP and SMP shall be determined by the Company management keeping in view performance of the Company and performance of the employees.
- The Company management shall endeavour to fix the base salaries (fixed salaries) for other employees keeping in view qualifications, experience, scope of responsibilities, complexity of functions, geographical location and practices prevailing in the industry. The Company management shall also evaluate and explore for other employees in general or employees in any specific department or function an element of variable pay in the form of incentive, bonus etc. keeping in view short term and long term objectives of the Company. The Company management shall determine annual increments of other employees based on performance of employees, performance of the Company and practices prevailing in the industry.

- While fixing the remuneration, the Committee shall ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, KMP and SMP of the quality required to run the Company successfully. Further, the Committee or the Company management, as the case may be, shall endeavour to ensure that the remuneration and/or annual increment determined is affordable to the Company and competitive with due consideration to industry trends and the Company's own position, consistently followed practices.

**For and on behalf of the Board of Directors**

Place : Mumbai  
Date: May 24, 2023

  
**Ranjit Shahani**  
**Chairman**

## Schedule–D

### Conservation of energy, technology absorption, foreign exchange earnings and outgo

#### (A) Conservation of energy:

- (i) **Steps taken or impact on conservation of energy:** The Company regularly takes measures for conservation of energy and thereby contain the rising energy cost. During the year, the Company (A) at Panoli & Ankleshwar unit(s) (i) installed high efficiency water cooled chillers (ii) installation of 35 HP air compressor for night hours and holidays/ Week off run (iii) optimised operation of air compressors by reducing operating pressure (iv) installation of auto tube cleaning system for TR chillers at Panoli (v) Installation of condensate recovery unit and recovered high temperature (above 50 deg. C) condensate and optimised steam to fuel ration, and (B) at Daman unit (i) installed new heat pumps of 320 TR for hot water generation, thereby reducing the fuel consumption in boilers (ii) continued replacement of conventional lights by LED lights (iii) continued installation of high efficiency motors in AHUs, and (iv) usage of PNG in boilers.
- (ii) **The steps taken by the Company for utilising alternate sources of energy:** The Company had installed 200 KVA solar power plant at Daman Unit, and uses electricity generated through wind & solar hybrid power to replace use of conventional energy at Panoli/Ankleshwar units.
- (iii) **The capital investment on energy conservation equipment:** During the year, the Company made capital investment on energy conservation equipment of about Rs. 136 lakhs at Panoli unit and Rs. 278 lakhs at Daman unit.

#### (B) Technology absorption:

- (i) **Efforts made towards technology absorption:** The Company continued efforts for absorption of certain technologies developed in-house in relation to development of pharmaceutical formulations, drug delivery system and API. These technologies were absorbed in development of new formulations for developed markets and manufacture of validation batches, exhibit batches, scale up batches and commercialisation therefor. These technologies have been absorbed with the effort of in-house R&D.
- (ii) **The benefits derived like product improvement, cost reduction, product development or import substitution:** The Company derived the following benefits as a result of technology absorption:

- Receipt of regulatory approvals for new products
  - Development of cost effective manufacturing process
  - Reduction in cost of materials and production
  - Improvement in product yield and quality
  - Production and commercialisation of preservative free lozenges
- (iii) The Company has not imported any technology during last 3 financial years.
- (iv) The expenditure incurred on Research and Development during the year is as under:

(Rs. in lakhs)	
(a) Capital	1,318.60
(b) Revenue	3,558.30
(c) Total	4,876.90

**(C) Foreign exchange earnings and outgo:**

The foreign exchange earned in terms of actual inflows during the year was Rs. 127,841.55 lakhs, while foreign exchange outgo in terms of actual outflows was Rs. 54,999.09 lakhs.

For and on behalf of the Board of Directors

  
**Ranjit Shahani**  
 Chairman

Place: Mumbai  
 Date: May 24, 2023

## Schedule-E

### Annual Report on CSR

[pursuant to Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 as amended]

### Annual Report on CSR Activities for financial year ended on March 31, 2023

1. Brief outline on CSR Policy of the Company:

Corporate Social Responsibility (“CSR”) is company’s sense of responsibility towards the society and the environment in which it operates and the Company has imbibed this philosophy in its CSR Policy to comply with stated requirements of the Companies Act, 2013 (“Act”) and the Rules. The objective of Company’s CSR Policy is to strive to create and/or encourage, directly or indirectly, a positive impact on the society at large through CSR activities or projects undertaken by the Company. CSR Policy of the Company specifies activities to be undertaken by the Company, from time to time, in terms of Schedule VII to the Act, criteria for implementing CSR activity/projects through not-for profit organizations, modalities for execution of such activities/projects and implementation schedule.

The Company shall undertake any CSR activity covered under Schedule VII to the Act from time to time and in line with the Company’s commitment to conduct its business in a socially, environmentally and ethically responsible manner; and contribute to the society and the environment in which it operates. The CSR Committee may decide to undertake CSR activities in areas such as healthcare, education, environment or any other area that the CSR Committee deems fit and is covered under Schedule VII to the Act. The CSR activity shall be carried out by the Company directly or through permitted partnering organization holding unique CSR registration number and recommended by the CSR Committee.

CSR Committee is, *inter alia*, responsible for formulating and recommending to the Board an annual action plan of CSR activities, identifying and recommending possible implementation platforms and formulating transparent monitoring mechanism to ensure effective implementation of the CSR activities/projects undertaken by the Company. While the Board is, *inter alia*, responsible for approval and overall monitoring of CSR expenditure and ensuring that the Company spends, in every financial year, at least 2% of the average net profits made during the immediately preceding three financial years, in pursuance of CSR Policy.

2. Composition of CSR Committee:

Sr. No.	Name of Director	Designation / Nature of Directorship	*Number of meetings of CSR Committee held during the year	*Number of meetings of CSR Committee attended during the year
1	Mr. Ranjit Shahani	Chairman, Independent Director	1	1
2	Mr. Sumit Bose	Member, Independent Director	1	1
3	Mr. Prashant Kumar	Member, Non-Executive Director	1	1
4	Mr. Nikhil Chopra	Member, Non-Executive Director	1	1

\*During financial year 2022-23, one meeting of CSR Committee was held on May 25, 2022.

3. Provide the web-link(s) 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 CSR Committee is disclosed at <https://jbpharma.com/download/composition-of-csr-committee/?wpdmdl=5079&refresh=6453e225b35141683218981>, CSR Policy is disclosed at <https://jbpharma.com/download/corporate-social-responsibility-policy/?wpdmdl=5487&refresh=6453e233cdc1a1683218995> and CSR Projects approved by the Board is disclosed at <https://jbpharma.com/download/csr-projects-fy-2022-23/?wpdmdl=7782&refresh=6453e2259e34d1683218981>.

4. Provide the executive summary along with web-link(s) of Impact Assessment of CSR Projects carried out in pursuance of sub-rule (3) of rule 8, if applicable: Not Applicable

5. (a) Average net profit of the company as per sub-section (5) of section 135: Rs. 40,755.06 lakhs
- (b) Two percent of average net profit of the company as per sub-section (5) of section 135.: Rs.815.10 lakhs
- (c) Surplus arising out of the CSR Projects or programmes or activities of the previous financial years: Nil
- (d) Amount required to be set-off for the Financial Year, if any: Nil
- (e) Total CSR obligation for the Financial Year [(b)+(c)-(d)]: Rs. 815.10 lakhs

6. (a) Amount spent on CSR Projects: Rs. 779.36 lakhs
- (b) Amount spent in Administrative Overheads: Rs. 40 lakhs
- (c) Amount spent on Impact Assessment, if applicable: Nil
- (d) Total amount spent for the Financial Year [(a)+(b)+(c)].: Rs. 819.36 lakhs
- (e) CSR amount spent or unspent for the Financial Year: Nil

Total Amount spent for the Financial Year (Rs. in lakhs)	Amount Unspent (Rs. in lakhs)				
	Total amount transferred to Unspent CSR Account as per sub-section (6) of section 135		Amount transferred to any fund specified under Schedule VII as per second proviso to sub-section (5) of section 135		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
819.36	NA	NA	NA	NA	NA

(f) Excess amount for set-off, if any:

Sr. No.	Particulars	Amount (Rs. in lakhs)
(1)	(2)	(3)
(i)	Two percent of average net profit of the company as per sub-section (5) of section 135	815.10
(ii)	Total amount spent for the Financial Year	819.36
(iii)	Excess amount spent for the Financial Year [(ii)-(i)]	4.26
(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)]	4.26

7. Details of Unspent Corporate Social Responsibility amount for the preceding three Financial Years:

1	2	3	4	5	6		7	8
Sr. No.	Preceding Financial Year(s)	Amount transferred to Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Balance Amount in Unspent CSR Account under sub-section (6) of section 135 (in Rs.)	Amount Spent in the Financial Year (in Rs.)	Amount transferred to a Fund as specified under Schedule VII as per second proviso to sub-section (5) of section 135, if any		Amount remaining to be spent in succeeding Financial Years (in Rs.)	Deficiency, if any
					Amount (in Rs.)	Date of Transfer		
1	2021-22	NA	NA	NA	NA	NA	NA	NA
2	2020-21	NA	NA	NA	NA	NA	NA	NA
3	2019-20	NA	NA	NA	NA	NA	NA	NA

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year: No

If Yes, enter the number of Capital Assets created / acquired

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

Sr. No.	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property or asset(s)	Date of creation	Amount of CSR amount spent	Details of entity / Authority / beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
(1)	(2)	(3)	(4)	(5)	(6)		
NA							

(All the fields should be captured as appearing in the revenue record, flat no., house no., Municipal Office/Municipal Corporation/Gram Panchayat are to be specified and also the area of the immovable property as well as boundaries)

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of section 135.: Not Applicable

**For and on behalf of Board of Directors**



**Nikhil Chopra**

**Chief Executive Officer & Whole-Time Director**

Place: Mumbai  
Date: May 24, 2023



**Ranjit Shahani**

**Chairman - CSR Committee**

Place: Mumbai  
Date: May 24, 2023

### Schedule-F

Disclosure pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

(i) The ratio of the remuneration of executive director to the median remuneration of the employees of the Company

Name	Designation	Remuneration for 2022-23 (Rs. in lakhs)	% increase in remuneration of 2022-23	Ratio of remuneration paid in 2022-23 to median remuneration
Mr. Nikhil Chopra*	Chief Executive Officer and Whole-Time Director	654.48	10.21%	158:1

\* excludes provision towards gratuity & leave encashment and value of stock options granted under the Employee Stock Options Scheme of the Company. The amount of perquisite for stock options exercised during the year is Rs. 501.25 lakhs.

(ii) The non-executive directors were paid sitting fees during the year for attending meetings of the Board and Committees thereof. Further, Board has approved payment of profit related commission to independent directors for financial year 2022-23. The principles governing increase in the remuneration of executive directors and increase in sitting fees and commission payable to non-executive directors, as per the Company's remuneration policy, are different. Further, the amount of sitting fees received by a non-executive director depends on (a) amount of sitting fee fixed by the Board for meetings of the Board and a particular Committee, and (b) number of meetings of the Board and Committee(s) thereof attended by such director, while payment of commission to non-executive directors is determined based on performance of the concerned director and performance of the Company. The information with regard to sitting fees paid and profit related commission payable for financial year 2022-23 is given here below:

Name of independent/non-executive director	Sitting fees paid during 2022-23 (Rs. in lakhs)	Sitting fees paid during 2021-22 (Rs. in lakhs)	% increase in 2022-23 over 2021-22 <sup>1</sup>	Ratio of sitting fee paid during 2022-23 to median remuneration <sup>1</sup>
Mr. Ranjit Shahani	17.00	25.00	(32.00)	4:1

Mr. Sumit Bose	21.00	30.00	(30.00)	5:1
Ms. Padmini Khare Kaicker	19.00	24.00	(20.83)	5:1

<sup>1</sup>Percentage increase in sitting fee and ratio of sitting fee to median remuneration would vary due to factors such as date of appointment, number of meetings held and attended during the year and number of committee positions held.

Name of independent director	Commission payable for 2022-23 (Rs. in lakhs)	Commission paid for 2021-22 (Rs. in lakhs)	% increase in 2022-23 over 2021-22 <sup>1</sup>	Ratio of commission payable for 2022-23 to median remuneration
Mr. Ranjit Shahani	63.00	25.00	152	15:1
Mr. Sumit Bose	54.00	15.00	260	13:1
Ms. Padmini Khare Kaicker	56.00	21.00	167	13:1

<sup>1</sup>Percentage increase in commission and ratio of commission to median remuneration would vary due to factors such as date of appointment, performance of concerned director and performance of the Company.

**(iii) Increase in remuneration of Chief Financial Officer and Company Secretary:**

Chief Financial Officer and Company Secretary were appointed effective from October 4, 2021 and July 15, 2021 respectively. The increase in remuneration of Chief Financial Officer and Company Secretary during the year was 5% and 20% respectively on pro-rata basis.

**(iv)** The percentage increase in the median remuneration of the employees in the financial year was 14%.

**(v)** As on March 31, 2023, the Company had 5,095 permanent employees on its rolls.

**(vi) Average percentile increase already made in the salaries of employees other than 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:**

The average increase in the remuneration of employees (other than the managerial personnel) during 2022-23 was ~10% and average increase in the remuneration of

managerial personnel was also ~10%. The average increase in remuneration of managerial personnel was based on performance of the Company and the Remuneration Policy of the Company. There were no exceptional circumstances for increase in their remuneration.

(vii) It is affirmed that the remuneration of the directors and employees of the Company is as per Remuneration Policy of the Company.

For and on behalf of the Board of Directors

\*



Ranjit Shahani  
Chairman

Place: Mumbai

Date: May 24, 2023

## Schedule-G

Information as per Rule 5 (2) and 5 (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 for the year ended on March 31, 2023.

Statement of name of top ten employees in terms of remuneration drawn and name of every employee who was in receipt of remuneration of prescribed amount during the financial year.

(a) Name & age (years) (b) Designation (c) Gross remuneration received (Rs.) (d) Qualification(s) & experience (years) (e) Date of commencement of employment (f) Last employment held before joining the Company

### Employed for full year:

(a) Bang Parmeshwar (55) (b) Vice President-Works (c) 15,539,950 (d) M. Pharm, D.B.M. (29) (e) 28.08.2003 (f) Ankur Drugs & Pharma Ltd.-General Manager (a) Bendre Vikrant (46) (b) Assistant Vice President (c) 11,094,234 (d) MBA (23) (e) 18.02.2022 (f) Jubilant Generics Limited –Senior Director (a) Bharadwaj Sridhar (56) (b) Vice President-HR (c) 11,550,356 (d) MBA, PGDBA (32) (e) 15.09.2016 (f) Cadila Healthcare Limited- Vice President-HR (a) Chopra Nikhil (49) (b) Chief Executive Officer and Whole-Time Director (c) 65,448,000 (d) M.Sc (Chemistry) (26) (e) 5.10.2020 (f) Cipla Ltd.- CEO, India Business (a) Dhanani Bharat (54) (b) Vice President (Operation) (c) 15,855,448 (d) B. Pharm (29) (e) 12.10.2010 (f) Famycare Ltd.- General Manager (a) D'Souza Jason (48) (b) Vice President - Investor Relations (c) 14,333,840 (d) MBA Finance (28) (e) 23.02.2021 (f) Glenmark Pharmaceuticals Ltd.- Senior Vice President- Corporate Strategy & Investor Relations (a) Kataria Lakshay (44) (b) Chief Financial Officer (c) 26,226,033 (d) Chartered Accountant (21) (e) 04.10.2021 (f) Akzonobe India Limited- Chief Financial Officer (a) Khanna Kunal (42) (b) President – Operations (c) 23,540,613 (d) MBA / PGDM Marketing (17) (e) 31.08.2020 (f) Cipla Ltd.- Vice President- India Business (a) Rajhans Sujay (Dr.) (46) (b) President-R&D (c) 12,336,312 (d) M.Pharm, Ph.D. (19) (e) 30.03.2021 (f) Torrent Pharmaceuticals Limited- General Manager (a) Rathore Dilip Singh (46) (b) President- Domestic Business (c) 23,863,960 (d) M.Sc. (21) (e) 28.01.2021 (f) Cipla Limited- Sr. Vice President - India Business Marketing (a) Sachdev Bhushan (53) (b) Vice President-Supply Chain Management (c) 17,600,012 (d) Diploma in Mechanical Engineering, Graduate Diploma in Materials Management (25) (e) 13.06.2005 (f) Balsara Home Products Limited – Head Supply Chain & Projects (a) Singh P.K. (58) (b) President (Global Business) (c) 38,850,264 (d) M. Pharm (35) (e) 01.12.2001 (f) Cora Laboratories-General Manager (International Division).

### Employed for part of the year:

(a) Joshi M. D. (Dr.) (59) (b) President-Global Regulatory Management (c) 26,733,505 (d) M.Sc., Ph.D. (37) (e) 07.12.1989 (f) Adonis Labs Private Limited-Executive- Quality Assurance (a) Rathod Sandeep (45) (b) Vice President - Legal (c) 12,610,832 (d) LL.M (17) (e) 02.03.2021 (f) USV Private Limited- Vice President-Legal (a) Sachi Savya (60) (b) President (Domestic Business Unit) (c) 20,995,934 (d) LLB, Diploma in Business Management (36) (e) 17.02.2012 (f) Dr. Reddy's Laboratories Ltd.- Director-Marketing.

(a) Agarwal Anurag (45) (b) Vice President - Regulatory (c) 9,393,007 (d) MBA (19) (e) 16.05.2022 (f) Torrent Pharmaceuticals Limited- Vice President (a)^Ranvah Himanshu (38) (b) Vice President - Legal (c) 1,630,714 (d) LLM (16) (e) 14.02.2023 (f) Macleods Pharmaceuticals Limited- Vice President-Legal.  
^Appointed as Vice President-Legal effective from 01/03/2023.

Note: The amount of remuneration doesn't include value of provision towards Gratuity and leave encashment and value of stock options granted pursuant to the Employee Stock Option Scheme of the Company.

For and on behalf of the Board of Directors

  
Ranjit Shahani  
Chairman

Place: Mumbai  
Date: May 24, 2023

## Schedule-H

### Disclosure of details in respect of Company's Employee Stock Option Plan

Sr. No.	Particulars	Exercise price wise details	
(a)	Options granted:		
	Performance based options granted	1,137,901	450,860
	Time based options granted	758,601	563,321
	<b>Total options granted</b>	<b>1,896,502</b>	<b>1,014,181</b>
(b)	Options vested	303,440	128,056
(c)	Options exercised	65,400	30,087
(d)	Total number of shares arising as a result of exercise of option	65,400	30,087
(e)	Options lapsed	Nil	91,967
(f)	the exercise price (Rs.)	745	1,200
(g)	Variation of terms of options	Not applicable	Not applicable
(h)	Money realized by exercise of options	48,723,000	36,104,400
(i)	Total number of options in force	1,831,102	892,127
(j)	Employee wise details of options granted	As per Table-1, Table-2 and Table-3 below	

**Table-1: Employee wise details of options granted to key managerial personnel**

Sr. No.	Name	Designation	Number of options granted		Exercise price for the Options (Rs.)
			Time based	Performance based	
(i)	Mr. Nikhil Chopra	Chief Executive Officer and Whole Time Director	618,257	927,385	745
(ii)	Mr. Lakshay Kataria	Chief Financial Officer	56,000	84,000	1,200
(iii)	Mr. Sandeep Phadnis	Vice President-Secretarial and Company Secretary	11,592	-	1,200

**Table-2: Details of employees who received a grant of options in 2021-22 amounting to 5% or more of options granted during that year**

Sr. No.	Name	Designation	Number of options granted		Exercise price (Rs.)
			Time based	Performance based	
(i)	Mr. Nikhil Chopra	Chief Executive Officer and Whole Time Director	618,257	927,385	745
(ii)	Mr. Kunal Khanna	President-Operations	70,172	105,258	745
(iii)	Mr. Dilip Singh Rathore	President-India Business	70,172	105,258	745

**Table-3: Details of the identified employee who was granted options in 2021-22 equal to or exceeding 1% of the issued capital of the Company at the time of grant**

Sr. No.	Name	Designation	Number of options granted		Exercise price for the Options (Rs.)
			Time based	Performance based	
(i)	Mr. Nikhil Chopra	Chief Executive Officer and Whole Time Director	618,257	927,385	745

For and on behalf of the Board of Directors

  
Ranjit Shahani  
Chairman

Place: Mumbai  
Date: May 24, 2023

**Schedule-I**

**Particulars of guarantees as on March 31, 2023**

<b>Name of entity</b>	<b>Relationship with the Company</b>	<b>Nature of transaction and material terms</b>	<b>Amount</b>
OOO Unique Pharmaceutical Laboratories, Russia	Wholly owned subsidiary	Guarantee given to the banker in relation to working capital finance sanctioned to the said subsidiary. Guarantee commission charged @0.50% per annum in addition to bank charges.	USD 4.4 million

**For and on behalf of the Board of Directors**

  
**Ranjit Shahani**  
**Chairman**

Place: Mumbai  
Date: May 24, 2023

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED ON MARCH 31, 2023**

*[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]*

To,  
The Members,  
J. B. Chemicals & Pharmaceuticals Limited  
Neelam Centre, B wing,  
4<sup>th</sup> Floor, Hind Cycle Road,  
Worli, Mumbai 400030.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by J. B. Chemicals & Pharmaceuticals Limited (hereinafter called the "Company"). The Secretarial Audit was conducted in a manner, which 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 books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the Rules made there under;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not applicable to the Company during audit period);
  - (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; (Not applicable to the Company during audit period);
  - (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021;
  - (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not applicable to the Company during audit period);
  - (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 client;
  - (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 (Not applicable to the Company during audit period); and
  - (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during audit period);
- (vi) We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major head/groups of Acts, Laws and Regulations as applicable to the Company is given in Annexure I.

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) 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. mentioned above.

**We further report that**

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

Adequate notice is given to all directors to schedule the Board Meetings and agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.



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

**We further report that** during the audit period the Company has not passed any special/ordinary resolutions, which could be considered as having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

For Ashish Bhatt & Associates

*BhattAC*

Ashish Bhatt  
Practicing Company Secretary

FCS No: 4650

C.P. No. 2956

UDIN: F004650E000363681

PR No : 762/2020

Place: Thane

Date: May 24, 2023

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



Annexure I

List of applicable laws to the Company

Under the Major Group and Head

1. Drugs & Cosmetics Act, 1940;
2. Drugs (Prices Control) Order 2013;
3. Factories Act, 1948;
4. Industries (Development & Regulation) Act, 1951;
5. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
6. Acts relating to prevention and control of pollution;
7. Acts relating to Environmental protection;
8. Acts relating to direct tax and indirect tax;
9. Labour Welfare Act of respective States;
10. Trade Marks Act 1999; and
11. The Legal Metrology Act, 2009

For Ashish Bhatt & Associates

*Bhatt & C*

Ashish Bhatt

Practicing Company Secretary

FCS No: 4650

C.P. No. 2956

UDIN: F004650E000363681

PR NO : 762/2020

Place: Thane

Date: May 24, 2023



Annexure -II

To,  
The Members,  
J. B. Chemicals & Pharmaceuticals Limited  
Neelam Centre, B wing,  
4<sup>th</sup> Floor, Hind Cycle Road,  
Worli, Mumbai 400030.

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
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.

For Ashish Bhatt & Associates

*Bhatt & C*

Ashish Bhatt  
Practicing Company Secretary  
FCS No: 4650  
C.P. No. 2956  
UDIN: F004650E000363681  
PRNO 762/2020

Place: Thane  
Date: May 24, 2023



## MANAGEMENT DISCUSSION AND ANALYSIS REPORT

### INDUSTRY DEVELOPMENTS

The Indian Pharmaceuticals Market continued to see growth in FY23, though the pace of growth slowed down, also due to the pandemic base effect. The industry growth rate for the year under review i.e. FY 22-23 was at 8% (IQVIA MAT Mar'23) as compared to 18% (IQVIA MAT Mar'22) for the previous financial year, and the growth was largely price driven. The Chronic therapy market outperformed the acute market growing at 11% vs 6% growth in Acute (IQVIA MAT Mar'23). The performance of the acute therapy also impacted the industry growth. As per IQVIA MAT Mar'23 data, the domestic formulations industry sales stood at Rs. 200,507 crores recording growth of 8% in value while the volumes dropped by 0.4%. The market resumed normalcy with no covid wave during the year. Antineoplast/Immunomodulator was the fastest growing therapy in the IPM, growing at 23% (IQVIA MAT Mar'23 data). On the international front, the inflationary environment was witnessed globally. Even though there was a revival in demand across markets, operating margins were under pressure. During the year under review, logistics costs reached near-normal levels which was a respite for pharmaceutical companies servicing export markets. However, the geopolitical and economic developments in some regions continue to be a reason of concern and impacting demand.

### OPPORTUNITIES & THREATS AND SEGMENTS WISE PERFORMANCE

#### Domestic Business:

The Company is engaged in only one segment viz. pharmaceuticals.

During the year under review, while the Indian Pharmaceuticals market grew by 8% (IQVIA MAT Mar'23), JB Pharma outpaced industry to record growth of 22%. During the year under review, the Company was the fastest growing company among the top 25 pharma companies in the industry. This is the second financial year in a row that the Company has been the fastest growing among the top 25 companies.

For the year under review, the domestic formulations business recorded revenue of Rs. 163,965 lakhs as compared to Rs. 118,827 lakhs for the previous financial year recording growth of 38%. The domestic formulations business set new peaks during the year under review. The business performed well across all parameters. While JB Pharma outperformed industry growth, it performed well across its therapy areas and there was rank improvement in all its big brands.

The Company's five pronged strategy showed results during the year.

### **1. Realigned Go-To-Market(GTM) model to drive productivity**

The Company's GTM model is focussed on improving the productivity and enhancing focus on key brands and their lifecycle management. The Company also gained rank during the year under review and ranks #24 in the Indian Pharmaceuticals Market. Its growth rate in prescription for the year under review was 27% and it maintained #15 position by prescription in the market. The newly acquired brand 'Azwarda' became the 6<sup>th</sup> brand to enter the Top 300 in IPM and is ranked #261 (IQVIA MAT Mar'23). The other 5 brands continue to dominate their respective covered markets and gained ranks during the year. During the year under review, the Company launched 17 new products in FY23.

### **2. Increasing Contribution from Chronic Therapies**

The focus for the Company continues to be to strengthen its presence in chronic therapies. The acquisition of Azwarda and the Razel franchise reinforce this commitment. During the year under review as per IQVIA MAT Mar 23 data, the Company's chronic cluster grew by 24.4% as compared to the previous financial year.

During the year under review, the Company was the fastest growing company in Cardiology segment, among the top 10 players growing by 17.6%. The Company now ranks No. 8 in the cardiology segment and has gained 5 ranks in the last financial year. The Company will continue to focus on chronic therapies.

### **3. Making Big Brands Bigger**

All the five focussed brands continue to perform well in their respective categories gaining ranks in IPM top 300 brands list (IQVIA). Rantac (anti-peptic ulcerant), with market share of 42% in its category now ranks # 35 among the top 300 and grew by 22% as per IMS MAT Mar'23 data. Cilacar (Calcium Channel Blocker) with market share of 52% in its category was ranked # 44 among the top 300 and grew by 18% as per IMS MAT March'23 data. Metrogyl (amoebicide) with market share of 77% in its category was ranked # 142 among the top 300 and grew by 30% as per IMS MAT Mar'23 data. Cilacar – T (calcium channel blocker/angiotensin receptor blocker) with market share of 36% in its category was ranked # 194 among the top 300 and grew by 24% as per IMS MAT Mar'23 data. Nocardia (calcium channel blocker) with market share of 91% in its category was ranked # 172 among the top 300 and grew by 27% as per IMS MAT Mar'23 data. Azwarda became the sixth brand in IQVIA Top 300, ranking at # 261 as per MAT Mar'23 data.

### **4. Accelerating Growth through New Launches**

The Company continued its focus on its newly introduced products in the market. During the year under review, the Company introduced 17 new products in FY23 in the field of Gastro Intestinal, Gynaecology, Respiratory and Anti Diabetes.

New Introductions accounted for 2.4% of the total domestic sales as per IQVIA MAT March'23 data.

#### **5. Acquisition-led growth, via strong brand franchises**

One of the pillars of the strategy has been acquisition-led growth with the objective to invest in value-accretive brands and franchises which can further strengthen the India business. During the year under review, the Company completed three major acquisitions – the 'Azmarda' brand from Novartis, a niche Paediatric portfolio from Dr Reddy and the 'Razel' franchise from Glenmark.

Azmarda (Sacubitril-Valsartan) from Novartis which expanded Company's cardiac portfolio to now include heart failure. Sacubitril-Valsartan is one of the fastest growing molecules in the cardiology segment for the last few years and Azmarda has a sizeable market share in the segment.

The Paediatric portfolio, which included 4 brands – Z&D, Pecef, Pedicloryl and Ezinapi, was our second acquisition for the year and complemented our existing Paediatric division. 3 out of the 4 brands are among the top 3 in their respective molecule market space with Z&D and Pedicloryl being market leaders. The brands did not require any significant manpower addition and improved our market coverage by almost 30% in the paediatric segment.

The Razel franchise, our latest acquisition, marked our entry into the 'Statin' market which is the largest segment in cardiac therapy growing at double digit rates. Razel ranks among the top 10 brands in the Rosuvastatin molecule space. The brand is now placed under high priority promotion in an existing team and will enhance our prescription productivity with cardiologists and consulting physicians. Post the acquisition of Razel and Azmarda, JB Pharma now ranks # 8 in the cardiac therapy segment as per IQVIA MAT March'23 data.

#### **International business:**

The Company operates distinct operating models across multiple international markets with direct presence in Russia and South Africa as well as distributor relationships in the U.S. and large number of markets across Asia, Africa and Latin America.

The Company also has a leading global position in the contract development and manufacturing (CDMO) of medicated lozenges driven by marquee client relationships. The CDMO business witnessed growth of 60% on the back of increased demand from existing clients while the Company also added one new global multinational customer.

The CDMO business provides a great opportunity for growth. The organisation is currently ranked among the top 5 manufacturers of lozenges globally and boasts of some big consumer health/ FMCG companies.

Enhanced focus on ANDA filings, new product introduction in home markets, increased focus on the private market segment in South Africa and growing CDMO business remain our key

growth drivers for the international business. This is backed by the state-of-the-art manufacturing facilities that are approved by regulatory bodies such as US FDA, TGA Australia, EU GMP, SAHPRA South Africa, MoH-Russia, Ukraine (PICs), MoH Japan with a wide range of products across injectable, solids and semi-solids.

During the year under review, the Company's international business recorded revenue of Rs. 150,963 lakhs as compared to Rs. 123,597 lakhs recording growth of 22%. The Company's overall International formulations business during the year under review was Rs. 101,026 lakhs; the CMO business was Rs. 40,578 lakhs and the API business was Rs. 9,359 lakhs.

## **OUTLOOK**

The Indian economy looks to be in a bright spot and remain largely unaffected by the global headwinds. The Indian Pharmaceuticals Market grew by 8% in the year under review and is indicated to grow at higher pace in the upcoming Financial Year.

JB Pharma endeavours to continue to grow faster than the market thereby maintaining its growth momentum by executing its laid down strategy of new product introduction and making existing brands bigger.

On the international front, the global macro environment continues to remain challenging and a moderated inflationary environment will continue in this year. The Company's endeavour shall be to continue growth on the back of new product launches, ANDA commercialisation and geographies/ customer expansion. These growth measures shall help mitigate some of the challenges of volatility in currency, geopolitical issues and variability of the cough and cold season.

However, given all the challenging conditions we still remain optimistic about the next financial year.

## **RISKS AND CONCERNS**

The Company does not perceive any risks or concerns other than those that are common to the industry such as regulatory risks, exchange risk, cyber risks and other commercial and business-related risks.

## **INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY**

The Company has an adequate system of internal controls, which ensures that its assets are protected from loss and unauthorized use as well as business affairs are carried out in accordance with established procedures. These systems of internal controls also ensure that transactions are carried out based on authority and are recorded and reported in line with generally accepted accounting principles. The Company also has a system of regular internal audit carried out by competent professionals retained by the Company. The internal audit programme is approved by the Audit Committee, and findings of the internal auditor are placed before the Audit Committee and the Board at regular intervals. The internal control system are adequate keeping in view size and nature of the Company's business.

## FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE

Consolidated financial performance of the Company with respect to operational performance for the financial year ended on March 31, 2023 is as under:

Parameter	2022-23 (Rs. in lakhs)	2021-22 (Rs. in lakhs)	Growth (%)
Revenue from operations	314,928	242,424	30
Total income	315,922	246,347	28
Reported EBITDA	69,575	54,346	28
Operating EBITDA (excl ESOP Cost)	76,513	60,611	26
Profit before tax and exceptional item	55,523	50,490	10
Profit after tax	41,001	38,604	6

During the year under review, the Company recorded revenue growth of 30% with the domestic business growing by 38% while the international business grew at 22%. The reported EBITDA witnessed an improvement of 28% to Rs. 69,575 lakhs vs Rs. 54,346 lakhs in FY22. The Operating EBITDA (excluding ESOP costs) increased by 26% to Rs. 76,513 lakhs.

Standalone financial performance of the Company for the financial year ended on March 31, 2023 is as under:

Parameter	2022-23 (Rs. in lakhs)	2021-22 (Rs. in lakhs)	Growth (%)
Revenue from operations	288,416	218,988	32
Total income	289,281	222,849	30
Reported EBITDA	66,469	50,891	31
Operating EBITDA (excl ESOP Cost)	73,160	56,984	28
Profit before tax and exceptional item	52,704	47,129	12
Profit after tax	38,889	36,100	8

## HUMAN RESOURCE

There has been no material development on human resources and industrial relations front. The relationship with employees and workers continued to be cordial at all levels. As on March 2023, permanent employees' strength and temporary employees' strength was 5,095 and 2,193 respectively.

## KEY FINANCIAL RATIOS

The key financial ratio for 2022-23 and changes therein as compared to the immediately preceding financial year along with detailed explanation in cases where the change is 25% or more is as under:

- a) Debtors Turnover ratio: Net Sales/Average account receivables

This ratio for the year was 5.57 (times) as against 5.13 (times) in the previous year.

- b) Inventory Turnover ratio: Cost of Goods sold/Average inventory

This ratio for the year was 2.78 (times) as against 2.23 (times) in the previous year.

- c) Debt service coverage ratio: Earnings Available for Debt Services /(Finance Cost + Current borrowings including lease liabilities)

This ratio for the year was 2.97 (times)\* as against 12.81 (times) in the previous year.

\*(Mainly driven due to higher debts repayment during the year)

- d) Current Ratio: Current assets/Current liabilities

This ratio for the year was 2.65 (times) as against 3.27 (times) in the previous year.

- e) Debt-Equity ratio: Borrowings/Total Shareholders' Equity

This ratio for the year was 0.231:1 (times)^ as against 0.026:1 (times) in the previous year.

^(Mainly driven by term loan taken for acquisition of brands)

- f) Operating Profit Margin : EBITDA(excl ESOP charge)/Sales

Operating profit margin for the year was 24.29% as against 25% in the previous year.

- g) Net Profit Margin: Net Profit/Net Sales

Net profit margin for the year was 13.02% as against 15.92% in the previous year.

The ratio for the previous year has been re-stated wherever necessary to make it comparable to current year calculation.

## RETURN ON EQUITY

Return on Equity during the year was 16.53% as against 18.09% in the previous year. The ROE was impacted due to ESOP charges, lower treasury income, higher depreciation and financial costs with respect to acquisitions.

For and on behalf of the Board of Directors

Place: Mumbai  
Date : May 24, 2023

  
**Ranjit Shahani**  
Chairman

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Company's philosophy on code of governance is aimed at assisting the management and the Board of Directors in efficient conduct of the business and in meeting its obligations to all stakeholders, and is guided by the principles of transparency, fairness, accountability and integrity. The philosophy also includes insistence on strict adherence to the governance mechanism laid down in the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). These practices are intended to achieve balance between enhancement of stakeholder value and achievement of financial objective.

### BOARD OF DIRECTORS

#### (i) (a) Composition, Attendance and Other Directorships:

The strength of the Board of Directors of the Company as at the year-end was six. The Company's Board consists of three independent directors including one independent woman director, two non-executive directors and an executive director being the CEO and whole-time director of the Company. The Chairman of the Board, Mr. Ranjit Shahani, is an independent director.

The information on composition and category of directors as well as attendance of each director at the meetings of the Board of Directors held during the financial year ended on March 31, 2023 and at the last annual general meeting and their directorships in other companies and committee membership/chairmanship in other public companies as at the year-end is as under:

Name of the director	Category	No. of board meetings attended	Attendance at last AGM	No. of other director-ship(s)	Other committee position	
					Member	Chairman
^ Mr. Ranjit Shahani	Independent	9	Yes	2	2	-
Mr. Sumit Bose	Independent	9	Yes	7	2	3
Ms. Padmini Khare Kaicker	Independent	9	Yes	5	2	3
Mr. Gaurav Trehan	Non-executive	8	Yes	3	-	-
Mr. Prashant Kumar	Non-executive	9	Yes	2	2	-
Mr. Nikhil Chopra	Executive	8	Yes	-	-	-

^ Pursuant to provisions of Regulation 17 (1A) of the Listing Regulations, the Company passed special resolution on September 30, 2020 for continuation of directorship on and after his attaining age of seventy-five years during his tenure as non-executive director of the Company.

Notes: (1) The directorships exclude directorships of private companies and section 8 companies.

(2) The committee positions pertain to memberships held in Audit Committee and Stakeholders Relationship Committee of other public limited companies.

**(b) Directorships in other listed entities:**

The information as to directorship held by the Board members in other listed entities is as under:

Name of the director	Category of directorship	Name of listed entity	Security Listed
Mr. Ranjit Shahani	Independent	Hikal Limited	Equity
Ms. Padmini Khare Kaicker	Independent	Tata Chemicals Limited	Equity
	Independent	Rallis India Limited	Equity
	Independent	Bosch Limited	Equity
	Independent	Blue Dart Express Limited	Equity
	Independent	Kotak Mahindra Investments Limited	Debt
Mr. Sumit Bose	Independent	Coromandel International Limited	Equity
	Independent	HDFC Life Insurance Company Limited	Equity
	Independent	JM Financial Limited	Equity
	Independent	Tata AIG General Insurance Company Limited	Debt
Mr. Gaurav Trehan	Non-executive	Incred Financial Services Limited	Debt

Directorships held by directors of the Company are within the limit prescribed under the Listing Regulations and the Companies Act, 2013.

**(c) Meetings and Review:**

Nine meetings of the Board of Directors were held during the financial year ended on March 31, 2023. These meetings were held on April 1, 2022, May 26, 2022, June 29, 2022, July 22, 2022, August 4, 2022, November 11, 2022, December 13, 2022, February 8, 2023 and March 29, 2023.

The Board reviews compliance of applicable laws on quarterly basis. The Board has constituted Risk Management Committee. Board has formulated a risk management plan and delegated monitoring and reviewing of the plan to the Risk Management Committee. The Committee would review mitigation measures taken by the Company and new risks that may be identified by the management following risk management policy of the Company. The Company has also laid down system to inform Board members about risk assessment and minimization procedures. The Company places all information, as and when applicable, as specified in Part A of Schedule II of the Listing Regulations before the Board of Directors.

**(d) Code of Conduct:**

The Board has laid down the code of conduct incorporating duties of independent directors, for members of the Board and senior management personnel of the Company. Board members and senior management personnel have affirmed compliance with the code and based thereon a declaration by the Chief Executive Officer & Whole-Time Director of the Company in this regard has been annexed to this report.

**(e) CEO/CFO Certification:**

The Chief Executive Officer & Whole-Time Director and Chief Financial Officer have provided certificate as specified in Part B of Schedule II of the Listing Regulations for financial year 2022-23 to the Audit Committee and the Board of Directors.

**(f) Independent directors and confirmation of independence:**

Independent directors of the Company met once in the year without the presence of non-independent directors and members of management for review and assessment of the matters, *inter alia*, set out in Regulation 25(4) of the Listing Regulations. The maximum tenure of independent directors is in accordance with the provisions of the Companies Act, 2013 and rules made there under.

Independent directors have furnished declaration that they fulfil the criteria of independence specified in the Listing Regulations and the Companies Act, 2013 as well as confirmed that he/she is not aware of any circumstance or situation, which exists or may reasonably be anticipated, that could impair or impact his/her ability to discharge

his/her duties with an objective independent judgment and without any external influence. Based on assessment of veracity of the same, the Board of Directors confirm that in their opinion the independent directors fulfil the conditions of independence specified in the Listing Regulations and are independent of the management.

Independent directors have also confirmed that their names are included in the databank for independent directors maintained by the Indian Institute of Corporate Affairs in accordance with the Companies Act, 2013 and Rules made thereunder.

The Company has purchased Directors' & Officers' Liability insurance for all the directors against comprehensive risks and for appropriate quantum of sum insured.

**(g) Performance Evaluation:**

The Board of Directors (excluding director being evaluated) have carried out performance evaluation of independent directors for the year 2022-2023 as well as evaluation of fulfilment of independence criteria as specified in the Listing Regulations and their independence from the management.

**(ii) Relationship between directors *inter-se* and shareholding of non-executive directors:**

None of the directors are related *inter-se*. None of the non-executive directors hold any share in the Company as on March 31, 2023.

**(iii) Familiarisation programme:**

The Company conducted a familiarisation programme for all its directors to familiarize them with (a) Company's current business position and key initiatives planned for its growth over next five years (b) composition and size of domestic pharmaceutical industry, industry growth, disruption anticipated in the domestic industry, new initiatives for India business and growth opportunities available for the Company over medium to long term and (c) Current business and business model in South Africa, Russia-CIS business, US business and other rest of the world markets and new initiatives and investments being considered for growth over medium to long term. The Company has posted the details of this familiarisation programme on its website and web link thereto is <https://jbpharma.com/download/details-of-familiarisation-programme-for-directors-2/?wpdmdl=5067&refresh=62b298de47efa1655871710>.

**(iv) List of core competency and expertise:**

The Company is a listed entity engaged in the business of manufacture and marketing of pharmaceutical formulations, herbal products, active pharmaceutical ingredients and provision of product development services. Major competency and expertise, as identified by the Board, required in the context of this business for the Company to function effectively are the following.

	<b>Core competency/expertise</b>
1.	Leadership
2.	New product development
3.	Marketing
4.	Business strategy
5.	Business finance
6.	Regulatory compliance
7.	Accountancy & audit
8.	Corporate Governance
9.	Business Management; and
10.	Business Administration.

The directors-wise competence/expertise as aforesaid is as under:

Sr. No.	Name of the director	Competence/ expertise
1	Mr. Ranjit Shahani	Leadership, Business management, corporate governance.
2	Mr. Sumit Bose	Business administration, corporate governance.
3	Ms. Padmini Khare Kaicker	Accounts, audit, corporate governance.
4	Mr. Gaurav Trehan	Leadership, business strategy, business finance, business management, corporate governance.
5	Mr. Prashant Kumar	Leadership, business strategy, business finance, business management, corporate governance.
6	Mr. Nikhil Chopra	Leadership, marketing, new products development, regulatory compliance.

## AUDIT COMMITTEE

### Composition and attendance at the meetings:

Name of the director	Position held	Category	No. of meetings attended
Ms. Padmini Khare Kaicker	Chairperson	Independent director	6
Mr. Ranjit Shahani	Member	Independent director	5
Mr. Sumit Bose	Member	Independent director	6
Mr. Prashant Kumar	Member	Non-executive director	6

Six meetings of the Audit Committee were held during the financial year ended on March 31, 2023. These meetings were held on May 26, 2022, August 4, 2022, September 15, 2022, November 11, 2022, February 8, 2023 and March 29, 2023.

The Committee complies with the requirements laid down under the Listing Regulations and the Companies Act, 2013. Company Secretary acts as Secretary to the Audit Committee. Chief Executive Officer & Whole-Time Director, Chief Financial Officer and Statutory Auditors are regular invitees to the Audit Committee meetings.

The Audit Committee, *inter alia*, discharges the role specified in Section A of Part C of Schedule II of the Listing Regulations and reviews information specified in Section B of Part C of the said Schedule, to the extent applicable.

The terms of reference of the Audit Committee are as per the provisions of Section 177 of the Companies Act, 2013 and the Listing Regulations. The terms of reference are:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
2. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
3. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

4. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
5. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  - a. Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  - b. Changes, if any, in accounting policies and practices and reasons for the same;
  - c. Major accounting entries involving estimates based on the exercise of judgment by management;
  - d. Significant adjustments made in the financial statements arising out of audit findings;
  - e. Compliance with listing and other legal requirements relating to financial statements;
  - f. Disclosure of any related party transactions; and
  - g. Modified opinion(s) in the draft audit report.
6. Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
7. Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
8. Scrutiny of inter-corporate loans and investments;
9. Valuation of undertakings or assets of the Company, wherever it is necessary;
10. Evaluation of internal financial controls and risk management systems;
11. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
12. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
13. Discussion with internal auditors of any significant findings and follow up there on;

14. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
15. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
16. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
17. To review the functioning of the whistle blower mechanism;
18. Approval of appointment of the chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
19. Approval or any subsequent modifications of transactions of the Company with related parties as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in force from time to time;
20. Examination of the financial statements and the auditors' report thereon;
21. Reviewing the utilization of loans and/or advances from/investment by the Company in the subsidiary exceeding Rs. 1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans/advances/investments;
22. Monitoring the end use of funds raised through public offers and related matters;
23. To review the information and the matters specified in Part C(B) of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
24. Such other items of business as per the provisions of the Companies Act, 2013, the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the time being in force requires or may hereinafter require the audit committee to consider, review, evaluate, examine, scrutinise, value, approve, monitor, report, note or otherwise.

## NOMINATION AND REMUNERATION COMMITTEE

### Composition and attendance at the meetings:

Name of the director	Position held	Category	No. of meetings attended
Mr. Sumit Bose	Chairman	Independent director	2
Mr. Ranjit Shahani	Member	Independent director	2
Mr. Prashant Kumar	Member	Non-executive director	2

Two meetings of the Nomination and Remuneration Committee were held during the financial year ended on March 31, 2023. These meetings were held on May 26, 2022 and February 8, 2023. Company Secretary acts as Secretary to the Nomination and Remuneration Committee.

The terms of reference of the Committee are as per the provisions of the Companies Act, 2013 and the Listing Regulations.

The terms of reference of the Committee are:

1. To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees. The Nomination and Remuneration Committee shall, while formulating such policy, ensure that: (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully; (b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and (c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
2. To formulate criteria for evaluation of performance of independent directors and the Board of directors;
3. To devise a policy on diversity of the Board of directors (including diversity of thought, experience, knowledge, perspective and gender);

4. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
5. To decide as to whether to extend or continue the term of appointment of independent director, on the basis of the report of performance evaluation of independent directors and make recommendation to the Board in this behalf.
6. To recommend to the Board, all remuneration, in whatever form, payable to senior management.
7. To specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance;
8. To determine remuneration package for executive directors and chief executive officers and also approve remuneration of executive directors in the event of absence or inadequacy of profits in any year pursuant to Schedule V to and other related provisions of the Companies Act, 2013;
9. To carry out such other function and duty as is or may be prescribed under the provisions of the Companies Act, 2013, the rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, from time to time.

The Nomination and Remuneration Committee has, *inter alia*, formulated criteria for evaluation of performance of independent directors, which are approved by the Board. The criteria for performance evaluation of the Independent directors are:

1. Possesses sufficient skills, experience and level of preparedness which allows the person to clearly add value to discussions and decisions.
2. Sufficient understanding and knowledge of the Company and the sector in which it operates.
3. Understands and fulfils the functions as assigned to him/her as director.
4. Able to function as an effective team member.
5. Actively takes initiatives with respect to various areas.
6. Available for meetings of the Board and attends the meetings regularly, without causing delay.

7. Adequately committed to the Board and the Company.
8. Contributes effectively to the Company and in the Board meetings.
9. Demonstrates highest level of integrity (including conflict of interest disclosures, maintenance of confidentiality, etc.).
10. Exercises his/her own judgment and voices opinion freely.
11. Independence: Whether person is independent from the other directors and there is no conflict of interest.
12. Independent views and judgement: Whether the person exercises his/her own judgement and voices opinion freely.

#### **STAKEHOLDERS' RELATIONSHIP COMMITTEE**

Mr. Sumit Bose, independent director, heads the Committee as Chairman, and Mr. Prashant Kumar and Mr. Nikhil Chopra, directors, are other members of the Committee. Mr. Sandeep Phadnis, Vice President- Secretarial & Company Secretary is Compliance Officer and acts as Secretary to the Committee.

The complaints received from the investors are being regularly attended to and are believed to be resolved to their satisfaction. One meeting of the members of the Stakeholders Relationship Committee was held on March 29, 2023 and all the members attended the meeting. During the year, the Company received five (5) investor complaints all of which have been resolved before the end of the year and believed to have been resolved to the satisfaction of the investors. No investor grievance was pending at the year-end.

#### **RISK MANAGEMENT COMMITTEE**

##### **Composition and attendance at the meeting**

<b>Name of the member</b>	<b>Position held</b>	<b>Category</b>	<b>Meeting attended</b>
Ms. Padmini Khare Kaicker	Chairperson	Independent director	2
Mr. Prashant Kumar	Member	Non-executive director	2
Mr. Nikhil Chopra	Member	Executive director	2
Mr. Lakshay Kataria	Member	Chief Financial Officer (Member of management)	2

Two meetings of the members of the Risk Management Committee were held during the financial year ended on March 31, 2023. These were held on September 15, 2022 and March 9, 2023. The terms of reference of the Committee are:

- (1) To periodically review risks/additional risks, including cyber security, identified by the Company's management and evaluate the effectiveness of the mitigations measures and report to the Board risks/additional risks identified along with mitigation measures.
- (2) To formulate a detailed risk management policy which shall include:
  - (a) a framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
  - (b) Measures for risk mitigation including systems and processes for internal control of identified risks.
  - (c) Business continuity plan.
- (3) To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;
- (4) To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;
- (5) To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;
- (6) To keep the Board of directors informed about the nature and content of its discussions, recommendations and actions to be taken; and
- (7) The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee.

## **REMUNERATION OF DIRECTORS**

### **(i) Remuneration of Non-executive directors**

The independent directors are paid sitting fees for attending meetings of the Board and Committee(s) thereof. At present, sitting fee is not being paid to other non-executive directors. The sitting fee presently being paid does not require prior approval of the

shareholders. Further, for the financial year 2022-23, Board has also approved payment of profit related commission to independent directors. Based on the role and responsibilities of non-executive directors, being the criteria relied upon by the Board, the Board decides the amount of sitting fees to be paid from time to time and profit related commission to independent directors, in accordance with the Remuneration Policy of the Company. The amount of sitting fees paid to the non-executive directors during the financial year ended on March 31, 2023 and profit related commission payable to independent directors is as under:

(Rs. in lakhs)		
Name of the director	Sitting Fees	Commission
Mr. Ranjit Shahani	17.00	63.00
Mr. Sumit Bose	21.00	54.00
Ms. Padmini Khare Kaicker	19.00	56.00

During the year, the non-executive directors neither had any other pecuniary relationship nor entered into any other transaction *vis-à-vis* the Company.

**(ii) Remuneration of Executive director**

The remuneration of the executive director of the Company for the year ended on March 31, 2023 summarized under major elements is as under:

(Rs. in lakhs)						
Sr. No.	Name of the director	Salary (Fixed component)	Salary (Variable component)	Allowances & Perquisites	Contribution to Funds	Total
1	*Mr. Nikhil Chopra	369.25	245.56	9.11	30.56	654.48

\*excluding ESOPs /gratuity.

**Notes:**

1. The appointment of Mr. Nikhil Chopra, as Chief Executive Officer and Whole-Time Director, was made on 5-10-2020 pursuant to the Employment Contract of even date setting out the terms and conditions of appointment. The appointment is for a period of five years from 5-10-2020 and can be terminated by the employee by notice period of 270 days and by the Company by notice period of 90 days. The said contract does not provide for payment of severance fees.
2. Performance criteria for payment of variable component to Mr. Nikhil Chopra would vary from year to year. Such criteria for financial year 2022-23 were (i) target

growth in revenue, cash flow, EBITDA, EBITDA% and sales in key markets (ii) commercial model alignment and therapy shaping for key businesses of the Company (iii) business process realignment and cost improvement initiatives (iv) new portfolio launch and strategy, and (v) organisation and leadership development, as agreed.

3. The appointment and payment of remuneration to Mr. Nikhil Chopra as Chief Executive Officer and Whole-Time Director was approved by the shareholders on 23-12-2020 and the revised remuneration was approved by the shareholders on 24-08-2022.
4. Pursuant to the above referred Employment Contract as amended on 11-2-2021 and 15-06-2021, Mr. Nikhil Chopra is entitled to (i) performance based Options aggregating to 1.2% of the total issued and paid up share capital of the Company as on that date at a share price of Rs. 745/- per equity share, and (ii) time based Options aggregating to 0.8% of the total issued and paid up share capital of the Company as on that date at a share price of Rs. 745/- per share. The Compensation Committee had granted 927,385 performance based options and 618,257 time based options to Mr. Nikhil Chopra.

#### GENERAL BODY MEETINGS

- (i) The information relating to the location and time of last three annual general meetings and the special resolutions passed thereat is as under:

Year	Location	Date	Time	Whether any special resolution passed
2019-20	Conducted through video conferencing/ other audio visual means in accordance with circulars issued by the Ministry of Corporate Affairs.	September 30, 2020	3.30 p.m.	Yes. One special resolution passed.
2020-21	Conducted through video conferencing/ other audio visual means in accordance with circulars issued by the Ministry of Corporate Affairs.	September 9, 2021	3.30 p.m.	No.

2021-22	Conducted through video conferencing/ other audio visual means in accordance with circulars issued by the Ministry of Corporate Affairs.	August 24, 2022	3.30 p.m.	No.
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- (ii) The Company has neither passed any resolution through postal ballot during the year 2022-23, nor at present proposes to conduct any special resolution through postal ballot.

#### MEANS OF COMMUNICATION

The quarterly results are generally published in Business Standard and Sakal, and also displayed on the Company's website [www.jbpharma.com](http://www.jbpharma.com). The official news releases are also displayed on the Company's website. The presentation to institutional investors / analysts made by the Company are communicated to the Stock Exchanges and also posted on the Company's website [www.jbpharma.com](http://www.jbpharma.com).

#### GENERAL SHAREHOLDER INFORMATION

AGM: Date, Time and Venue	August 24, 2023 at 3.00 p.m. (This AGM shall be conducted through video conferencing/other audio visual means)
Record Date (for electronically held shares)	August 17, 2023.
Book closure date (for physically held shares)	August 18, 2023 to August 24, 2023 (both days inclusive)
Financial year	April to March
Dividend Payment Date	On or after September 1, 2023
Listing on Stock Exchanges	-BSE Limited Address: Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001.  -National Stock Exchange of India Limited Address: Exchange Plaza, Bandra Kurla Complex, Bandra (E), Mumbai 400 051.  The Company has paid annual listing fee for the period April 1, 2023 to March 31, 2024 to both the Exchanges.

Stock Code	BSE: 506943 NSE: JBCHEPHARM
Market Price Data	Annexure A
Performance in comparison to BSE Sensex	Annexure B
Registrar and Share Transfer Agents	Datamatics Business Solutions Ltd. Plot No. B-5, Part B Cross Lane, MIDC, Andheri (E), Mumbai - 400 093. Tel. No.: 022-6671 2001 - 06 Fax No.: 022-6671 2011 Email: <a href="mailto:investorquery@datamaticsbpm.com">investorquery@datamaticsbpm.com</a>
Share Transfer System	SEBI, vide Circular No. SEBI/HO/MIRSD/MIRSD_RTAMB/P/CIR/2022/8 dated January 25, 2022, has mandated processing of request for issue of duplicate shares, renewal or exchange of certificate, endorsement, sub-division /split/consolidation of certificates, transmission and transposition of shares in dematerialised form only. The necessary forms in this regard are available on Company's website <a href="http://www.jbpharma.com">www.jbpharma.com</a> .
Distribution of Shareholding as on 31-03-2023	Annexure C
Shareholding pattern	Annexure D
Dematerialization of shares and liquidity	Annexure E
Outstanding GDR/ADR/Warrants or any convertible instruments, conversion date and impact on equity.	The Company has not issued any GDRs/ADRs/warrants or any other convertible instrument.
Commodity price risk and hedging activities	The Company does not have material commodities price risk. Hence, no hedging activities are undertaken.

Foreign exchange risk and hedging activities	<p>The significant sales of the Company come from exports to a number of countries. The Company transacts its business in international markets in various foreign currencies such as USD, EURO, RUB, AUD, AED and GBP. Therefore, exchange risk assumes significance for the Company and volatility of currencies bears direct relationship on performance of the Company.</p> <p>Primarily the foreign exchange exposure is under USD, EURO, AUD and RUB and exposure under these currencies is hedged by taking forward cover for appropriate period of time on Anticipated Exposure basis under respective currencies / equivalent USD as per the guidelines prescribed by the Reserve Bank of India (RBI).</p>
Plant Locations	Company's seven plants are located across Ankleshwar and Panoli (Gujarat) and Daman (Union Territory).
Address for correspondence	<p>Registered Office:  Neelam Centre, 'B' Wing, 4<sup>th</sup> floor, Hind Cycle Road, Worli, Mumbai – 400 030.  Tel. No. (022) 2439 5500/2439 5200  Fax No. (022) 2431 5331 / 2431 5334  E-mail: <a href="mailto:investorelations@jbpharma.com">investorelations@jbpharma.com</a></p> <p>The investors may register their grievance on <a href="mailto:investorelations@jbpharma.com">investorelations@jbpharma.com</a>, an exclusive e-mail ID for registration of complaints by the investors.</p>
Credit rating	During 2022-23, the Company did not obtain any credit rating for any debt instrument, fixed deposit programme or any fund mobilisation scheme or proposal.

## DISCLOSURES

- The Company has not entered into any materially significant related party transaction with any related party that may have potential conflict with the interest of the Company at large.
- To the best of the Company's knowledge, there has been no incidence of non-compliance with the requirement of Stock Exchange, SEBI or other statutory authority, on matters relating to capital markets during last three years. During last three years, no penalty or stricture has been imposed on the Company by the Stock Exchanges, SEBI or any statutory authority on any matter related to capital market.
- The Board of Directors of the Company has established vigil mechanism in the form of whistle blower policy, the details whereof are provided in the Board's report, which forms part of this Annual Report. The Whistle Blower Policy is available on the Company's website [www.jbpharma.com](http://www.jbpharma.com). It is affirmed that none of the personnel has been denied access to the Audit Committee.
- The details of compliance with mandatory requirements of corporate governance and status on adoption of discretionary requirements is set out in this report.
- The Company has formulated (a) the Policy for determining material subsidiaries and has posted the same on its website [www.jbpharma.com](http://www.jbpharma.com). The web link thereto is <https://jbpharma.com/download/policy-for-determining-material-subsi-diar-ies-2/?wpdmdl=5464&refresh=62b94739a0c5a1656309561> (b) the Policy on dealing with Related Party Transactions and has posted the same on its website [www.jbpharma.com](http://www.jbpharma.com). The web link thereto is <https://jbpharma.com/download/policy-on-materiality-and-dealing-with-related-party-transactions/?wpdmdl=5465&refresh=62b94739818501656309561>
- The Company does not have material commodities price risk. Hence, no hedging activities are undertaken.
- The Company has not raised any funds through preferential allotment or qualified institution placement.
- A certificate from Ashish Bhatt & Associates, company secretary in practice, certifying that none of the directors of the Company is disqualified or has been debarred from being appointed or continuing as director of Company by the SEBI or Ministry of Corporate Affairs or any such statutory authority is enclosed as Annexure F.
- During the year, there was no incidence of non-acceptance by Board of Directors of any recommendation of any committee of the Board, which is mandatorily required.

- The Company and its subsidiaries have paid an amount of Rs. 78 lakhs, on consolidated basis, as statutory audit fee for 2022-23. No payment for any service has been made to any entity in the network firm/network entity of which the statutory auditor is a part.
- During the financial year 2022-23, the Company had received one complaint under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. The said complaint was disposed-off during the year and no complaint was pending as on end of the financial year.
- During the financial year 2022-23, the Company has not provided any Loan or advanced any amount in the nature of Loan to any firms/companies in which the Directors were interested.

#### **Corporate Governance Compliance:**

The Company has complied with all the requirements of corporate governance report as mentioned in sub-paras (2) to (10) of Part C of Schedule V of the Listing Regulations. The Company has also submitted to the Exchanges periodical compliance reports on corporate governance within the prescribed period.

#### **Discretionary Requirements:**

The extent of adoption of discretionary requirements set out in Part E of Schedule II of the Listing Regulations is as under :

- **The Board:** Need to maintain regular office is not expressed by Chairman of the Board. In case such need is expressed, the Company would support maintenance of such office at Company's expense and also reimburse expenses incurred by him in performance of his duties.
- **Shareholders rights:** The quarterly and half-yearly financial results are published in the newspapers as mentioned above as well as posted on the Company's website. The significant news, if any, too are posted on the Company's website. In view of this, the same are not separately sent to the shareholders.
- **Modified opinion(s) in the audit report:** The Company's financial statement is with unmodified audit opinion.

- **Reporting of Internal Auditor:** Internal auditor at present reports to the Audit Committee. Their detailed observations on each audit area are thoroughly reviewed by the Audit Committee.

## **VIGIL MECHANISM**

The Board of Directors has established vigil mechanism in the form of Whistle Blower Policy to enable directors, employees and other stakeholders to make written protected disclosures (as defined in the Policy) to the Chairman of the Redressal Committee constituted under the Policy for evaluation and investigation of such disclosure. The Company has also framed a Complaint Response Plan Policy, which lays down the guidelines for responding to any complaint and provides for information regarding collection, collation and preservation of evidences. The Whistle Blower Policy provides for adequate safeguards against any kind of victimisation or unfair treatment of whistle blowers. The Policy also provides for access of whistle blower to Chairman of the Audit Committee in appropriate or exceptional circumstances.

## **RELATED PARTY TRANSACTIONS**

Board of Directors has formulated a policy on materiality of related party transactions and on dealing with related party transactions. Audit Committee reviews details of the related party transactions on quarterly basis. The Company submits disclosure of related party transactions as required to the Stock Exchanges on half-yearly basis and posts the same on Company's website. All related party transactions are entered into with prior approval (including omnibus approval wherever warranted) of the Audit Committee and the Board. In case of omnibus approval by the Audit Committee, the conditions mentioned in the Companies Act, 2013 and Listing Regulations have been complied with. Disclosures in respect of the related party transactions in compliance with accounting standard on "Related Party Disclosures" have been made in the note no. 45 of the accompanying standalone financial statement of the Company for the year ended on March 31, 2023, forms part of this annual report. None of the related party transactions is material within the meaning of Regulation 23 of the Listing Regulations. The related party transactions entered into by the Company are at arm's length and in ordinary course of business and none of them is material in nature.

## **SUBSIDIARY COMPANIES**

The Audit Committee reviews the financial statements of the subsidiary companies including the investments, if any, made by them. The minutes of meetings of the Board of Directors of subsidiaries have been placed at the meeting of the Board of Directors of the Company. Presently, the Company is not required to appoint its independent director on the board of subsidiary company.

## **SECRETARIAL AUDIT AND COMPLIANCE REPORT**

Secretarial audit report given by a company secretary in practice for financial year 2022-23 has been annexed to Directors' report and forms part of this annual report. The Company has also submitted to the Stock Exchanges secretarial compliance report within the prescribed time and posted the same on Company's website.

## **SENIOR MANAGEMENT**

All members of the senior management submit on quarterly basis, a letter of disclosure of interest to the Board relating to all material, financial and commercial transactions, where they have personal interest, if any, that may have a potential conflict with the interest of the Company at large. Appointment of and remuneration payable to CEO/executive director and senior management is reviewed and approved by the Nomination and Remuneration Committee and recommended by it to the Board for approval.

## **QUARTERLY COMPLIANCE REPORT ON CORPORATE GOVERNANCE**

During the year 2022-23, the Company has submitted to the Exchanges quarterly compliance report on corporate governance and have placed such report before the Board of Directors at the next meeting.

## **DIVIDEND DISTRIBUTION POLICY**

Dividend Distribution Policy formulated by the Company pursuant to Regulation 43A of the Listing Regulations, as revised effective from April 1, 2020, is set out in Annexure-G.

## **DISCLOSURES ON WEBSITE**

The Company has, *inter alia*, disseminated the following information on its website [www.jbpharma.com](http://www.jbpharma.com):

- (a) Terms and conditions of appointment of independent directors.
- (b) Composition of various Committees of the Board of Directors.
- (c) Code of Conduct for Board of Directors and senior management personnel.
- (d) Details of establishment of vigil mechanism/Whistle Blower Policy along with Complaint Response Plan Policy.
- (e) Criteria for making payment to non-executive directors, which forms part of Remuneration policy.
- (f) Policy on dealing with related party transactions.
- (g) Policy for determining material subsidiary.
- (h) Details of familiarisation programme imparted to non-executive directors.
- (i) Dividend Distribution Policy.

- (j) Business Responsibility Policy.
- (k) Secretarial compliance report.
- (l) Presentations made to investors/analysts.

#### **SHARES SUSPENSE ACCOUNT**

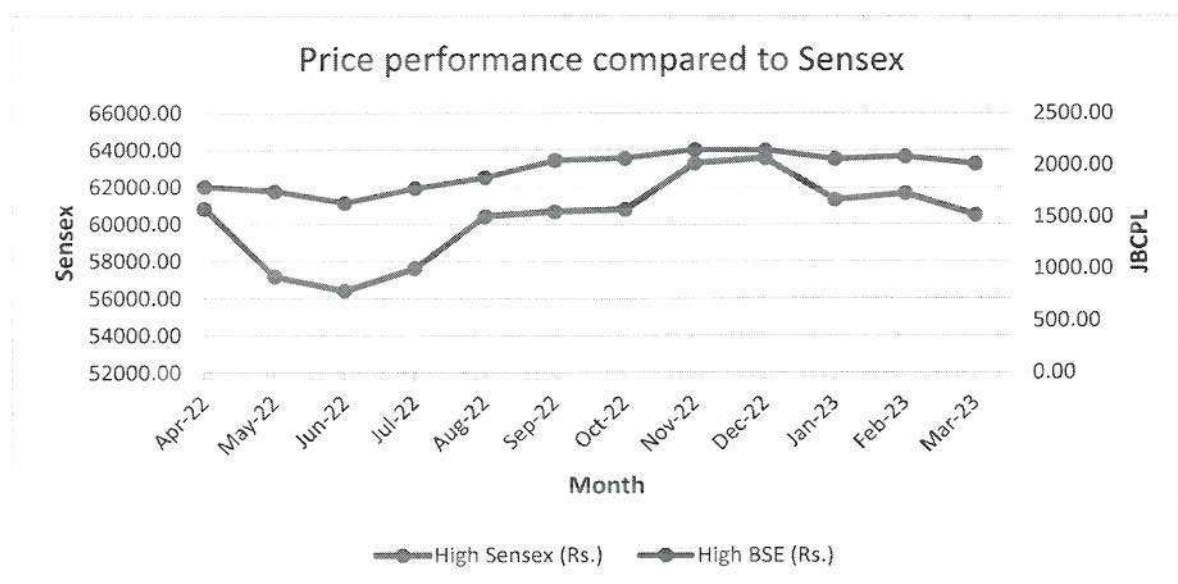
No shares issued by the Company are unclaimed. Thus, no shares have been transferred to demat suspense account or unclaimed suspense account.

### Annexure A

The high and low prices of the Company's equity shares (face value - Rs. 2 each) on BSE Limited (BSE) and on National Stock Exchange of India Limited (NSE) during each month in the financial year 2022-23 were as under:

Month	BSE			NSE		
	High (Rs.)	Low (Rs.)	Volume of shares traded	High (Rs.)	Low (Rs.)	Volume of shares traded
April 2022	1,787.80	1,549.85	91,527	1,786.00	1,548.90	2,181,539
May 2022	1,745.80	1,548.35	58,747	1,745.00	1,548.10	1,003,094
June 2022	1,634.85	1,339.05	53,965	1,642.00	1,342.20	1,341,831
July 2022	1,775.05	1,547.25	46,463	1,774.85	1,547.00	930,326
August 2022	1,879.60	1,604.35	64,708	1,880.00	1,705.55	1,351,713
September 2022	2,045.80	1,773.05	135,199	2,048.00	1,765.00	1,929,766
October 2022	2,065.00	1,873.55	126,723	2,068.00	1,875.10	1,460,305
November 2022	2,149.90	1,956.45	94,238	2,150.00	1,955.30	1,487,002
December 2022	2,144.45	1,916.05	67,051	2,137.85	1,920.50	1,377,189
January 2023	2,059.95	1,902.80	39,273	2,048.70	1,899.70	802,355
February 2023	2,084.15	1,897.50	61,674	2,084.90	1,906.55	763,176
March 2023	2,011.95	1,920.45	27,494	2,000.40	1,810.35	597,000

### Annexure B



### Annexure C

Distribution of shareholding as on March 31, 2023 is as under:

Range of equity shares held	No. of shareholders	% of shareholders	No. of equity shares held	% of capital
Upto 500	53,513	92.41	2,881,571	3.72
501 – 1000	1,789	3.09	1,414,680	1.83
1001 – 2000	1,287	2.22	1,976,832	2.56
2001 – 3000	535	0.92	1,376,623	1.78
3001 – 4000	210	0.36	748,433	0.97
4001 – 5000	105	0.18	488,550	0.63
5001 – 10000	189	0.33	1,337,277	1.73
10001 – 50000	182	0.31	3,796,210	4.91
50001 and above	99	0.17	63,357,408	81.88
<b>Total</b>	<b>57,909</b>	<b>100.00</b>	<b>77,377,584</b>	<b>100.00</b>

### Annexure D

Shareholding pattern as on March 31, 2023 is as under:

Category	No. of shares	% holding
Promoters & Promoter Group	41,732,332	53.93
Mutual Funds, Banks & Insurance Companies	14,361,158	18.56
Foreign Portfolio Investors	6,675,070	8.63
Alternate Investment Funds	405,369	0.52
Clearing Member	2,379	0.00
IEPF Authority	267,332	0.35
Bodies Corporate	824,408	1.07
Individuals	13,109,536	16.94
<b>Total</b>	<b>77,377,584</b>	<b>100.00</b>

### Annexure E

The position as to dematerialization of shares as on March 31, 2023 is as under:

Category	No. of shares	% of shares	No. of Shareholders	% of Shareholders
Electronic Form	76,894,792	99.38	57,435	99.18
Physical Form	482,792	0.62	474	0.82
<b>Total</b>	<b>77,377,584</b>	<b>100.00</b>	<b>57,909</b>	<b>100.00</b>

The information as to liquidity of shares (i.e. number of shares traded) is provided in Annexure A above.

### Annexure F

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
*(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)*

To,  
The Members,  
J. B. Chemicals & Pharmaceuticals Limited  
Neelam Centre, B wing,  
4<sup>th</sup> Floor, Hind Cycle Road,  
Worli, Mumbai 400030.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of J. B. Chemicals & Pharmaceuticals Limited having CIN L24390MH1976PLC019380 and having registered office at Neelam Centre, B wing, 4<sup>th</sup> Floor, Hind Cycle Road, Worli, Mumbai 400030 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31<sup>st</sup> March, 2023 have been debarred or disqualified from

## Annexure G

### **Dividend Distribution Policy**

#### **1. Preamble and Objective:**

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, ("Regulations") requires top 500 listed companies (by market capitalisation) to formulate a dividend distribution policy including certain specified parameters as well as disclose the same in annual report and on its website.

J.B. Chemicals & Pharmaceuticals Limited ("Company") has, in past, regularly paid dividends and this Policy reflects intent of the Company to continue to reward shareholders by sharing a portion of its profit after retaining sufficient cash for its growth. The objective of this Policy is to set out the broad frame work that the Board of Directors of the Company shall keep in view before declaring a dividend. The Board of Directors shall declare or recommend a dividend in compliance with the provisions of the Companies Act, 2013, Rules made there under, other applicable legal provisions and this Policy. The decision to pay dividend and quantum thereof is at discretion of the Board of Directors and this policy does not aim to substitute the discretion and decision making of the Board of Directors.

#### **2. Dividend Payout:**

Dividend for any financial year will be declared out of profit after tax of the Company or out of profits of the Company after tax for previous financial years or out of both. Provided in computing profit for the purpose of declaration or recommendation of dividend, any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement thereof at fair value shall be excluded as provided in Section 123 of the Companies Act, 2013.

Keeping in view the provisions of this Policy, the Board will endeavour to achieve dividend pay-out in the range of 10% to 30% of profit after tax after considering the long term plans and other parameters/factors stated hereunder. However, the actual quantum of dividend pay-out may vary in any financial year on account of financial/internal and external parameters specified hereunder.

#### **3. Financial Parameters/Internal factors:**

The Board of Directors will consider all relevant financial parameters/internal factors, including but not limited to the following before recommending or declaring any dividend for any financial year as such parameters/factors has direct bearing on dividend distribution decision.

1. Existing and expected operational/financial performance;
2. Profit available for distribution;
3. Availability of free cash;
4. Stability of earnings;
5. Liquidity position;
6. Working capital requirement;
7. Capital expenditure requirement;
8. Cash required to repay debt;
9. Buy-back of shares or any other measure involving return of cash to shareholders.

#### **4. External Factors:**

The Board of Directors will consider relevant external factors, including but not limited to the following before recommending or declaring any dividend for any financial year as such factors influence dividend distribution decisions as well as future earnings.

1. Macro-economic conditions; national and international;
2. Industry outlook;
3. Overall economic and regulatory environment;
4. Impact of currencies;
5. Capital market condition;
6. Statutory provisions;
7. Dividend payout followed by similar sized companies in the same industry.

As such, the actual dividend payout may vary in a given year depending on the above stated or similar parameters/factors.

#### **5. Circumstances under which the shareholders of the company may or may not expect dividend:**

The Shareholders may expect dividend in a financial year when the Company has earned sufficient profit after tax. However, the shareholders may not expect dividend when the Board believes (a) that resources need to be conserved for the business of the Company or (b) the available cash is proposed to be used for any purpose set out in 3 above or (c) there are no profit or inadequate profit in any year.

#### **6. Interim Dividend/Special Dividend:**

The Board may declare interim dividend/Special one-time dividend if they so deem fit in case of availability of distributable surplus, profits during the year, any exceptional gain accruing to the Company or otherwise keeping in view parameters/factors mentioned above.

## DECLARATION

I hereby declare that the members of the Board of directors and senior management personnel have affirmed compliance with the code of conduct, for the financial year ended on March 31, 2023.

**For and on behalf of the Board of Directors**



**Nikhil Chopra**  
**Chief Executive Officer and Whole-Time Director**

Place: Mumbai

Date: May 24, 2023

**CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS**  
(pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,  
The Members,  
J. B. Chemicals & Pharmaceuticals Limited  
Neelam Centre, B wing,  
4<sup>th</sup> Floor, Hind Cycle Road,  
Worli, Mumbai 400030.

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of J. B. Chemicals & Pharmaceuticals Limited having CIN L24390MH1976PLC019380 and having registered office at Neelam Centre, B wing, 4<sup>th</sup> Floor, Hind Cycle Road, Worli, Mumbai 400030 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March, 2023 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority:

Sr.No	Name of Director	DIN
1	Mr. Ranjit Gobindram Shahani Chairman, Independent Director	00103845
2	Mr. Nikhil Ashokkumar Chopra Chief Executive Officer and Whole-time Director	07220097
3	Mr. Prashant Kumar Director	08342577
4	Mr. Gaurav Trehan Director	03467781
5	Ms. Padmini Bhalchandra Khare Independent Director	00296388
6	Mr. Sumit Bose Independent Director	03340616



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

For Ashish Bhatt & Associates

*Bhatt & C*

Ashish Bhatt  
Practicing Company Secretary  
FCS No: 4650  
C.P. No. 2956  
UDIN: F004650E000363712  
PR NO 762/2020

Place: Thane  
Date: May 24, 2023



# Business Responsibility and Sustainability Report

## FY 2022-23

### Section A: General Disclosures

#### Details of the listed entity

1.	Corporate Identity Number (CIN) of the company	L24390MH1976PLC019380
2.	Name of the Listed Entity	J .B. Chemicals & Pharmaceuticals Ltd.
3.	Year of incorporation	1976
4.	Registered office address	Neelam Centre, 'B' Wing, 4 <sup>th</sup> Floor, Hind Cycle Road, Worli, Mumbai - 400 030.
5.	Corporate address	Cnergy IT Park, Unit A2, 3 <sup>rd</sup> floor, Appa Saheb Marathe Marg, Prabhadevi, Mumbai 400 025.
6.	E-mail	<a href="mailto:investorelations@jbpharma.com">investorelations@jbpharma.com</a> , <a href="mailto:secretarial@jbpharma.com">secretarial@jbpharma.com</a>
7.	Telephone	022 2439 5200/5500
8.	Website	<a href="http://www.jbpharma.com">www.jbpharma.com</a>
9.	Financial year for which reporting is being done	April 1, 2022 to March 31, 2023
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited National Stock Exchange of India Limited
11.	Paid-up Capital	As at March 31, 2023 was Rs. 15,47,55,168 divided into 7,73,77,584 shares of face value Rs. 2 each.
12.	Name and Contact Details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Sandeep Phadnis (022) 2439 5200 / 5500 <a href="mailto:secretarial@jbpharma.com">secretarial@jbpharma.com</a>
13.	Reporting boundary	Standalone basis

## Products/ Services -

### 14. Details of business activities: (accounting for 90% of the turnover)

Sr. no.	Description of the main activity	Description of business activity	% of turnover of the entity
1.	Manufacturing	Chemical & Chemical Products, pharmaceuticals, medicinal chemical & botanical products	79.90%
2.	Trade	Whole Sale trading	19.50%

### 15. Products/ Services sold by the entity: (accounting for 90% of the entity's Turnover)

Sr. no.	Product/Service	NIC Code	% of total turnover contributed
1.	Oral Solids(tabs + capsules)	2100	58%
2.	Injectables	2100	13%
3.	Lozenges	2100	9%
4.	Liquids	2100	10%
5.	API	2100	3%

## Operations –

### 16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	8	1 corporate office, 1 registered office, 6 area offices, 27 C&F locations, 4 warehouses, 1 R&D Centre	48
International	0	2 (Russia and South Africa)	2

## 17. Markets served by the entity

With a strong presence in over 40 regulated and semi-regulated markets, including Asia, South-East Asia, Gulf & Middle East, USA, EU, Canada, Australia, New Zealand, Latin and Central America, Africa, South Africa, and Russia-CIS, we are committed to providing safe and high-quality pharma products to meet the healthcare needs of people around the world. Our expansive market coverage reflects our dedication to serving diverse populations and contributing to the well-being of individuals in various regions.

### a. Number of locations:

Locations	Number
National (No. of States)	Pan India
International (No. of Countries)	40+

### b. What is the contribution of exports as a percentage of the total turnover of the entity?

Our international business contributes to 48% of our total consolidated revenue. JB Pharma exports to over 40 countries. At JB Pharma, we are proud to contribute to the global healthcare ecosystem by exporting our products from India to overseas countries. We recognize the importance of sustainable production and its positive impact on local communities. We are committed to enhancing and empowering the communities in which we operate by creating employment opportunities, supporting local businesses, and implementing sustainable practices. Our responsible operations aim to foster economic growth, social development, and environmental stewardship, ensuring a holistic approach to our business that benefits our stakeholders and the communities we serve.

### c. A brief on types of customers

JB Pharma is one of the fastest-growing pharmaceutical companies in India and a leading player in the hypertension and heart failure segment. In India alone, JB pharma caters to the needs of over 150 million patients annually. Besides its strong India presence, which accounts for majority of its revenue, its other two home markets are Russia and South Africa. In India, the company has six brands among the top 300 IPM brands in the country. The company exports its finished formulations to over 40 countries including the USA. Besides supplying branded generic formulations to several countries, it is also a leader in the manufacturing of medicated lozenges. The company ranks among the top 5 manufacturers globally in medicated and herbal lozenges. It has eight state-of-the-art manufacturing facilities in India including a dedicated manufacturing facility for lozenges. The manufacturing facilities are certified by leading regulators across the world.

## Employees -

### 18. Details as at the March 31, 2023:

#### a. Employees and workers (including differently abled):

Sr. No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)
		<b>Employee</b>				
1	Permanent (D)	4710	4276	90.8 %	434	9.2 %
2	Other than Permanent (E)	49	48	98.0 %	1	2 %
3	Total employees (D + E)	4759	4324	90.9 %	435	9.1 %
		<b>Workers</b>				
4	Permanent (F)	385	291	75.6 %	94	24.4 %
5	Other than Permanent (G)	2066	1559	75.5 %	507	24.4 %
6	Total Workers (F + G)	2451	1850	75.5 %	601	24.5 %

1. Permanent Employees (D) : This is the total number of employees excluding permanent workers

**b. Differently abled Employees and workers:**

Sr. No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)
		Differently Abled Employees				
1	Permanent (D)	4	3	75%	1	8%
2	Other than Permanent (E)	0	0	0	0	0
3	Total employees (D + E)	4	3	75%	1	25%
		Workers				
4	Permanent (F)	8	8	100%	0	0
5	Other than Permanent (G)	0	0	0	0	0
6	Total Workers (F + G)	8	8	100%	0	0

**19. Participation/Inclusion/Representation of women:**

	Total	No. and percentage of Females	
	(A)	No. (B)	% (B / A)
Board of Directors	6	1	16.67%
Key Management Personnel (KMP)	3	0	0

**20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years) (JD)**

	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	26.9 %	1.8 %	28.7 %	30.5 %	1.7 %	32.2 %	18.8 %	1.4 %	20.2 %
Permanent Workers	2.6 %	0.3 %	2.9 %	1.3 %	0.8 %	2.0 %	2.6 %	0.5 %	3.1 %

## Holding, Subsidiary and Associate Companies (including joint ventures) -

### 21. Names of holding / subsidiary / associate companies / joint ventures

Sr. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% Of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
1	Tau Investment Holdings Pte. Limited	Holding Company	53.94	No
2	OOO Unique Pharmaceutical Laboratories	Subsidiary	100	No
3	Unique Pharmaceutical Laboratories, FZE	Subsidiary	100	No
4	Biotech Laboratories (Pty.) Ltd	Subsidiary	100	No

### CSR Details

22 (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Standalone Company Turnover (in Rs.): 2884.16 Crs in FY 22-23

(iii) Standalone Company Net worth (in Rs.): 2442.48 Crs in FY 22-23

## Transparency and Disclosures Compliances -

### 23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No)	FY (2022-23)			FY (2021-22)		
	<i>(If yes, then provide web-link for grievance redress policy)</i>	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
<b>Communities</b>	Yes	0	0	-	0	0	-
<b>Shareholders</b>	Yes.	5	0	-	4	0	-
<b>Investors (Other than shareholder)</b>	Yes	0	0	-	0	0	
<b>Employee &amp; Workers</b>	Yes	0	0	-	0	0	-
<b>Customers</b>	Yes	2	0	-	0	0	-
<b>Value Chain Partners</b>	Yes	0	0	-	0	0	
<b>Others (Please specify)</b>	-	-	-	-	-	-	-

## 24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format:

The main goal in determining the materiality is to understand the relevant issues that will impact JB Pharma's stakeholders and operations over short, medium and long term. This understanding, in turn, makes ESG strategy and action plan more in tune with stakeholder priorities and more robust in creating impact and navigating risk.

Sr. No.	Material issue Identified	Indicate Whether Risk or Opportunity	Rationale for identifying Risk / Opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1.	Water management	Risk	Scarcity or contamination of water sources can disrupt operations and lead to regulatory non-compliance, impacting production and increasing costs.	Implementing efficient water usage practices such as ZLD, investing in water recycling and treatment systems, installed ETP plant capacity	Negative
2.	Waste management	Risk	Improper waste disposal practices can result in environmental pollution, legal penalties, and reputational damage, while effective waste management can reduce costs and enhance sustainability.	Adoption of waste management strategies, implement proper waste segregation and disposal methods, promote recycling initiatives, and ensure compliance with waste management regulations	Negative
3.	Energy and emissions management	Risk	Inefficient energy use and high emissions contribute to environmental impact and regulatory compliance risks.	Conducting energy audits, investing in energy-efficient technologies and promoting renewable energy sources;	Negative
4.	Climate change impact	Risk	Climate change can pose risks such as extreme weather events and supply chain disruptions.	Developing climate adaptation plans, reducing greenhouse gas emissions, and supporting initiatives addressing climate change and sustainability.	Negative
5.	Employee welfare	Opportunity	Prioritizing employee welfare enhances job satisfaction and productivity and reduces turnover. It can also attract top talent and improve the company's reputation.	NA	Positive
6.	Occupational health and safety	Risk	Inadequate safety measures can lead to accidents, injuries, legal liabilities, and reputational damage.	Establishing a comprehensive safety protocol, providing training and resources for employees, conducting regular safety inspections, and fostering a culture of safety and employee well-being	Negative
7.	Patient health and safety	Opportunity	Ensuring patient safety is a core value for the pharmaceutical industry. Emphasizing patient health	NA	Positive

			and safety improves outcomes and strengthens trust and reputation.		
8.	Accessibility and affordability to healthcare	Opportunity	Expanding access to affordable healthcare improves patient outcomes, increases market reach, and aligns with social responsibility, creating opportunities for growth and positive impact.	NA	Positive
9.	Community development	Opportunity	Investing in community development initiatives fosters positive relationships, enhances brand reputation, and contributes to the social and economic well-being of communities.	NA	Positive
10.	Business ethics and governance	Risk	Poor governance can result in legal and financial consequences, reputational damage, and loss of stakeholder trust.	Implementing a comprehensive code of ethics, establish clear policies, and provide regular ethics training to employees.	Negative
11.	Product stewardship	Opportunity	Effective product stewardship can improve sustainability, customer trust, and market opportunities.	NA	Positive
12.	Regulatory compliance	Risk	Non-compliance with regulations can lead to legal penalties, reputational damage, and disruptions to operations.	Establishing robust compliance procedures and implementing corrective actions to ensure adherence to applicable laws and guidelines.	Negative
13.	Data security and privacy	Risk	Data breaches and privacy violations can result in legal and financial consequences, as well as damage to the company's reputation.	Implementing strong data encryption and security measures, conducting regular security audits, training employees on data privacy best practices, and complying with data protection regulations PAM and NAC implemented	Negative

## Section B: Management and Process Disclosures

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

<b>P1</b>	<b>Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent, and accountable</b>
<b>P2</b>	<b>Businesses should provide goods and services in a manner that is sustainable and safe</b>
<b>P3</b>	<b>Businesses should respect and promote the well-being of all employees, including those in their value chains</b>
<b>P4</b>	<b>Businesses should respect the interests of and be responsive towards all its stakeholders</b>
<b>P5</b>	<b>Businesses should respect and promote human rights</b>
<b>P6</b>	<b>Businesses should respect, protect, and make efforts to restore the environment</b>
<b>P7</b>	<b>Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent</b>
<b>P8</b>	<b>Businesses should promote inclusive growth and equitable development</b>
<b>P9</b>	<b>Businesses should engage with and provide value to their consumers in a responsible manner</b>

Disclosure	P	P	P	P	P	P	P	P	P
Questions	1	2	3	4	5	6	7	8	9
<b>Policy and management processes</b>									
<b>1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)</b>	Y	Y	Y	Y	Y	Y	Y	Y	Y
<b>b. Has the policy been approved by the Board? (Yes/No)</b>	Y	Y	Y	Y	Y	Y	Y	Y	Y
<b>c. Web Link of the Policies, if available</b>	<a href="#">Shareholders corner - JB Pharma</a>								
<b>2. Whether the entity has translated the policy into procedures. (Yes / No)</b>	Y	Y	Y	Y	Y	Y	Y	Y	Y
<b>3. Do the enlisted policies extend to your value chain partners? (Yes/No)</b>	Y	Y	Y	Y	Y	Y	Y	Y	Y
<b>4. Name of the national and international codes/certifications/labels/standards (e.g., Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trusted) standards (e.g., SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.</b>	<ul style="list-style-type: none"> <li>• The Prevention of Corruption Act, 1988</li> <li>• The Prevention of Corruption (Amendment) Act, 2018</li> <li>• The Prevention of Money Laundering Act, 2002</li> <li>• The Foreign Contribution (Regulation) Act, 2010</li> <li>• The Indian Penal Code, 1860</li> <li>• Central Vigilance Commission Act, 2003</li> <li>• Lok Ayukta Acts of various states</li> <li>• UK Bribery Act, 2010 (“UKBA”)</li> <li>• The Foreign Corrupt Practices Act 1977 of USA (“FCPA”)</li> <li>• Any other applicable national, regional, provincial, state, municipal or local ABAC laws</li> </ul>								
<b>5. Specific commitments, goals and targets set by the entity with defined timelines, if any.</b>	N.A.								
<b>6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.</b>	N.A.								
<b>Governance, leadership and oversight</b>									

## **7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements**

### **Message from Director's desk:**

We take pride in presenting our inaugural Business Responsibility & Sustainability Report, showcasing our performance during the financial year 2022-23. The BRSR serves as a testament to our steadfast dedication to making a positive impact across various dimensions of Environment, Social, and Governance (ESG). With a rich 46 year heritage in the pharmaceutical sector, our organization, JB Pharma, is resolutely committed to enhancing the lives of patients and contributing to global healthcare through the provision of top-tier products. Firmly rooted in a foundation of ethics, teamwork, and patient-centricity, JB Pharma stands as the fastest-growing Indian pharmaceutical company in the domestic market.

In addition to a robust governance framework, we have implemented a comprehensive pharmacovigilance system and process. Our pharmacovigilance team, in conjunction with our well-established Quality Management System, ensures that patient safety remains at the forefront of all our business endeavors. Supported by various WHO-GMP certificates and international regulatory body certifications such as FDA, USFDA, MHRA, EDQM, and WHO, our state-of-the-art manufacturing facilities adhere to the highest standards of current Good Manufacturing Practices. We also implemented e-BMR and QMS systems. This underscores our unwavering commitment to always delivering exceptional quality in our products. While we have established our materiality topics, we are also undertaking a process to take specific ESG goals in this year.

The heart of our organization lies within our corporate culture and our dedicated employees, who play an instrumental role in our pursuit of success. Guided by a "People First" approach, we prioritize the development and well-being of our workforce, based on four fundamental pillars: growth & development, health & safety, work-life balance, and family welfare. Our talented, hardworking, and diverse employees are invaluable stakeholders in our achievements, and we continually invest in honing their capabilities to maintain a competitive edge. In line with our organizational ethos, we strive for equitable representation within our workforce, and it brings me great pleasure to share that the number of female employees at JB Pharma has consistently increased year after year.

Aligned with our motto of "Good People for Good Health," we have been at the forefront of serving communities in the realms of education, healthcare, empowerment of children, alleviation of hunger, and poverty eradication. As the Indian healthcare sector recovers from the challenges posed by the pandemic, our vision is to enhance the resilience of the population by improving medical infrastructure. Through our initiatives, we have positively impacted the lives of thousands of individuals and remain committed to building a more equitable world.

Moving forward, we will continue to fortify our organization with a growth-oriented approach, unwaveringly guided by the principles of integrity, trust, and reliability. We look forward to a future marked by continued success and positive contributions to the healthcare industry and society as a whole.

***Nikhil Chopra***  
***Chief Executive Officer & Whole-Time Director***



12.If answer to question (1) above is “No” i.e., not all Principles are covered by a policy, reasons to be stated:

Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
The entity does not consider the principles material to its business (Yes/No)	Not Applicable								
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

## SECTION C: Principle wise performance disclosure

**Principle 1: Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable.**

### Essential Indicators -

1. Percentage coverage by training and awareness programmes on any of the principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics / principles covered under the training and its impact	% of persons in respective category covered by the awareness programmes
Board of Directors	1	All 9 topics	100%
Key Managerial Personnel	1	All 9 topics	100 %
Employees other than BOD and KMPs	1	All 9 topics	100 %
Workers	1	All 9 topics	100 %

2. **Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year.**

Monetary					
	NGRBC Principle	Name of the Regulatory/ Enforcement agencies/ Judicial institution	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes / No)
Penalty/ Fine	For FY23, there were no cases pending pertaining to unfair trade practices, irresponsible advertising, and/or anti-competitive behavior. There were no fines/penalties/punishment/ award/ compounding fees/ settlement amounts paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in FY 2022-23.				
Settlement					
Compounding Fee					
Non-Monetary					
	NGRBC Principle	Name of the Regulatory/ Enforcement agencies/ Judicial institution	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes / No)
Imprisonment	None				
Punishment					
Of the instances disclosed in above Question, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed			Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions	
			NA		

3. **Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.**

JB Pharma has a standalone Anti-Corruption and Bribery policy which lays down guidelines for transparent and fair interactions. The same can be accessed here on the company's website [Anti-Bribery and Anti-Corruption Policy](#).

The policy is applicable to all employees, Board of Directors, subsidiaries, and Business Associates (suppliers, contractors, and other key business partners) of the Company and states zero tolerance toward any form of bribery and corruption. As per the policy, employees, Directors, and Company representatives are not permitted to offer or receive bribes in the form of gifts, cash, facilities, or any other manner, either directly or indirectly

Training on bribery and corruption: All employees, Board members, and key managerial personnel, currently undergo mandatory training on the requirements and obligations of the Policy.

Monitoring and Redressal of Corruption cases the Company has provided a whistleblowing mechanism to all employees and third parties to report any genuine concerns associated with unethical business practices, including corruption and bribery.

4. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022-23	FY 2021-22
Directors	0	0
KMPs	0	0
Employees	0	0
Workers	0	0

5. Details of complaints with regard to conflict of interest:

	FY 2022 – 23	FY 2021 – 22
Number of complaints received in relation to issues of Conflict of Interest of the directors.	0	0
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	0	0

6. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

NA

## Leadership Indicators

1. Awareness programmes conducted for value chain partners on any of the principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	Percentage of value chain partners covered (by value of business done with such partners) under the awareness programmes
0	0	0

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes, JB Pharma has robust procedures and safeguards to avoid any conflicts of interest involving members of the Board and other employees. The Company has implemented a [Conflict-of-Interest Policy](#) that provides guidelines for avoiding any conflict of interest, both actual or apparent, and the mechanism to report any such situations that may give rise to a potential conflict.

JB Pharma's [Policy on Materiality and Dealing with Related Party Transactions](#) intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and related parties. The Policy guides the concerned or interested Director to abstain from participation in any discussions, voting, or arrangements with related parties, in order to avoid potential conflicts of interest.

The code of Conduct for the Board of Directors and Senior Management Personnel (SMPs) framed by the Company, lays down the process for avoidance of conflict of interest by any Board member or SMPs. A disclosure of interest is obtained from the SMPs on a quarterly basis and is placed before the Board of Directors for noting. Further, an annual affirmation of compliance with the said code is also obtained from such persons.

## Principle 2: Businesses should provide goods and services in a manner that is sustainable and safe.

### Essential indicators

1. **Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.**

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D*	355.83 (Mn)	304.81 (Mn)	In both financial years, a substantial amount of the mentioned R&D spends was towards environment and social impacts.
Capex	131.86 (Mn)	68.27 (Mn)	In both financial years, a substantial amount of the mentioned R&D spends was towards environment and social impacts..

\*Represents revenue expenditure

2. **Does the entity have procedures in place for sustainable sourcing? If yes, what percentage of inputs were sourced sustainably?**

We are in the business of manufacturing, distributing, and selling pharmaceutical & related products, which are meant for human consumption, & the needs of our patients. We lay great emphasis on quality & ensure the sourcing of all raw & packaged materials is of exemplary standards. We have also started measuring SCOPE 3 emissions, which will include all our vendors/suppliers.

3. **Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.**

We are engaged in the manufacturing of pharmaceutical products for the needs of our patients. Thus the above is not relevant to us, However, if the product has expired at the shelf of distributors & pharmacists, we have a stated procedure and protocols to bring back the product to a central warehouse and destroy the same through approved protocols. We also have instituted proper processes at our manufacturing facilities to discharge chemical waste as per government norms

4. **Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.**

Yes EPR is applicable to JB Pharma. At JB Pharma, we prioritize responsible waste management practices in alignment with the norms and regulations set forth by the Pollution Control Board. We adhere to the applicable guidelines and work diligently to ensure compliance with waste management requirements. By implementing robust waste management protocols, we aim to minimize environmental impact, prevent pollution, and promote

sustainable practices. Our commitment to meeting regulatory standards reflects our dedication to environmental stewardship and our responsibility to create a cleaner and healthier environment.

### **Leadership Indicators**

- 1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format?**  
Not Applicable
  
- 2. If there are any significant social or environmental concerns and/or risks arising from production or disposal of your products / services, as identified in the Life Cycle Perspective / Assessments (LCA) or through any other means, briefly describe the same along-with action taken to mitigate the same.**  
Not Applicable
  
- 3. Percentage of recycled or reused input material to total material (by value) used in production (for manufacturing industry) or providing services (for service industry).**  
Not Applicable
  
- 4. Of the products and packaging reclaimed at end of life of products, amount (in metric tonnes) reused, recycled, and safely disposed**  
Not applicable
  
- 5. Reclaimed products and their packaging materials (as percentage of products sold) for each product category.**  
Not applicable

## Principle 3: Businesses should respect and promote the well-being of all employees, including those in their value chains

### Essential Indicators

#### 1. Measures undertaken for Employee Wellbeing –

##### a. Details of measures for the well-being of employees:

Category	% Of employees covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent employees</b>											
Male	4276	4276	100 %	4276	100 %	0	0	4276	100 %	4276	100 %
Female	434	434	100 %	434	100 %	434	100 %	0	0	434	100 %
<b>Total</b>	<b>4710</b>	<b>4710</b>		<b>4710</b>		<b>434</b>		<b>4276</b>		<b>4710</b>	
<b>Other than Permanent employees</b>											
Male	48	48	100 %	48	100 %	0	NA	48	100 %	48	100 %
Female	1	1	100 %	1	100 %	1	100 %	0	NA	1	100 %
<b>Total</b>	<b>49</b>	<b>49</b>	<b>100 %</b>	<b>49</b>	<b>100 %</b>	<b>1</b>		<b>48</b>		<b>49</b>	<b>100 %</b>

##### b. Details of measures for the well-being of workers:

Category	% Of Workers covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent Workers</b>											
Male	291	291	100%	291	100%	0	0	291	100%	291	100%
Female	94	94	100%	94	100%	94	100%	0	0	94	100%
<b>Total</b>	<b>385</b>	<b>385</b>	<b>100%</b>	<b>385</b>	<b>100%</b>	<b>94</b>		<b>291</b>		<b>385</b>	<b>100%</b>
<b>Other than Permanent Workers</b>											
Male	1559	161	10.3 %	1517	97.3 %	0	0%	0	0%	1517	97.3 %
Female	507	110	21.7 %	502	99.0 %	0	0%	0	0%	502	99.0 %
<b>Total</b>	<b>2066</b>	<b>271</b>	<b>13.1 %</b>	<b>2019</b>	<b>97.7 %</b>	<b>0</b>	<b>0%</b>	<b>0</b>	<b>0%</b>	<b>2019</b>	<b>97.7 %</b>

**2. Details of retirement benefits, for FY 2022-23 and FY 2021-22**

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
<b>PF</b>	100%	100 %	Y	100%	100%	Yes
<b>Gratuity</b>	100%	100 %	Y	100%	100%	Yes
<b>ESI</b>	<b>19%</b>	<b>5%</b>	<b>Y</b>	<b>26%</b>	<b>4%</b>	<b>Yes</b>
<b>Other</b>						

Note: ESI is applicable to employees whose gross salary is below INR 21,000/- per month

**3. Accessibility of workplaces:**

**Are the premises / offices of the entity accessible to differently abled employees any workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.**

The company has made provisions for the differently abled employees in the organization including the manufacturing sites

**4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.**

We are committed to fostering an inclusive and diverse workplace where all individuals are treated with respect and have equal opportunities for personal and professional growth. We firmly believe in providing equal employment and advancement opportunities to all employees and applicants, regardless of their race, gender, ethnicity, religion, sexual orientation, caste, creed & color or disability. Our equal opportunity statement guides our recruitment, hiring, training, promotion, and compensation practices, ensuring a fair and equitable environment for everyone. We are dedicated to creating a workplace that celebrates diversity and promotes a culture of inclusion, where each person's unique talents and perspectives are valued and nurtured.

5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100%	NA	0	-
Female	81%	60%	0	-
<b>Total</b>	100%	60%	0	-

6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No
	<i>(If yes, then give details of the mechanism in brief)</i>
Permanent Workers	JB Pharma encourages an amicable and fair resolution of grievances. Employees are encouraged to first discuss the grievance with their immediate reporting authority and attempt to arrive at a resolution before invoking a formal grievance redressal mechanism.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

**7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:**

Category	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B / A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D / C)
Total Permanent Employees	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0
0	0	0	0	0	0	0

**8. Details of training given to employees and workers:**

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health Safety		On Skill Upgradation		Total (D)	On Health Safety		On Skill Upgradation	
		No. (B)	% (B / A)	No. (C)	% (C / A)		No. (E)	% (E / D)	No. (F)	% (F / D)
<b>Employees</b>										
Male	4276	1606	37.6%	416	9.7%	3581	953	26.6 %	190	5.3 %
Female	434	434	100%	80	18.4%	363	195	53.7%	24	6.6 %
<b>Total</b>	<b>4710</b>	<b>2040</b>	<b>43.3%</b>	<b>496</b>	<b>10.5%</b>	<b>3944</b>	<b>1148</b>	<b>29.1%</b>	<b>214</b>	<b>5.4 %</b>
<b>Workers</b>										
Male	291	291	100%	291	100 %	301	301	100 %	301	100%
Female	94	94	100%	94	100%	95	95	100 %	95	100 %
<b>Total</b>	<b>385</b>	<b>385</b>	<b>100%</b>	<b>385</b>	<b>100 %</b>	<b>396</b>	<b>396</b>	<b>100 %</b>	<b>396</b>	<b>100%</b>

**9. Details of performance and career development reviews of employees and worker:**

Benefits	FY 2022 – 23			FY 2021 – 22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	%(D/C)
<b>Employee</b>						
Male	4276	3939	92.1%	3581	3244	90.6%
Female	434	426	98.2%	363	355	97.8%
Total*	4710	4365	92.7%	3944	3599	91.2%
<b>Workers</b>						
Male	291	109	37.5%	301	113	37.5%
Female	94	27	28.7%	95	27	28.4%
Total*	385	136	35.3%	396	140	35.4%

**10. Health and safety management system:**

**a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage such system?**

Yes, JB Pharma has an occupational health and safety management system covering 100% of the operations. Each plant is guided by an Environment, Health and Safety (EHS) Policy, which propels momentum towards a safe and secure work environment by articulating our EHS standards and practices. The Health and Safety Management system ensures adoption of best-in-class health and safety practices in line with global standards through continuous risk identification, assessment and mitigation with active participation of the workforce.

JB Pharma is dedicated to maintaining the highest safety standards across its facilities. To achieve this, the company conducts job safety analyses following a work permit system that guides routine and non-routine activities. The work permit system governs non-routine control processes, while standard operating procedures (SOPs) ensure safe operations for routine activities.

**b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?**

In the quest to uphold the highest standard of safety across all facilities, the Company conducts a job safety analysis in line with the work permit system, which guides routine and non-routine activities. Additionally, JB Pharma conducts an annual workplace risk assessment for identifying potential chemical, biological, or physical hazards that can prove detrimental to human health and lead to the risk of exposure. Risk assessments are conducted to identify potential hazards, and a hierarchy of control measures, including substitution, engineering, and administrative controls, is implemented to enhance safety practices. JB Pharma's committees are responsible for maintaining and improving the Health and Safety Management system. SOPs facilitate incident reporting, investigations, and the implementation of corrective measures. The company values an open and transparent culture, encouraging employees to report unsafe conditions, acts, and near-miss incidents, which the safety department and management address. Regular discussions with the safety department and supervisors help drive continual improvement and prevent illness or injuries among the workforce. There is safety infrastructure and electrical audits being conducted at the plants every six months

**c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)**

Yes. The Company fosters an open and transparent culture where employees are encouraged to report unsafe conditions, acts, and near-miss incidents and further escalate hazards to the safety department and management.

**d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)**

At JB Pharma, we prioritize the well-being of our employees and workers by providing access to non-occupational medical and healthcare services. We understand the importance of comprehensive healthcare support beyond occupational health needs. Our initiatives aim to ensure that our employees have access to medical services that cater to their overall health, including preventive care, general medical consultations, and other non-occupational healthcare requirements. By offering these services, we promote the health and welfare of our workforce, fostering a supportive and caring work environment. Presence of medical van and nurses at plants as per labour laws are met.

**11. Details of safety related incidents, in the following format:**

Safety Incident/Number	Category	FY	FY
		2022-23	2021-22
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	0	0
	Workers	0	0
Total recordable work-related injuries	Employees	0	0
	Workers	0	0
No. of fatalities	Employees	0	0
	Workers	0	0
High consequence work-related injury or ill-health (excluding fatalities)	Employees	0	0
	Workers	0	0

**12. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

- Employee engagement:** Conduct safety mock drills and fire drills involving employees. Further promulgate EHS awareness by celebrating National Safety Day, National Fire Safety Day, among others.
- Training and information:** All necessary information and training (induction, regular, and refresher) is imparted to enhance employee capabilities to safeguard themselves from hazardous situations.
- Health surveillance:** Rigorous review of persons potentially at risk to significant exposure as well as monitoring of proper breathing zones
- Hierarchy of controls:** Follow stringent practices that foster a safe work environment such as use of Personal Protective Equipment (PPE), organize work to reduce expose to hazard, remove any potential hazard through risk assessment, substitute known high risk substance with a less hazardous one
- Monitoring of exposure:** Evaluation of effectiveness of control measure and situations where failure of control measures could lead to serious health effect.

**13. Number of Complaints on the following made by employees and workers:**

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	0	0	-	0	0	-
Health & Safety	0	0	-	0	0	-

**14. Assessments for the year:**

	% Of your plants and offices that were assessed. (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

**15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

- A. Improve PPE (Personal Protective Equipment) compliance: The audit highlights a need to enhance compliance with PPE requirements among employees. We reinforced guidelines to foster a safety culture emphasising the importance of using PPE correctly and consistently.
- B. Changing non-standard PPEs: The audit identified instances where non-standard or inappropriate PPEs were being used. We replaced these with compliant and suitable PPEs that effectively protect employees from workplace hazards.
- C. CAPA (Corrective and Preventive Actions) process is in place in case of any accidents

**Leadership Indicators**

**1. Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N)?**

Yes, as a responsible organization, we provides life insurance or any compensatory package in the event of death of employees and workers.

**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

Our value chain partners are required to adhere to the necessary laws and regulations, including payment of statutory dues as per our supplier code of conduct. We have initiated the process of obtaining declarations from our value chain partners.

3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable Employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
Employees	0	0	0	0
Workers	0	0	0	0

## Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders

### Essential Indicators

1. Describe the processes for identifying key stakeholder groups of the entity.

JB Pharma has implemented an extensive stakeholder-inclusive approach to harness the value-creation ability of all operations. Accordingly, the Company strategically prioritizes and engages with individuals, entities and groups based on their level of influence and impact, responsibility and interdependency towards JB Pharma.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group. (Yes/No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investors	No	Annual General Meetings • Conference calls/meets • Quarterly earnings calls • Quarterly and bi-yearly reports	Quarterly • Annual • Need based	Ethical business conduct Business performance Augment international market performance
Suppliers	No	• Safety Week • Safety meeting and trainings • Team Meetings	• Weekly • Monthly • Quarterly	○ Limiting delayed payments ○ Enhancing supplier engagement

		<ul style="list-style-type: none"> <li>• Governance with measured KPIs</li> </ul>		across ESG parameters
Employee/workers	No	<ul style="list-style-type: none"> <li>• Townhall meetings</li> <li>• Employee surveys</li> <li>• Skill development sessions <ul style="list-style-type: none"> <li>• Trainings</li> <li>• Global surveys</li> </ul> </li> <li>• Culture conversations</li> <li>• Meet the leaders</li> </ul>	<ul style="list-style-type: none"> <li>• Need based</li> <li>• Quarterly</li> <li>• Weekly</li> <li>• Monthly</li> </ul>	<ul style="list-style-type: none"> <li>○ Skill development</li> <li>○ Safety and well-being</li> <li>○ Rewards and recognition</li> </ul>
Community/NGO	Yes	<ul style="list-style-type: none"> <li>• Periodic virtual and in-person meetings</li> <li>• Health awareness talks <ul style="list-style-type: none"> <li>• Employee health checkups</li> <li>• Need-based</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Need-based</li> <li>• Weekly</li> <li>• Monthly</li> </ul>	<ul style="list-style-type: none"> <li>○ Limiting delayed payments</li> <li>○ Enhancing supplier engagement across ESG parameter</li> </ul>
Third-party manufacturers	No	<ul style="list-style-type: none"> <li>• Telephonic</li> <li>• Virtual meetings</li> <li>• Team meetings</li> </ul>	<ul style="list-style-type: none"> <li>• Monthly</li> <li>• Annual</li> </ul>	<ul style="list-style-type: none"> <li>○ Increase support of social and environmental initiatives</li> </ul>

## Leadership Indicators

### 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The company has engaged in a very extensive stakeholder engagement and materiality assessment exercise across all groups of stakeholders to get their feedback and input on what is material to the business. The gaps and observations, if any, identified during the evaluation process are then cascaded to the senior management level for ensuring that necessary remedial actions. Further, the Board is updated on the remedial action taken to close the gaps and observations, if any.

### 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. Basis the stakeholder engagement and materiality assessment, the company has arrived at the key social and environmental aspects that are material to the operations and other stakeholders. JB Pharma recognizes the importance of stakeholder engagement and materiality assessment to identify key social and environmental aspects that are material to our operations and stakeholders. Inputs from stakeholders in these processes are integrated into our policies and activities. Here are some examples of how stakeholder inputs have been incorporated:

- A. Materiality Assessment: Stakeholder input is sought to identify the most significant social and environmental issues relevant to our business. Feedback and perspectives from stakeholders, including employees, customers, investors, NGOs, and local communities, are carefully analyzed. The identified material aspects are then prioritized and incorporated into our sustainability strategy, reporting, and decision-making processes.
- B. Policy Development: Inputs from stakeholders help shape existing ESG policies' content, objectives, and implementation. This ensures that our policies are aligned with stakeholder expectations and address the most relevant issues.

- C. Stakeholder Collaboration: Stakeholders' input is considered when designing and implementing initiatives to address social and environmental challenges. Collaboration with stakeholders helps co-create solutions, ensuring that our activities are responsive to their needs and concerns. This collaborative approach strengthens the effectiveness and credibility of our initiatives.
- D. Reporting and Transparency: Stakeholder feedback is taken into account when disclosing social and environmental performance through our sustainability report or other communication channels. Inputs received help improve the quality and relevance of the information provided, making it more meaningful and valuable to stakeholders.

By actively engaging with stakeholders and incorporating their inputs into our policies, activities, and reporting, JB Pharma ensures a more inclusive and informed approach to sustainable business practices, promoting stakeholder satisfaction and long-term value creation.

**3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable/ marginalized stakeholder groups.**

**Principle 5: Businesses should respect and promote human rights**

**Essential Indicators:**

- 1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-23			FY 2021-22		
	Total (A)	No. employees' workers covered (B)	% (B / A)	Total (C)	No. employees' workers covered (D)	% (D / C)
<b>Employees</b>						
Permanent	4710	4710	100%	3944	3944	100%
Other than permanent	49	49	100 %	47	47	100%
<b>Total Employees</b>	4759	4759	100 %	3991	3991	100%
<b>Workers</b>						
Permanent	385	385	100 %	396	396	100%
Other than permanent	2066	2066	100 %	1463	1463	100 %
<b>Total Workers</b>	2451	2451	100 %	1859	1859	100 %

2. Details of minimum wages paid to employees and workers, in the following format:

Category	FY 2022-23					FY 2021-22				
	Total (A)	Equal to Minimum Wages		More than Minimum wages		Total (D)	Equal to Minimum Wages		More than Minimum wages	
		Number (B)	% (B / A)	Number (C)	% (C / A)		Number (E)	% (E /D)	Number (F)	% (F / D)
<b>Employees</b>										
Permanent	4710	32	0.7 %	4678	99.3%					
Male	4276	31	0.7 %	4245	99.3%					
Female	434	1	0.2 %	433	99.8%					
Other than permanent										
Male	48	0		48	100%	46	0		46	100%
Female	1	0		1	100%	1	0		1	100%
<b>Worker</b>										
Permanent										
Male	291	0		291	100%	301	0		301	100%
Female	94	0		94	100%	95	0		95	100%
Other than permanent										
Male	1559	1004	64.4 %	555	35.6%					
Female	507	335	66.1 %	172	33.9%					

For FY 2021-22, Permanent employees was 3944: 100% was paid either more than minimum wages or equal to minimum wages

For FY 2021-22, Other than permanent people was 1463: 100% was paid either more than minimum wages or equal to minimum wages

**3. Details of remuneration/salary/wages, in the following format:**

	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category (in Rs.)	Number	Median remuneration/ salary/ wages of respective category (in Rs.)
<b>Board of Directors (BOD)</b>	5	75,00,000	1	75,00,000
<b>Key Managerial Personnel (KMP)</b>	3	2,62,26,033	0	NA
<b>Employees other than BOD and KMP*</b>	4273	4,30,008	434	4,64,892
<b>Workers</b>	291	3,44,772	94	3,58,296
<b>Total (without BOD)</b>	4567		528	

\*Excluding Workers.

**4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)**

JB Pharma acknowledges the importance of addressing human rights impacts or issues caused or contributed to by our business activities. To ensure effective management of these matters, we have designated a focal point, either an individual or a committee, responsible for addressing human rights impacts.

At the manufacturing facilities, the management representatives responsible for addressing the human rights impact is the respective plant manager and the respective HR head.

**5. Describe the internal mechanisms in place to redress grievances related to human rights issues.**

At J B Pharma, we recognize the significance of robust grievance redressal mechanisms to nurture our stakeholder relationships, foster trust, and facilitate productive business activities. These mechanisms uphold our commitment to a secure, responsible, and sustainable approach. We have implemented a gender-agnostic policy on the Prevention of Sexual Harassment (POSH), enabling individuals to report instances of unethical business conduct. Our Internal Complaints Committee (ICC) ensures the protection of employees from any form of sexual harassment. Our Whistleblower Policy also empowers directors, employees, and stakeholders to report concerns or evidence of wrongful conduct to our redressal committee. Working with the audit committee, the redressal committee escalates matters for further investigation and takes appropriate actions. These mechanisms demonstrate our commitment to addressing grievances effectively, maintaining a positive work environment, and upholding ethical standards within our organization.

The employees are encouraged to meet the HR representative to discuss any grievance related to human rights at the manufacturing facilities and also at other offices

**6. Number of Complaints on the following made by employees and workers:**

	FY 2022-23			FY 2021 – 22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
<b>Sexual Harassment</b>	1	Resolved		0	0	
<b>Discrimination at workplace</b>	0	0		0	0	
<b>Child Labour</b>	0	0		0	0	
<b>Forced Labour/ Involuntary Labour</b>	0	0		0	0	
<b>Wages</b>	0	0		0	0	
<b>Other human rights related issues</b>	0	0		0	0	

**7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.**

At JB Pharma, we are dedicated to fostering a workplace environment free from discrimination and harassment, and we maintain a zero-tolerance policy towards such behaviour. We actively encourage individuals to report any concerns related to harassment and are committed to addressing complaints promptly and effectively. To ensure the implementation of our policy, we have established committees across our locations to thoroughly investigate complaints of sexual harassment and recommend appropriate actions as necessary. We aim to create a safe and respectful work environment for everyone, where each individual is treated with dignity and respect.

**8. Do human rights requirements form part of your business agreements and contracts?**

JB Pharma has a 'Code of Conduct for Suppliers'. This requires suppliers to comply with applicable laws, labour standards, environmental regulations, and uphold human rights and principles of ethics and integrity in their operations. All Suppliers are expected to meet the requirements of this Code. JB PHARMA also expects its Suppliers to hold their business associates to the same standards as enshrined in this Code.

**9. Assessments for the year:**

	<b>% Of your plants and offices that were assessed (By entity or statutory authorities or third parties)</b>
<b>Child labour</b>	100 %
<b>Forced/involuntary labour</b>	100 %
<b>Sexual harassment</b>	100 %
<b>Discrimination at workplace</b>	100 %
<b>Wages</b>	100 %
<b>Others – please specify</b>	

All assessments were done by the organization

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question above.**

NA

## Principle 6: Businesses should respect and make efforts to protect and restore the environment

### Essential Indicators

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-23 (GJ)	FY 2021-22 (GJ)
Total electricity consumption (A)	238063.53	206000.21
Total fuel consumption (B)	169547.91	129802.95
Energy consumption through other sources (C)	0	0
Total energy consumption (A+B+C)	<b>407611.45</b>	<b>335803.17</b>
Energy intensity per rupee of turnover (Total energy consumption in GJ / turnover in crores)	129.44	138.53
Energy intensity (optional) – the relevant metric may be selected by the entity.		

*Note: No external assurance was carried out on environmental parameters for FY 2022-23*

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.  
Not applicable

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-23	FY 2021-22
<b>Water Withdrawn by the source (KL)</b>		
Surface Water	0	0
Ground Water	34459	32192
3rd Party Water	273889	271946
Seawater/ desalinated water	0	0
Other sources	0	0
<b>Total Vol of Water Withdrawn</b>	<b>308348</b>	<b>304138</b>
<b>Total Vol of Water Consumed (KL)*</b>	<b>308348</b>	<b>304138</b>
<b>Water intensity per rupee of turnover.</b> <i>(Water consumed in Kl/turnover in Crore)</i>	97.92	125.47
Water intensity (optional) – the relevant metric may be selected by the entity		

*Note: No external assurance was carried out on environmental parameters for FY 2022-23*

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

At JB Pharma, we have implemented a Zero Liquid Discharge (ZLD) system across all our sites. The ZLD system ensures that no liquid waste is discharged from our facilities. Instead, all the liquid waste generated during manufacturing is treated and recycled within our premises. This approach helps us minimize our environmental impact by conserving water resources and preventing contamination of water bodies. By implementing ZLD, we demonstrate our commitment to sustainable practices and responsible water management.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-23	FY 2021-22
NOx	MT	7.9	5.72
Sox	MT	3.23	0.97
Particulate matter (PM)	MT	5.58	1.13
Persistent organic pollutants (POP)	-	-	-
Volatile organic compounds (VOC)	-	-	-
Hazardous air pollutants (HAP)	-	-	-
Others – please specify	-	-	-

*Note: No external assurance was carried out on environmental parameters for FY 2022-23*

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity, in the following format:

Parameter	Unit	FY 22-23	FY 21-22
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	TCO <sub>2</sub>	10096.64	7638.04
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	TCO <sub>2</sub>	45281.95	45029.85
Total Scope 1 and Scope 2 emissions intensity in TCO <sub>2</sub> per crore rupee of turnover		17.59	21.72
Total Scope 1 and Scope 2 emission intensity (optional) – the relevant metric may be selected by the entity			

Note: No external assurance was carried out on environmental parameters for FY 2022-23

7. Does the entity have any project related to reducing Green House Gas emission? If yes, then provide details.

We utilize only natural gas in boilers and High-Speed Diesel in our diesel generators to reduce sulphur dioxide and particulate matter emissions. Throughout the facilities, we follow a two-step process to scrub hydrogen chloride gas (one of our main chemical emissions), scrubbing the gas with water and then with caustic lye to ensure that the emissions do not exceed the pollution standards. We also re-use the scrubbed hydrogen chloride in our processes. We ensure cautiousness while dealing with volatile organic compounds (VOCs) and follow a myriad of safety procedures when handling these substances. We initiated to install renewal source like Solar panels in our manufacturing sites. JB Pharma has undertaken several greening projects under which we plant trees at our facilities across the country. These include annual tree plantation drives with our employees, developing and maintaining the J.B. Mody Garden in Bharuch and converting a large rocky hill into a forested area. These trees help us decarbonize and purify the air near our facilities, contributing to the health and wellbeing of local residents.

8. Provide details related to waste management by the entity, in the following format:

Parameter	FY 2022-23	FY 2021-22
<b>Total Waste generated (in metric tonnes)</b>		
Plastic waste (A)	1.94	13.96
E-waste (B)	0.94	0.05
Bio-medical waste (C)	8.60	1.7
Construction and demolition waste (D)	0	0

Battery waste (E)	0.4	0
Radioactive waste (F)	0	0
Other Hazardous waste. Please specify, if any. (G)	2232.12	2295.79
Other Non-hazardous waste generated (H). Please specify, if any. (Break-up by composition i.e., by materials relevant to the sector)	118.81	49.26
<b>Total (A+B + C + D + E + F + G + H)</b>	<b>2362.82</b>	<b>2360.76</b>

<b>For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)</b>		
<b>Category of waste</b>		
(i) Recycled	1605.54	32.53
(ii) Re-used	6.82	0
(iii) Other recovery operations	0.22	0
<b>Total</b>	<b>1612.57</b>	<b>32.53</b>
<b>For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)</b>		
<b>Category of disposal Method</b>		
(i) Incineration <sup>^</sup>	496.92	762.49
(ii) Landfilling	405.97	600.96
(iii) Other disposal operations*	0	902.40
<b>Total</b>	<b>902.89</b>	<b>2265.86</b>

*Note: No external assurance was carried out on environmental parameters for FY 2022-23*

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

Our waste management strategy revolves around waste reduction planning and management through cost effective, environmentally friendly processes and efficacious resource utilization. Our waste reduction

measures, extended to include pollution prevention, lay emphasis on elimination of waste and pollutant created at the source.

The following practices demonstrate our approach to mitigating waste and promoting resource recovery.

- A. Recovery and sale of solvent waste and by-products: Implement processes to recover solvent waste and by-products, ensuring they are sold to authorized end users for reuse, reducing waste generation and promoting resource recovery.
- B. Use of hazardous waste as Refuse Derived Fuel (RDF): Dispose of hazardous waste with high calorific value by utilizing them in cement industries, thus reducing the need for conventional fuels like coal and promoting waste-to-energy practices.
- C. Conservation of natural resources: Conserve coal by sending it for co-processing, optimizing its use as a resource in the production process, thereby reducing the overall consumption of raw materials.
- D. Prevent leaks, spills, and emissions: Implement measures to reduce raw material and product loss due to leaks, spills, fugitive emissions, and other factors. This can involve improved equipment maintenance, enhanced cleaning procedures, and rigorous inspections to minimize waste generation.
- E. Reprocessing off-spec materials and intermediate storage: Allow for reprocessing of off-spec materials, reducing waste generation. Adequate intermediate storage enables flexibility for reprocessing and ensures more efficient utilization of materials.
- F. Consolidation and segregation of waste: Consolidate equipment and chemicals to minimize waste generation and complexity. Segregate wastes by type to facilitate resource recovery and appropriate disposal methods.
- G. Participation in waste exchanges: Engage in waste exchange programs, facilitating the exchange of waste materials between different industries to promote resource recovery and minimize waste generation.
- H. Installation of closed-loop systems: Implement closed-loop systems that facilitate in-process recycling, minimizing the need for external inputs and promoting resource efficiency.
- I. Reclamation and processing of waste: Develop processes for reclaiming and processing waste materials to extract valuable resources, contributing to resource recovery and minimizing waste disposal.

**10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:**

Not applicable

**11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:**

There has been no new plant setup as a part of our operations for production/distribution or packaging purpose in FY23, hence no assessment has been undertaken in current financial year.

**12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances**

The Company is in adherence with all the applicable environmental laws, regulations and guidelines.

## Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-23	FY 2021-22
<b>From renewable sources (in GJ)</b>		
Total electricity consumption (A)	8464.89	800.90
Total fuel consumption (B)	0	0
Energy consumption through other sources©	0	0
<b>Total energy consumed from renewable sources (A+B+C)</b>	8464.89	800.90
<b>From non-renewable sources (in GJ)</b>		
Total electricity consumption (D)	229598.64	205199.32
Total fuel consumption (E)	169547.91	129802.95
Energy consumption through other sources (F)	0	0
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	399146.56	335002.27

*Note: No external assurance was carried out on environmental parameters for FY 2022-23*

2. Provide the following details related to water discharged:

Parameter	FY 22-23	FY 21-22
<b>Water discharge by destination and level of treatment (KL)</b>		
<b>(i) To Surface Water*</b>	0	0
- No treatment		
- With treatment <i>(please specify level of treatment)</i>		
<b>(ii) To Groundwater</b>	0	0

- No treatment		
- With treatment (please specify level of treatment)		
<b>(iii) To Seawater*</b>	0	0
- No treatment		
- With treatment (please specify level of treatment)		
<b>(iv) Sent to third parties*</b>	0	0
- No treatment		
- With treatment (please specify level of treatment)		
<b>(v) Others*</b>	0	0
- No treatment		
- With treatment (please specify level of treatment)		
<b>Total Water discharged (KL)</b>	0	0

Note: No external assurance was carried out on environmental parameters for FY 2022-23

**3. Water withdrawal, consumption and discharge in areas of water stress (in kilolitres):**

**For each facility / plant located in areas of water stress, provide the following information:**

All JB Pharma's operation sites are located in water stressed areas

**a. Name of the area:** Panoli, Ankleshwar and Daman

**b. Nature of operations**

**c. Water withdrawal, consumption and discharge in the following format:**

Parameter	FY 2022-23	FY 2021-22
<b>Water withdrawal by source (in kilolitres)</b>		
(i) Surface water	0	0
(ii) Groundwater	34459	32192
(iii) Third party water	273889	271946
(iv) Seawater / desalinated water	0	0
(v) Others	0	0
<b>Total volume of water withdrawal (in kilolitres)</b>	308348	304138
<b>Total volume of water consumption (in kilolitres)</b>	308348	304138

<b>Water intensity per rupee of turnover (Water consumed / turnover)</b>	97.92	125.47
<b>Water intensity (optional)</b> – the relevant metric may be selected by the entity		
<b>Water discharge by destination and level of treatment (in kilolitres)</b>		
(i) Into Surface water	0	0
- No treatment	0	0
With treatment – please specify level of treatment	0	0
(ii) Into Groundwater		
- No treatment	0	0
With treatment – please specify level of treatment	0	0
(iii) Into Seawater		
- No treatment	0	0
With treatment – please specify level of treatment		
(iv) Sent to third parties	0	0
- No treatment	0	0
With treatment – please specify level of treatment	0	0
(v) Others		
- No treatment	0	0
With treatment – please specify level of treatment	0	0
<b>Total water discharged (in kilolitres)</b>		

*Note: No external assurance was carried out on environmental parameters for FY 2022-23*

4. Please provide details of total Scope 3 emissions & its intensity, in the following format:

<b>Parameter</b>	<b>Unit</b>	<b>FY 2022-23</b>	<b>FY 2021-22</b>
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	<i>Metric tonnes of CO<sub>2</sub> equivalent</i>	136837.63	
<b>Total Scope 3 emissions per crore rupee of turnover</b>	<i>Metric tonnes of CO<sub>2</sub> equivalent</i>	43.45	
<b>Total Scope 3 emission intensity</b> (optional) – the relevant metric may be selected by the entity	<i>Metric tonnes of CO<sub>2</sub> equivalent</i>		

*Note: No external assurance was carried out on environmental parameters for FY 2022-23*

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not applicable. JB Pharma's operations are not located in or around any ecologically sensitive areas.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

<b>Initiative undertaken</b>	<b>Details of the initiative</b> <i>(Web-link, if any, may be provided along-with summary)</i>	<b>Outcome of the initiative</b>
Solar Energy initiative	A major decarbonization project of 200KW rooftop solar energy project at Daman	This facility generated over 220MWh of electricity, leading to substantial energy, financial and emissions savings at our facility.
Boiler modification	Natural gas in boilers and High-Speed Diesel in our diesel generators	Reduction in sulphur dioxide and particulate matter emissions

**7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link. -**

We have taken steps to ensure that critical applications, databases, and IT infrastructure involved in Good Manufacturing Practices (GMP) can recover within 3 to 4 hours in the event of a significant disaster. SAP, a financial system with controls and audit capabilities, operates on synchronized primary and secondary systems, complemented by a disaster recovery site in Panoli, Gujarat. In the event of a primary system failure, the secondary system seamlessly takes over, while the disaster recovery site can restore operations within 4 hours if both systems fail. Daily backups are performed locally, on enterprise backup media, and on a separate disk.

GMP application databases are mirrored and backed up daily, with additional backups of hourly transaction logs in certain cases.

The email communication system functions in a synchronized cluster environment, ensuring automatic failover, and undergoes daily backups.

To ensure higher availability, disaster recovery capabilities, flexibility, scalability, security, and simplified management, GMP applications and databases are deployed in virtualized environments, resulting in cost savings through existing licensing schemes.

Corporate offices, regional offices, research and development centers, and Gujarat locations are interconnected through leased line networks, establishing fault-tolerant connectivity and optimizing network bandwidth.

The required applications are securely accessible over the Internet, providing convenient access from anywhere and at any time.

To effectively detect, respond to, and mitigate cybersecurity threats, critical IT assets is safeguarded by a Security Operations Center (SOC), supported by advanced threat protection systems to protect against external attacks.

Critical IT assets are also governed by Privileged Access Management, which employs processes and policies to securely manage and control privileged access. This helps mitigate internal threats, minimize credential theft, strengthen security posture, ensure accountability and auditability, facilitate compliance, and provide incident response and forensic capabilities.

Product: Product continuity & manufacturing of export goods are validated across multiple sites. One of the key parameters to which we adhere is the observation & validation of key products. We have made provisions for alternate vendors on key finished products & APIs.

Key materials: As part of our robust processes, we have developed an alternate vendor program, which helps to overcome our dependency on any single vendor.

Key home markets: our business is not dependent on a single distribution channel. For contract materials, we have an exclusive long-term contract with the vendor, which gives longevity to our principal partners.

Distributors: Our distribution depends on IP (Intellectual property) agreements for RM (Raw Material) & PM (Packed Materials) and hence this increases our overall efficiency in distribution channels and negates the dependency on a single vendor.

**8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?**

Our Code of Conduct for Suppliers enshrines the Company's unwavering focus on fair treatment, human rights, good labour practices, environmental conservation, health and safety. The Code is shared and accepted by all supply chain partners and service providers.

## Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

### Essential Indicators

#### 1. Public Policy Advocacy

##### a. Number of affiliations with trade and industry chambers/ associations.

Yes, JB Pharma is a member of three associations.

##### b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

Sr. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	Indian Drugs Manufacturers' Association	National
2	Pharmaceuticals Export Promotion Council	National
3	Ayurvedic Drug Manufacturers Association	National
4	Federation of Indian Chambers of Commerce and Industry	National

##### 2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Zero instances of anti-competitive conduct were reported at JB Pharma for the current financial year. We prioritize compliance with all applicable laws and regulations. Adhering to legal requirements is an integral part of our business operations, and we proactively work to ensure compliance across all aspects of our operations.

### Leadership Indicators

#### 1. Details of public policy positions advocated by the entity:

The Company participates in various programmes of these associations and has represented and worked towards the benefit and inclusive development policies for the Chemical Industry as a whole.

## Principle 8: Businesses should promote inclusive growth and equitable development

### Essential Indicators

#### 1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

No formal impact assessment was undertaken.

#### 2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

Not applicable

#### 3. Describe the mechanisms to receive and redress grievances of the community.

At JB Pharma, we recognize the significance of robust grievance redressal mechanisms to nurture our stakeholder relationships, foster trust, and facilitate productive business activities. These mechanisms uphold our commitment to a secure, responsible, and sustainable approach. Working with the audit committee, the redressal committee escalates matters for further investigation and takes appropriate actions. These mechanisms demonstrate our commitment to addressing grievances effectively, maintaining a positive work environment, and upholding ethical standards within our organization. The respective CSR head and also the HR heads at the plant are also well placed to address grievances from the community

#### 4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	21%	22%
Sourced directly from within the district and neighboring districts	79%	78%

### Leadership Indicators

#### 1. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S. No.	Intellectual Property based on traditional knowledge	Owned/ Acquired (Yes/No)	Benefit shared (Yes / No)	Basis of calculating benefit share
1	Yes	Owned	No	NA

**2. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved**

For the reporting year, no disputes were reported with respect to intellectual property.

**Details of beneficiaries of CSR Projects:**

<b>CSR Projects</b>	<b>No. of persons benefitted from CSR Projects</b>	<b>% of beneficiaries from vulnerable and marginalized groups</b>
Treatment of poor and needy children suffering from Growth Hormone Deficiency (GHD), at All India Institute of Medical Sciences (AIIMS), New Delhi.	25 poor children received injections for the whole year	100%
Primary education of girls (traditionally not having access to schooling) from economically and socially disadvantaged communities of Uttar Pradesh and West Bengal.	Approximately 746 girls received education	100%
Education and removal of malnourishment of economically backward tribal children from Chhindwara district of Madhya Pradesh.	400 tribal children received education and 1 free meal/breakfast during the year	100%
Hands-on practical science education for children studying in class 6 to 10 at 40 Government run schools in Bharuch District (Gujarat) through Mobile Science Labs, with aim to transform thinking of underprivileged children and teachers.	4,410 students across 40 public schools received education. Each student received 9 exposures in a year	100%
Hands-on practical science education for children studying in class 6 to 10 at 20 Government run schools in Daman (UT) through Mobile Science Labs, with aim to transform thinking of underprivileged children and teachers.	3,112 students across 20 public schools received education. Each student received 6 exposures in a year	100%
Educational support to socially and economically disadvantaged tribal girls studying at Vanchetna Kanya Chhtralaya at Dabkhal village in Valsad district (Gujarat).	56 tribal girls got an opportunity to stay back at the hostel and receive an education	100%
Support to Clubfoot treatment programme activities in the State of Gujarat and provision of bars and shoe plat kits for treatment of children born with Clubfoot in 9 States.	80 children for treatment, 599 patient visits, 5000 children in 9 States/124 districts were provided free foot abduction braces	100%
Distribution of free meals to poor patients/relatives of poor patients	32,402 families at public hospitals in Mumbai received free meals.	100%

admitted in public hospitals in Mumbai.	In total, 2,26,817 meals were distributed during FY22-23 with 620 meals per day	
Vision Restoration Programme in tribal and rural areas of Madhya Pradesh	18,166 Eye Examination, 2,707 Surgeries	100%
Provision of Mid-day meals to students in public schools in Silvassa and Ahmedabad.	6,357 children were provided meal for 6 months.	100%
Medical treatment of critically ill under-privileged children suffering from congenital heart defects.	Heart surgery of 10 children from BPL families was carried out	100%
Provision of medicines and supplementary nutrition for children living in crèche at Daman run by Dinbandhu Youth Welfare Trust.	100 children of migrant workers received medicines/nutrition for 50 days	100%
Health improvement of local residents at Dori Kadaiya suffering from anaemia, tuberculosis, leprosy, HIV and malnutrition through distribution of nutrition kit under public health initiative of the Department of Health & Family Welfare, Dadra & Nagar Haveli and Daman & Diu.	54 local people at Daman received the nutrition kit	100%

## Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner

### Essential Indicators

#### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

At JB Pharma, we have adopted a comprehensive approach to ensure our products' safety beyond compliance. Our commitment to drug safety encompasses redressing drug safety-related complaints and implementing robust standard operating processes. Our pharmacovigilance practices go beyond regulatory requirements, demonstrating our dedication to the well-being and safety of patients. We continually assess the safety data collected and proactively take necessary actions to mitigate risks and enhance patient safety.

All received complaints are forwarded to respective manufacturing site for investigation. An investigation is done to find out root cause and formulate Corrective and Preventive Actions, if any to avoid recurrence. Based on the investigation outcome response sent to the complainer in a timely manner. Consumers can report any adverse event, or any complaint related to safety of product through Adverse event reporting form available on website using email id [pharmavigil@jbpharma.com](mailto:pharmavigil@jbpharma.com). The Company has a Drug safety mailbox for receiving drug safety related communications and feedback. A Pharmacovigilance contact number is also made available on the website that encourages reporting of product related concern.

#### 2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental product and social parameters relevant to the Product	100%
Safe and responsible usage	100%
Recycling and/or safe disposal	100%

**3. Number of consumer complaints in respect of the following:**

	FY 2022-23		Remark	FY 2021-22		Remark
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	0	0		0	0	
Advertising	0	0		0	0	
Cyber-security	0	0		0	0	
Delivery of essential services	0	0		0	0	
Restrictive Trade Practices	0	0		0	0	
Unfair Trade Practices	0	0		0	0	
Other	191	0	Primarily pharmacovigilance queries..All received complaints were investigated and responded	194	0	-

**4. Details of instances of product recalls on account of safety issues:**

	Number	Reason for Recall
Voluntary Recall	0	0
Forced Recall	2	One batch was recalled for not complying in the dissolution parameter and another batch was recalled for not complying in the homogeneity test.

**5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.**

We at JB Pharma recognize that Information is one of our most important assets. We strive to safeguard Information and ensure its Confidentiality, Integrity, and Availability. JB PHARMA's Information Security Policy defines the framework/policy on safeguarding information. We recognize the importance of safeguarding sensitive information and maintaining the privacy and integrity of data. The cyber security and data privacy policy outlines the measures and practices to protect against unauthorized access and data breaches

**6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services. –**

JB PHARMA prioritizes the safety, efficacy, and integrity of our products. At JB Pharma, our top priority is to ensure the safety, efficacy, and integrity of all our products. We take quality control very seriously and have a dedicated Research and Development (R&D) department responsible for addressing any concerns that may arise. We believe in taking a proactive approach to any concerns raised, ensuring that they are thoroughly addressed before resuming production.

We understand the importance of delivering pharmaceutical products of the highest quality to our customers, and our stringent quality control processes are designed to achieve that. We are committed to optimizing the quality of our products through continuous improvement and adherence to regulatory standards.

### **Leadership Indicators**

**1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).**

Information relating to all the products and services provided by the Company are available on the Company's website, <https://jbpharma.com/>. In addition, the Company actively uses various social media and digital platforms to disseminate information to patients on various therapeutic areas.

**2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.**

Information to consumers on safe and usage of product is available on packaging and labeling and in the form of Package Inserts/PIL/SmPC and it has been updated as and when warning or risk identified from regulatory agencies of respective country.

JB Pharma ensures the provision of important information to users regarding the dosage and usage of its products. This includes the following:

- A. Dosage Indication: For all solid dosage forms, except prescription drugs, the company provides clear indications of the dosage in terms of the units of the dosage forms. This information helps users understand the appropriate amount of medication to be taken, ensuring safe and effective use.
- B. Direction for Use: Clear directions for drug use are provided to users. These directions outline how the medication should be administered, such as dosage frequency, timing, and any specific instructions related to administration, such as with or without food.
- C. Cautionary Statement: In the case of large-volume injections, a cautionary statement is included, advising users not to use the injection if the drug is unclear or if the bottle or container is found damaged or leaking. This precautionary measure helps ensure the medication's safety.

By providing these information, JB Pharma prioritizes patient safety and ensures that users have the necessary guidance to use their products correctly and responsibly.

**3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.**

We closely monitor the risk benefit profile of all our products and employ swift corrective actions and communication in our efforts to safeguard patient well-being. To make our patients feel safe and comfortable while using our products, we have set up a variety of tools for them to contact our pharmacovigilance team in the event of an adverse event, providing them easy access to remedial care. Adverse events associated with our products can be reported through email id or through a form on our website.

**4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)**

The Company provides information such as (a) indication of the dosage in terms of the units of the dosage forms [for all solid dosage form other than prescription drugs.] (b) direction for use of the drug, and (c) cautionary statement (in case of large-volume injections) not to use the injection if drug is not clear or the bottle or container containing it is found damaged or leaking.

**5. Provide the following information relating to data breaches:**

**a. Number of instances of data breaches along with impact**

No incidents of data breaches were reported for FY 22-23

**b. Percentage of data breaches involving personally identifiable information of customers**

No incidents of data breaches were reported for FY 22-23

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

To the Members of  
J. B. Chemicals & Pharmaceuticals Limited

1. This report contains details of compliance of conditions of Corporate Governance by J. B. Chemicals & Pharmaceuticals Limited ('the Company') for the year ending 31<sup>st</sup> March 2023 as stipulated in Regulation 17 to 27, clause (b) to (i) of Regulation 46(2) and paragraphs C, D and E of Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations') pursuant to Listing Agreement of the Company with Stock exchanges.

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

2. The compliance with the terms and conditions contained in the corporate governance is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents.

**Auditors' Responsibility**

3. Our examination was limited to procedures and implementation thereof adopted by the company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor expression of opinion in the financial statements of the Company.

4. Pursuant to the requirements of the Listing Regulations, it is our responsibility to provide a reasonable assurance whether the Company has complied with the conditions of Corporate Governance as stipulated in Listing Regulations for the year ended 31<sup>st</sup> March, 2023.

**Opinion**

5. In our opinion, and to the best of our information and according to explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in above-mentioned Listing Regulations.

6. We 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**

7. The certificate is addressed and provided to the members of the Company solely for the purpose to enable the Company to comply with the requirement of the Listing Regulations, and it 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 Ashish Bhatt & Associates  
Company Secretaries

*Bhatt AC*

Ashish Bhatt  
Membership No 4650  
CP No 2956  
UDIN: F004650E000363756  
PR NO: 762/2020

Place: Thane  
Date: May 24, 2023



## **INDEPENDENT AUDITOR'S REPORT**

### **To The Members of J.B. Chemicals & Pharmaceuticals Limited Report on the Audit of the Standalone Financial Statements**

#### **Opinion**

We have audited the accompanying standalone financial statements of J.B. Chemicals & Pharmaceuticals Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2023, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

#### **Key Audit Matters**

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



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Sr. No.	Key Audit Matter	Auditor's Response
1	<p>Revenue recognition - Sale of products [Note 32 to the financial statements]</p> <p>Company being a listed entity, revenue is one of the critical components of the financial statements considered by the stakeholders. There may be pressures to meet the expectations that may result in recording revenues for sales for which the revenue recognition criteria may not have been met by the year end. We have therefore specifically focused on the said risk and have considered this to be a key audit matter.</p>	<p>Assessed the appropriateness of the Company's revenue recognition policy by mapping them with the applicable accounting standards.</p> <p>Performed a walkthrough of the revenue business cycle to obtain an understanding of the relevant risks and controls around the timing of revenue recognition. Tested the design, implementation and operating effectiveness of the relevant controls.</p> <p>From the revenue recorded towards the year end, we tested transactions on a sample basis by, agreeing the recorded balances with the invoices, purchase orders, delivery documents/ other documents evidencing transfer of control.</p> <p>On a test check, we reviewed the contracts / purchase orders, as applicable, to assess the terms of sale and ensured that they were recorded in the accounting period in which the control in the goods was transferred to the customer and other revenue recognition criteria as specified under Ind AS 115 'Revenue from contracts with customers' were met.</p> <p>We sought confirmations from customers on a test check basis and performed other alternate procedures, where applicable, to support the assertion that revenue has been recognised in the correct period.</p> <p>We made enquiries of the management and obtained written representations as to whether there exist any side agreements or unusual arrangements which may impact revenue recognition.</p> <p>We also checked subsequent sales returns to determine whether the initial recognition of revenue was appropriate.</p>

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

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, Corporate Governance Report and the Business Responsibility report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

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- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

### **Auditor's Responsibility for the Audit of the Standalone Financial Statements**

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

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

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- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

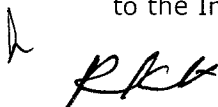
From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or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

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## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls with reference to standalone financial statements.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
    - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company;



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- iv. (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the note 59 to the financial statements no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the note 59 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v. The final dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with section 123 of the Act, as applicable.

The interim dividend declared and paid by the Company during the year and until the date of this report is in compliance with section 123 of the Act.

As stated in note 57 to the financial statements, the Board of Directors of the Company has proposed final dividend for the year which is subject to the approval of the members at the ensuing Annual General Meeting. The dividend proposed is in accordance with section 123 of the Act, as applicable.

- vi. Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable to the Company w.e.f. April 1, 2023, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.

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2. As required by the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.



For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Rajesh K. Hiranandani  
Partner  
(Membership No. 036920)  
(UDIN 23036920BGYMEG9859)

Place: Mumbai  
Date: May 24, 2023

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls with reference to standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to standalone financial statements of J.B. Chemicals & Pharmaceuticals Limited ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls with reference to standalone financial statements based on the internal control with reference to standalone financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to standalone financial statements of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to standalone financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to standalone financial statements 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 with reference to standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to standalone financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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**Meaning of Internal Financial Controls with reference to standalone financial statements**

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

**Inherent Limitations of Internal Financial Controls with reference to standalone financial statements**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2023, based on the criteria for internal financial control with reference to standalone financial statements 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.

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For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Rajesh K. Hiranandani  
Partner  
(Membership No. 036920)  
(UDIN: 23036920BGYMEG9859)

Place: Mumbai  
Date: May 24, 2023

**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**

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

- (i) In respect of the Company's property, plant and equipment:
- (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment, capital work-in progress and relevant details of right-of-use assets.
- (B) The Company has maintained proper records showing full particulars of intangible assets.
- (b) The Company has a program of verification of property, plant and equipment, capital work-in progress and right-of-use assets so to cover all the items once every 2 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, no such assets were due for physical verification during the year. Since no physical verification of property, plant and equipment was due during the year the question of reporting on material discrepancies noted on verification does not arise.
- (c) Based on our examination of the registered deed of sale / agreement for sale / deed of transfer / deed of confirmation and other documents evidencing title, provided to us, we report that, the title deeds of all the immovable properties, (other than immovable properties where the Company is the lessee and the lease agreements are duly executed in favour of the Company) disclosed in the financial statements included in property, plant and equipment are held in the name of the Company as at the balance sheet date
- (d) The Company has not revalued any of its Property, Plant and Equipment (including Right of Use assets) and intangible assets during the year.
- (e) According to the information and explanations given to us, no proceedings have been initiated during the year or are pending against the company as at March 31, 2023 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (amended in 2016) and rules made thereunder.
- (ii) In respect of the Company's Inventories:
- (a) The inventories, except for goods in transit, were physically verified during the year by the Management at reasonable intervals. In our opinion and based on information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. In respect of goods in transit, the goods have been received subsequent to the year end. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
- (b) According to the information and explanations given to us, the Company has been sanctioned working capital limits in excess of Rs. 5 crores, in aggregate, at points of time during the year, from banks or financial institutions on the basis of security of current assets. In our opinion and according to the information and explanations given to us, the statements comprising stock statements and book debt statements filed by the Company with such banks or financial institutions are in agreement with the unaudited books of account of the Company of the respective quarters and no material discrepancies have been observed.

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(iii)

- (a) The Company has provided guarantee during the year and details of which are given below-

Particulars	Guarantees (Rs. in Lakhs)
A. Aggregate amount granted / provided during the year:	
- Subsidiary	3,624.95
B. Balance outstanding as at March 31, 2023	
- Subsidiary	3,624.95

- (b) The guarantees provided and the terms and conditions of the grant of all the above-mentioned guarantees provided, during the year are, in our opinion, prima facie, not prejudicial to the Company's interest.
- (iv) The Company has complied with the provisions of Section 185 and 186 of the Act in respect of making investments and providing guarantees. The Company has not granted any loans covered under Section 185 and Section 186 of the Act.
- (v) The Company has not accepted any deposit or amounts which are deemed to be deposits. Hence, reporting under clause (v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records to be maintained during the year by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained by the company. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) Undisputed statutory dues, including Goods and Service tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom and corresponding cess and other material statutory dues applicable to the Company have generally been regularly deposited by it, though there has been a slight delay in few cases where the amounts are not material, with the appropriate authorities.
- There were no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees' State Insurance, Income-tax, duty of Custom, and other material statutory dues in arrears as at March 31, 2023 for a period of more than six months from the date they became payable.
- (b) Details of statutory dues referred to in sub-clause (a) above which have not been deposited as on March 31, 2023 on account of disputes are given below:

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Name of Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved	Amount paid / adjusted under protest
				(Rs in Lakhs)	(Rs in Lakhs)
The Uttar Pradesh Sales Tax Act	Sales Tax	Supreme Court of India	2006-2009	0.25	-
Tamil Nadu VAT Act, 2006	Value Added Tax	Commissioner (Appeals)	2006-2007 to 2011-2012	3.53	-
Central Excise Act, 1944	Excise Duty & Penalty	CESTAT	2011-12 to 2014-15	50.22	3.35
			July 2010 to October 2011	2.22	1.00
			November 2011 to March 2012	0.67	-
			April 2012 to September 2013	3.20	1.50
The Finance Act, 1994	Service Tax & Interest	CESTAT	2010-2011	28.38	-
Income Tax Act, 1961	Income Tax	Commissioners (Appeal)	2012-2013	50.14	-
The Finance Act, 1994	Service Tax & Penalty	CESTAT	2010-2011	1.46	-

- (viii) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (ix) (a) In our opinion and according to the information and explanations given to us, during the year, the Company has not defaulted in the repayment of loans or other borrowings or in the payment of interest thereon to any lender during the year.
- (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (c) To the best of our knowledge and belief, in our opinion, term loans availed by the Company were applied by the Company during the year for the purposes for which the loans were obtained.
- (d) On an overall examination of the financial statements of the Company, funds raised on short-term basis have, prima facie, not been used during the year for long-term purposes by the Company.
- (e) The Company has not made any investment in or given any new loan or advances to any of its subsidiaries during the year and hence, reporting under clause (ix)(e) of the Order is not applicable.
- (f) The Company has not raised loans during the year on the pledge of securities held in its subsidiaries.
- (x) (a) The Company has not raised moneys by way of Initial public offer or further public offer (including debt instruments) during the year and hence reporting under clause (x)(a) of the Order is not applicable.

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- (b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully or partly or optionally) and hence, reporting under paragraph (x)(b) of the Order is not applicable to the Company.
- (xi) (a) To the best of our knowledge, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.
- (b) To the best of our knowledge, no report under sub-section (12) of section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and upto the date of this report.
- (c) We have taken into consideration the one whistle blower complaint received by the Company during the year and provided to us, when performing our audit.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the Order is not applicable.
- (xiii) In our opinion, the Company is in compliance with Section 177 and 188 of the Act, where applicable, for all transactions with the related parties undertaken during the year and the details of such related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) In our opinion the Company has an adequate internal audit system commensurate with the size and the nature of its business.
- (b) We have considered, the internal audit reports for the year under audit, issued to the company during the year and till date, in determining the nature, timing and extent of our audit procedures.
- (xv) In our opinion and according to the information and explanations given to us, during the year, the Company has not entered any non-cash transactions with its Directors or persons connected to its Directors and hence provisions of section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting under clause (xvi)(a), (b) and (c) of the Order is not applicable.
- (b) The Group does not have any Core Investment Company (CIC) as part of the Group and accordingly reporting under clause (xvi)(d) of the Order is not applicable.
- (xvii) The Company has not incurred cash losses during the financial year covered by our audit and the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors of the Company during the year.
- (xix) On the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing

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at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

- (xx) The Company has fully spent the required amount towards Corporate Social Responsibility (CSR) and there are no unspent CSR amounts for the year requiring a transfer to a Fund specified in Schedule VII to the Companies Act or special account in compliance with the provision of sub-section (6) of section 135 of the said Act. Accordingly, reporting under clause (xx) of the Order is not applicable for the year.

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For DELOITTE HASKINS & LLP  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)



Rajesh K. Hiranandani  
Partner  
(Membership No. 036920)  
(UDIN: 23036920BGYMEG9859)

Place: Mumbai  
Date: May 24, 2023

J. B. Chemicals & Pharmaceuticals Limited				( ₹ in lakhs)
Standalone Balance Sheet as at March 31, 2023				
Particulars	Note No.	As at March 31, 2023	As at March 31, 2022	
<b>ASSETS</b>				
<b>(I) Non-current assets</b>				
(a) Property, plant and equipment	5	50,141.08	51,728.37	
(b) Right-of-use assets	5a	2,521.99	3,125.50	
(c) Capital work-in-progress	6a	4,440.92	1,390.57	
(d) Goodwill		431.92	431.92	
(e) Intangible assets	6	1,29,070.99	65,080.78	
(f) Intangible assets under development	6b	1,074.29	476.94	
<b>(g) Financial assets</b>				
(i) Investments	7	14,675.09	14,568.89	
(ii) Loans	8	68.41	74.41	
(iii) Other financial assets	9	1,860.61	481.99	
(h) Current tax assets (net)	10	2,562.31	2,145.86	
(i) Other non-current assets	11	336.97	1,216.06	
<b>Total non-current assets</b>		<b>2,07,184.58</b>	<b>1,40,721.29</b>	
<b>(II) Current assets</b>				
(a) Inventories	12	38,695.17	34,978.44	
<b>(b) Financial assets</b>				
(i) Investments	13	19,218.45	-	
(ii) Trade receivables	14	52,357.74	51,804.80	
(iii) Cash and cash equivalents	15	5,388.40	3,768.77	
(iv) Bank balances other than cash and cash equivalents	15	187.84	198.38	
(v) Loans	16	76.71	74.53	
(vi) Other financial assets	17	2,177.95	4,317.33	
(c) Other current assets	18	21,728.04	17,942.99	
<b>Total current assets</b>		<b>1,39,830.30</b>	<b>1,13,085.24</b>	
<b>Total assets</b>		<b>3,47,014.88</b>	<b>2,53,806.53</b>	
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity share capital	19	1,547.55	1,545.64	
(b) Other equity	20	2,42,700.38	2,08,821.06	
<b>Total equity</b>		<b>2,44,247.93</b>	<b>2,10,366.70</b>	
<b>Liabilities</b>				
<b>(I) Non-current liabilities</b>				
<b>(a) Financial liabilities</b>				
(i) Borrowings	21	38,322.03	-	
(ii) Lease liabilities	22	1,273.28	1,875.75	
(b) Provisions	23	1,461.01	1,321.86	
(c) Deferred tax liabilities (net)	24	10,658.27	5,191.50	
(d) Other non-current liabilities	25	249.27	316.64	
<b>Total non-current liabilities</b>		<b>51,963.86</b>	<b>8,705.75</b>	
<b>(II) Current liabilities</b>				
<b>(a) Financial liabilities</b>				
(i) Borrowings	26	14,371.00	2,631.50	
(ii) Lease liabilities	26A	778.29	720.10	
(iii) Trade payables	27			
A) Total outstanding dues of micro enterprises and small enterprises		2,153.40	2,063.86	
B) Total outstanding dues of creditors other than micro enterprises and small enterprises		20,017.97	17,559.99	
(iv) Other financial liabilities	28	6,787.84	5,571.28	
(b) Other current liabilities	29	2,365.05	1,454.99	
(c) Provisions	30	3,834.18	4,128.97	
(d) Current tax liabilities (net)	31	495.36	603.39	
<b>Total current liabilities</b>		<b>50,803.09</b>	<b>34,734.08</b>	
<b>Total liabilities</b>		<b>1,02,766.95</b>	<b>43,439.83</b>	
<b>Total equity and liabilities</b>		<b>3,47,014.88</b>	<b>2,53,806.53</b>	
The accompanying notes form an integral part of these Standalone Financial Statements	1-59			

As per our report of even date

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Rajesh K. Hiranandani  
Partner

Place : Mumbai  
Date : May 24, 2023

For and on behalf of the Board of Directors

Nikhil Chopra  
Chief Executive Officer &  
Whole-Time Director  
DIN - 07220097

Lakshay Kataria  
Chief Financial Officer

Place : Mumbai  
Date : May 24, 2023

Prashant Kumar  
Director  
DIN - 08342577

Sandeep Phadnis  
Company Secretary  
ACS - 11530

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**J. B. Chemicals & Pharmaceuticals Limited**  
**Standalone Statement of Profit and Loss for the year ended March 31, 2023**

(₹ in lakhs)

Particulars		Note No.	Year ended March 31, 2023	Year ended March 31, 2022
<b>INCOME</b>				
I	Revenue from operations	32	2,88,416.41	2,18,987.63
II	Other income	33	864.69	3,861.38
III	<b>Total income (I+II)</b>		<b>2,89,281.10</b>	<b>2,22,849.01</b>
<b>EXPENSES</b>				
IV	Cost of materials consumed	34	78,378.09	60,186.87
	Purchases of stock-in-trade		28,042.64	16,739.84
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	35	(2,747.99)	(2,557.36)
	Employee benefits expense	36	49,994.59	39,906.20
	Finance costs	37	3,430.93	494.87
	Depreciation and amortisation expense	5 & 6	11,199.28	7,128.21
	Other expenses	38	68,279.67	53,821.11
	<b>Total expenses</b>		<b>2,36,577.21</b>	<b>1,75,719.74</b>
V	<b>Profit before tax (III-IV)</b>		<b>52,703.89</b>	<b>47,129.27</b>
VI	<b>Tax expense:</b>	31		
	a) Current tax		8,334.94	12,250.00
	b) Deferred tax [charge/(credit)]		5,480.28	(1,220.94)
	<b>Total tax expense</b>		<b>13,815.22</b>	<b>11,029.06</b>
VII	<b>Net profit after tax (V-VI)</b>		<b>38,888.67</b>	<b>36,100.21</b>
VIII	<b>Other comprehensive income/(loss)</b>			
	<b>Items that will not be reclassified to profit or loss</b>			
	Re-measurement of defined benefit plan		17.60	9.54
	Income tax relating to these items		(4.44)	(2.40)
	<b>Items that will be reclassified to profit or loss</b>			
	Net (loss)/gain on cash flow hedges		(71.35)	132.89
	Income tax relating to these items		17.95	(33.44)
	<b>Total other comprehensive income/(loss) (net of tax)</b>		<b>(40.24)</b>	<b>106.59</b>
IX	<b>Total comprehensive income for the year (VII+VIII)</b>		<b>38,848.43</b>	<b>36,206.80</b>
X	<b>Earnings per equity share of face value of ₹ 2 each</b>	46		
	Basic (in ₹)		50.29	46.71
	Diluted (in ₹)		49.69	46.67
The accompanying notes form an integral part of these Standalone Financial Statements		1-59		

As per our report of even date

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Rajesh K. Hiranandani  
Partner

Place : Mumbai  
Date : May 24, 2023


For and on behalf of the Board of Directors

  
**Nikhil Chopra**  
Chief Executive Officer &  
Whole-Time Director  
DIN - 07220097

  
**Lakshay Kataria**  
Chief Financial Officer

Place : Mumbai  
Date : May 24, 2023

  
**Prashant Kumar**  
Director  
DIN - 08342577

  
**Sandeep Phadnis**  
Company Secretary  
ACS - 11530



J. B. Chemicals & Pharmaceuticals Limited  
Standalone Statement of Cash Flows for the year ended March 31, 2023

(₹ in lakhs)

Particulars	Year Ended March 31, 2023		Year Ended March 31, 2022	
<b>A. Cash flows from operating activities</b>				
Profit before tax		52,703.89		47,129.27
Adjustments for:				
Depreciation and amortisation expense	11,199.28		7,128.21	
Unrealised foreign exchange (gain)/loss (net)	(302.26)		98.05	
Finance costs	3,366.86		391.32	
Share based payment expense	6,690.16		6,092.91	
Allowance for credit losses (net) (including credit impaired)	307.05		-	
Net loss/(gain) on sale/disposal of property, plant and equipment	4.00		(226.10)	
Net (gain) on sale of current investments carried at fair value through profit or loss	(399.77)		(3,522.97)	
Fair value (gain)/loss on financial instruments at fair value through profit or loss	(290.21)		18.67	
Liabilities no longer required written back	(8.98)		(39.81)	
Interest income	(128.86)		(48.32)	
Dividend received	(0.30)		(0.50)	
Government grant	(155.41)		(171.98)	
Discontinuance of lease assets	-		(14.23)	
Operating profit before working capital changes		20,281.56		9,705.25
Adjustments for working capital:				
Increase in inventories	(3,716.73)		(7,087.16)	
Increase in trade and other receivables	(1,949.24)		(26,927.81)	
Increase in trade payables, provisions and other liabilities	4,404.35		4,602.58	
		(1,261.62)		(29,412.39)
Cash generated from operations		71,723.83		27,422.13
Income taxes paid (including tax deducted at source)		(8,859.43)		(12,712.03)
Net cash from operating activities		62,864.40		14,710.10
<b>B. Cash flows from investing activities</b>				
Purchase of property, plant and equipment (refer note 2 below)	(7,246.13)		(6,129.06)	
Purchase of intangible assets (including intangible asset under development)	(68,526.91)		(64,305.91)	
Proceeds from sale of property, plant and equipment	77.15		764.25	
Purchase of current investments	(74,335.72)		(50,847.46)	
Proceeds from sale of current investments	55,701.05		1,20,867.91	
Change in other bank balances	(1,351.37)		18.24	
Interest received	93.25		49.07	
Dividend received	0.30		0.50	
Net cash (used in)/from investing activities		(95,588.38)		417.54
<b>C. Cash flows from financing activities</b>				
Proceeds from issue of equity shares (ESOSs) options	848.27		-	
Repayment of current borrowings (net)	(1,952.52)		(32.13)	
Proceeds from non current borrowings	60,862.68		-	
Repayment of non current borrowings	(8,725.00)		-	
Payment of lease liabilities	(843.59)		(756.09)	
Finance cost	(3,089.83)		(240.74)	
Dividend paid	(12,759.26)		(12,756.30)	
Net cash from/(used in) financing activities		34,340.75		(13,785.26)
Net increase in cash and cash equivalents (A+B+C)		1,616.77		1,342.38
Cash and cash equivalents at the beginning of the year*	3,768.77		2,426.29	
Exchange difference on restatement of foreign currency cash and cash equivalents	2.86		0.10	
Cash and cash equivalents at the end of the year*	5,388.40		3,768.77	

*R/C*

\*Cash and cash equivalents comprises the following

(₹ in lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
Balances with banks	2,693.76	2,287.22
Cheques on hand	-	5.11
Cash on hand	3.46	8.60
Remittance in transit	-	1,467.84
Fixed deposits with maturity of less than 3 months	2,691.18	-
<b>Cash and cash equivalents</b>	<b>5,388.40</b>	<b>3,768.77</b>

**Note:**

1. The above statement of cash flow has been prepared under the 'Indirect method' as set out in Indian Accounting Standard Ind AS 7- "Statement of Cash Flows".
  2. Purchase of property, plant and equipment represents additions to property, plant and equipment, adjusted for movement of capital work in progress, capital advances and capital creditors.
- The accompanying notes form an integral part of these Standalone Financial Statements (Notes 1-59).

As per our report of even date


For Deloitte Haskins & Sells LLP  
Chartered Accountants

  
Rajesh K. Hiranandani  
Partner

Place : Mumbai

Date : May 24, 2023

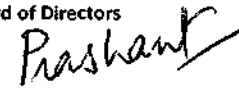
For and on behalf of the Board of Directors


  
Nikhil Chopra  
Chief Executive Officer &  
Whole-Time Director  
DIN - 07220097

  
Lakshay Kataria  
Chief Financial Officer

Place : Mumbai

Date : May 24, 2023

  
Prashant Kumar  
Director  
DIN - 08342577

  
Sandeep Phadnis  
Company Secretary  
ACS - 11530





J. B. Chemicals & Pharmaceuticals Limited  
 Standalone Statement of Changes in Equity for the year ended March 31, 2023

A. Equity share capital (refer note 19)	( ₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	1,545.64	1,545.64
Changes in equity share capital during the year on exercise of employee stock options	1.91	-
<b>Balance at the end of the year</b>	<b>1,547.55</b>	<b>1,545.64</b>

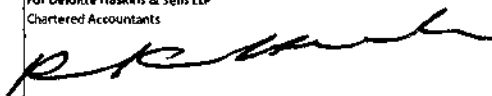
B. Other equity (refer note 20)

Particulars	Capital reserves (transferred from amalgamating company)		Share application money pending allotment	Reserves and Surplus						Other reserves	Other equity	
	Investment allowance reserve (utilised)	Capital reserve		Capital reserve	Contingency reserve	Securities premium reserve	Capital redemption reserve	General reserve	Retained earnings			Employee stock options reserve
Balance as on April 1, 2021	34.86	63.53	-	4.21	2,020.00	4,946.15	150.76	14,363.36	1,57,517.58	-	-	1,79,100.45
Profit for the year	-	-	-	-	-	-	-	-	36,100.21	-	-	36,100.21
Other comprehensive income for the year	-	-	-	-	-	-	-	-	7.14	-	99.45	106.59
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	36,107.35	-	99.45	36,206.80
Payment of dividend	-	-	-	-	-	-	-	-	(12,751.54)	-	-	(12,751.54)
Share based payment expense	-	-	-	-	-	-	-	-	-	6,265.35	-	6,265.35
<b>Balance as on March 31, 2022</b>	<b>34.86</b>	<b>63.53</b>	<b>-</b>	<b>4.21</b>	<b>2,020.00</b>	<b>4,946.15</b>	<b>150.76</b>	<b>14,363.36</b>	<b>1,80,873.39</b>	<b>6,265.35</b>	<b>99.45</b>	<b>2,08,821.06</b>
Profit for the year	-	-	-	-	-	-	-	-	38,888.67	-	-	38,888.67
Other comprehensive income for the year	-	-	-	-	-	-	-	-	13.16	-	(53.40)	(40.24)
<b>Total comprehensive income for the year</b>	-	-	-	-	-	-	-	-	38,901.83	-	(53.40)	38,848.43
Payment of dividend	-	-	-	-	-	-	-	-	(12,759.26)	-	-	(12,759.26)
Share application money received	-	-	2.70	-	-	-	-	-	-	-	-	2.70
Exercise of employee stock options	-	-	-	-	-	1,893.40	-	-	-	(1,043.29)	-	850.11
Share based payment expense	-	-	-	-	-	-	-	-	-	6,937.34	-	6,937.34
<b>Balance as on Mar 31, 2023</b>	<b>34.86</b>	<b>63.53</b>	<b>2.70</b>	<b>4.21</b>	<b>2,020.00</b>	<b>6,839.55</b>	<b>150.76</b>	<b>14,363.36</b>	<b>2,07,015.96</b>	<b>12,159.40</b>	<b>46.05</b>	<b>2,42,700.38</b>

The accompanying notes form an integral part of these standalone financial statements (Notes 1-59).

As per our report of even date

For Deloitte Haskins & Sells LLP  
 Chartered Accountants



Rajesh K. Hiranandan  
 Partner

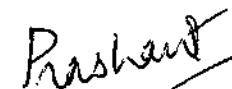
Place : Mumbai  
 Date : May 24, 2023

For and on behalf of the Board of Directors

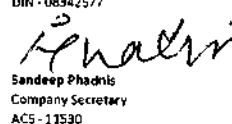
Nikhil Chopra  
 Chief Executive Officer &  
 Whole-Time Director  
 DIN - 07220097

Lakshay Kataria  
 Chief Financial Officer

Place : Mumbai  
 Date : May 24, 2023



Prashant Kumar  
 Director  
 DIN - 08342577



Sandeep Phadnis  
 Company Secretary  
 ACS - 11530

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## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

#### **1. CORPORATE INFORMATION**

J. B. Chemicals & Pharmaceuticals Limited ("the Company") is a public limited company incorporated in India (Corporate identity number: L24390MH1976PLC019380) having its registered office at Neelam Centre, B Wing, 4th Floor, Hind Cycle Road, Worli, Mumbai-400030. The Company is engaged in the business of manufacturing and marketing of diverse range of pharmaceutical formulations, herbal remedies and Active Pharmaceutical Ingredients (APIs). These Standalone Financial Statements for the year ended March 31, 2023, were approved for the issue by the Board of Directors, vide their resolution dated May 24, 2023. Equity Shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

#### **2. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS**

The following note provides list of the significant accounting policies adopted in the preparation of these financial statements.

##### **2.1. Basis of Preparation:**

##### **2.1. a) Statement of Compliance with Indian Accounting Standards (Ind-AS):**

The financial statements of the Company as at and for the year ended March 31, 2023, have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under Section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and the other relevant provisions of the Act and accounting principles generally accepted in India. The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities, which have been measured at fair value at the end of each reporting period as explained in the accounting policies stated below.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective.

##### **2.1. b) Basis of Measurement:**

The financial statements have been prepared on a historical cost basis and on accrual basis, except for the following:

- Financial assets and liabilities are measured at fair value or at amortised cost depending on classification;
- Derivative financial instruments and contingent consideration are measured at fair value;
- Defined Benefits Plans – plan assets measured at fair value;
- Lease Liabilities and Right-of-Use Assets – measured at fair value; and
- Share-based Payments – measured at fair value.

##### **2.1. c) Consistency of Accounting Policies:**

The accounting policies are applied consistently to all the periods presented in the financial statements, except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto used.

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## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

#### **2.1. d) Functional Currency and Rounding Off of the Amounts:**

The functional and presentation currency of the Company is Indian Rupees (₹). Accordingly, all amounts disclosed in the Financial Statements and Notes have been shown in Indian Rupees (₹), and all values are shown in lakhs and rounded to two decimals thereof, as per the requirement of Schedule III, except when otherwise indicated.

#### **2.2. Current Versus Non-Current Classification:**

The Company has classified all its assets and liabilities under current and non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Act and Ind AS 1 - Presentation of the Financial Statements.

##### **2.2. a) Assets:**

An asset is current when it satisfies any of the following criteria:

- Expected to be realised or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

##### **2.2. b) Liabilities:**

All liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or liability for at least twelve months after the reporting period; and
- The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instrument do not affect its classification.

All other liabilities are classified as non-current.

#### **2.3. Revenue Recognition:**

The Company derives revenue primarily from manufacturing and marketing of diverse range of pharmaceutical products. The Company follows specific recognition criteria as described below before the revenue is recognised.

##### **(i) Sale of Goods:**

Revenue from contracts with customers is recognised when the control of the goods is transferred to a customer and the entity satisfies a performance obligation by delivering promised goods to customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The contract with a customer exists **only when:** the parties to the contract have approved it and are committed to perform their respective obligations, the Company can identify each party's rights regarding the distinct goods to be transferred ("performance obligations"), the Company

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## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

can determine the transaction price for the goods to be transferred, the contract has commercial substance, and it is probable that the Company will collect the consideration to which it will be entitled in exchange for the goods that will be transferred to the customer.

The majority of customer contracts that the Company enters into consist of a single performance obligation for the delivery of pharmaceutical products. The Company recognises revenue from product sales when control of the product transfers. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product. The Company records product sales net of estimated incentives/discounts, returns and other related charges. These are generally accounted for as variable consideration estimated in the same period the related sales occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. The revenue for such variable consideration is included in the Company's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty is resolved. In making this assessment, the Company considers its historical record of performance on similar contracts.

No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company.

#### **(ii) Product Development Services:**

Revenue from product development services is recognised upon reference to the stage of completion or on the achievement of agreed milestones and the amount of revenue can be measured reliably.

#### **(iii) Other Operating Revenue:**

Other operating revenue comprises of the following items:

##### **a) Manufacturing Charges/Service Fees:**

Revenue from services rendered is recognised in the profit or loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period, over which the related services are expected to be performed.

Revenue from manufacturing charges is recognised on completion of contractual obligation of manufacturing and delivery of product manufactured.

##### **b) Export Incentives:**

Export entitlements from government authorities are recognised in the profit or loss as other operating revenue, when the right to receive is established as per the terms of the scheme in respect of the exports made by the Company with no future related cost, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

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## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

**c) Sale of Scrap:**

Revenue from sale of scrap is recognised on delivery of scrap items.

**(iv) Other Income:**

Other income mainly comprises of interest income, dividend from investments, gain on sale of investments and fair value gain/loss on investment measured at fair value through profit/loss, which are held at the Balance Sheet date.

**a) Interest Income:**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**b) Dividends:**

Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

**c) Other Income:**

Other income is recognised when no significant uncertainty as to its determination or realisation exists.

#### **2.4. Foreign Currency Transactions:**

Transactions in foreign currencies are translated into functional currency at the exchange rate prevailing on the dates of the transactions. Foreign currency denominated monetary assets and liabilities at the Balance Sheet date are translated into functional currency at the exchange rate prevailing on the date of Balance Sheet.

Exchange rate differences, resulting from foreign currency transactions settled during the period including year-end translation of assets and liabilities, are recognised in the Statement of Profit and Loss.

Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the initial transaction.

#### **2.5. Government Grants:**

Monetary government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses, the related costs for which the grants are intended to compensate. The grant related to an asset in the form of EPCG Licence is recognised in the Balance Sheet as deferred income, and is transferred to profit or loss on a systematic basis over the periods during which the obligation attached to the Licence is to be fulfilled.



## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

Grant in the form of cash benefit is recognised in the Balance Sheet as deferred income, and it is transferred to profit or loss over the useful life of the concerned asset.

Export entitlements from government authorities are recognised in the profit or loss as other operating revenue, when the right to receive is established as per the terms of the scheme in respect of the exports made by the Company with no future related cost, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

#### **2.6. Employee Benefits:**

##### **(i) Short Term Employee Benefits:**

Benefits such as salaries, wages, etc., and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

##### **(ii) Post Employment Benefit:**

###### **a) Defined Contribution Plans:**

Defined contribution plans such as Provident Fund and Superannuation. In accordance with The Employees' Provident Fund and Miscellaneous Provision Act, 1952, all eligible employees of the Company are entitled to receive benefits under the provident fund plan, in which both the employee and employer contribute monthly equal to a specified percentage of the covered employee's salary. Amounts collected under the provident plan are deposited in a government administered provident fund. Payments to defined contributions retirement benefit plans are recognised as an expense when employees have rendered the service entitling them to the contributions. The Company does not have any obligation other than the contribution made.

###### **b) Defined Benefits Plans:**

The company operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. For defined retirement benefits plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurements, comprising of actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable), and the return on plan assets (excluding interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurements recognised in Other Comprehensive Income is reflected immediately in retained earnings and will not be reclassified to Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Profit and Loss Statement in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liabilities or assets. Defined benefit costs are categorised as follows:

- Service costs (including current service cost, past service cost, as well as gains or losses on curtailments and settlements);
- Net interest expenses or income; and
- Re-measurement (comprising actuarial gains and losses).

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## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

The Company presents the first two components defined benefit cost in the Statement of Profit and loss in the line items "Employee Benefit Expenses" and "Finance Costs", respectively. Curtailment gains and losses are accounted for as past service cost.

The retirement benefits obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Company's defined benefits plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan.

#### **(iii) Other Long-Term Employee Benefits Plans:**

Liability in respect of compensated absences becoming due or expected to be availed within one year from the reporting date, is recognised on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees. Liability, in respect of compensated absences becoming due or expected to be availed more than one year after the reporting date, is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method at the year end. Actuarial gains/losses are immediately taken to the profit or loss, and are not deferred.

#### **2.7. Share-Based Payments:**

##### **Equity-Settled Share-Based Payment Transactions:**

The Company has set up Employee Stock Options Scheme in the nature of equity-settled share based remuneration for its eligible employees and eligible employee(s) of its wholly owned subsidiaries.

All services received in exchange for the grant of the options are measured at their fair value on the grant date and is recognised as an employee expenses, in the profit or loss, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under "Employee stock options outstanding reserve". The amount recognised as an expense are adjusted to reflect the actual number of stock options that actually vest. Such employee expense arising on account of grant of options to eligible employees of wholly-owned subsidiaries is recorded as receivable from such subsidiary.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example profitability and sales growth). All share-based remuneration is ultimately recognised as an expense in profit or loss. If vesting periods or other vesting conditions apply, the expenses are allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication, that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation, resulting from a revision, is recognised in the current period.

Upon exercise of stock options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the equity shares issued with any excess being recorded as share premium.

The dilutive effect of outstanding options is considered in the computation of diluted earnings per share.

## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

#### **2.8. Dividends:**

The final dividend on shares is recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as liability on the date of declaration by the Company's Board of Directors.

#### **2.9. Tax Expenses:**

Income tax expenses comprises of current tax expenses and deferred tax charge/credit. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity.

##### **(i) Current Tax:**

Current tax payable is calculated based on taxable profit for the year in accordance with the provisions of the Income Tax Act, 1961. Current tax is recognised based on the amount expected to be paid to or recovered from the tax authorities based on applicable tax laws that have been enacted or substantively enacted by the Balance Sheet date. The Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions, where appropriate. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### **(ii) Deferred Tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary timing differences. Deferred tax assets are recognised for deductible temporary differences to the extent that they are probable that taxable profit will be available against which the deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to 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 liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date.

Current and deferred tax for the year are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

##### **(iii) Uncertain Tax Positions:**

Accruals for uncertain tax positions require the Management to make judgement of potential exposures. Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognised unless the tax positions will probably be accepted by the tax authorities. This is based upon the Management's interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, Management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

#### 2.10. Property, Plant and Equipment:

##### (i) Recognition and measurement:

Freehold land is stated at historical cost and is not depreciated. Premium paid for the leasehold land is amortised over the lease period. All other items of property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their estimated useful lives. All other repairs and maintenance costs are recognised as expenses in the Standalone Statement of Profit and Loss account as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision is met.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work- in-Progress.

##### (ii) Depreciation:

Depreciation on the property, plant and equipment (other than freehold land) is provided based on useful life of the assets as prescribed in Schedule II of the Act. Depreciation on property, plant and equipment, which are added/disposed-off during the year, is provided on pro-rata basis with reference to the month of addition/ deletion, in the profit or loss.

Cost of the assets less its residual value is depreciated over its useful life. Depreciation is calculated on a straight line basis over the estimated useful life of the assets as prescribed in Schedule II to the Companies Act, 2013 are as follows.

However, for certain class of assets, based on the technical evaluation and assessment, the Company believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule II.

Category	Useful Life
Leasehold Land	Lease term
Buildings	30 to 60 years
Plant and Machinery	3 to 25 years
Furniture and Fixtures	10 years
Vehicles	8 to 10 years
Office equipment	3 to 6 years
Air conditioners	15 years

The Management believes that the estimated useful lives are realistic and reflects fair approximation of the period over which the assets are likely to be used. At each financial year end, the Management reviews the residual values, useful lives and method of depreciation of property, plant and equipment, and values of the same are adjusted prospectively where needed.

## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

#### (iii) De-recognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

#### 2.11. Intangible Assets:

##### (i) Recognition and Measurements:

Intangible assets acquired separately are measured on initial recognition at cost. Initial recognition of intangible assets is carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangibles are not capitalised and the related expenditure is disclosed in the Statement of profit and loss in the period in which the expenditure is incurred.

##### (ii) Expenditure on Regulatory Approval:

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably.

The useful lives of all other intangible assets are assessed as either finite or indefinite.

##### (iii) Amortisation:

Particulars	Useful Life
Computer software	3 to 6 years
Marketing intangibles	4 years
Product dossiers	5 years/ indefinite
Trademarks and Brands	25 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset, are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expenses on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

#### **(iv) De-recognition:**

Gains or losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

#### **2.12. Business Combinations and Goodwill:**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value.

Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the company is exposed to, or has rights to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values.

Goodwill is initially measured at the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. After initial recognition, Goodwill is not amortised. Goodwill is accordingly recognised at original value less any accumulated impairment.

When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised immediately in the OCI and accumulates the same in equity as capital reserve, where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, else the gain is directly recognised in equity as capital reserve.

Consideration transferred does not include amounts related to the settlement of pre-existing relationships and employee service-related payments. Any Goodwill that arises on account of such business combination is tested annually for impairment.

A cash-generating unit to which Goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any Goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for Goodwill is recognised in Statement of Profit and Loss. An impairment loss recognised for Goodwill is not reversed in subsequent periods.

#### **2.13. Borrowing Costs:**

Borrowing costs consists of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to interest costs.

Borrowing costs directly attributed to the acquisition, construction or production of qualifying assets are capitalised as a part of the cost of asset up to the date the asset is substantially ready for its intended use.



## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

Transaction costs in respect of borrowings are amortised over the tenor of respective loans using effective interest method. Other Borrowing Costs are charged to the Statement of Profit and Loss account in the year in which they are incurred.

#### **2.14. Impairment of Non-Financial Assets:**

The Company assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets (other than Goodwill as stated above) or group of assets, called cash-generating units (CGUs) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the CGU to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. An impairment loss is recognised in the Statement of Profit and Loss to the extent, asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

#### **2.15. Inventories:**

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined on the basis of Moving Average Method. Cost includes expenditures incurred in acquiring the inventories, and other related costs incurred in bringing them to their existing location. In the case of manufactured finished goods, cost includes appropriate share of overheads based on normal operating capacity.

Raw materials, stores and spare parts, and packing materials are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost of finished goods and work-in-progress includes the cost of conversion based on normal capacity and other costs incurred in bringing the inventories to their present location and condition. Waste/scrap is valued at estimated net realisable value. Obsolete, defective, slow moving and unserviceable inventories, if any, are duly provided for. Proceeds, in respect of sale of raw materials / stores are credited to the respective heads.

#### **2.16. Provisions, Contingent Liabilities and Contingent Assets:**

##### **(i) Provisions:**

Provisions are recognised when the company has present obligation (legal or constructive) as a result of past event and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. The expenses related to a provision is presented in the Statement of Profit and Loss net of any reimbursement/contribution towards provision made.

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## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

If the effect of the time value of money is material, estimate for the provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks 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. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Claims against the Company, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

#### **(ii) Contingent Assets:**

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

#### **(iii) Contingent Liabilities:**

##### **Contingent Liability is Disclosed in the Case:**

- When there is a possible obligation and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company; or
- A present obligation that arises from past events but is not recognised as expenses because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

#### **2.17. Provision for Product Expiry Claims:**

Provisions for product expiry related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of product expiry claim related costs is reviewed annually.

#### **2.18. Leases:**

The Company has elected not to recognise right-to-use assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an operating expense as per the terms of the lease.

##### **Company as a lessee:**

The Company's leased assets consist of leases for land, buildings and vehicles. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- (i) the contract involves the use of an identified asset;
- (ii) the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (iii) the Company has the right to direct the use of the asset.

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 comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle or to restore the underlying asset, less any

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. 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. Generally, the Company uses its incremental borrowing rate as the discount rate. The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

**2.19. 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.

**I. Financial Assets:**

**a) Classification:**

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

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

**b) Initial Recognition and Measurement:**

Financial assets are initially measured at its fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the concerned financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. However, trade receivables that do not contain a significant financing component is measured at transaction price.

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## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

#### **c) Subsequent Measurement:**

For subsequent measurement, the company classifies financial asset in the following broad categories:

##### **(i) Financial Assets at Amortised Cost (net of any write down for impairment, if any):**

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised costs using Effective Interest Rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Statement of Profit and Loss. Cash and bank balances, trade receivables, loans and other financial assets of the Company are covered under this category.

Under the EIR method, the future cash receipts are exactly discounted to the initial recognition value using EIR. The cumulative amortisation using the EIR method of the difference between the initial recognition amount and maturity amount is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at amortised cost at each reporting date. The corresponding effect of the amortisation under EIR method is recognised as interest income over the relevant period of the financial asset. The same is included under "other income" in the Statement of Profit and Loss. The amortised cost of the financial asset is also adjusted for loss allowance, if any.

##### **(ii) Debt Instruments and Derivatives at FVTPL:**

Financial assets under this category are measured initially as well as at each reporting date at fair value. Changes in fair value are recognised in the Statement of Profit or Loss.

##### **(iii) Investment in Subsidiaries:**

Investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and associates, the difference between net disposal proceeds and the carrying amounts are recognised in the Statement of Profit or Loss. Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries and associates at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., April 1, 2015.

##### **(iv) Other Equity Investments:**

All other equity investments are measured at fair value, with fair value changes recognised in Statement of Profit and Loss.

All equity investments in the scope of Ind-AS 109 are measured at fair value. Equity instrument's which are held for trading are classified as FVTPL. For all other equity instruments, the Company decides to classify the same either as at FVTOCI or FVTPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss. Transaction cost of financial assets at FVTPL are expensed in profit or loss.

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## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

#### **(v) De-recognition:**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

#### **(vi) Impairment of Financial Assets:**

In accordance with Ind AS 109, the Company uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit and loss (FVTPL). ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

For trade receivables Company applies 'simplified approach' which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Company uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date these historical default rates are reviewed, and changes in the forward looking estimates are analysed.

For other assets, the Company uses 12-month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ECL impairment loss allowance (or reversal) during the period is recognised as income/ expenses in the Statement of Profit and Loss under the head 'Other expenses'.

## **II. Financial Liabilities:**

### **a) Classification:**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

### **b) Initial Recognition and Measurement:**

The Company recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. The Company classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

All financial liabilities are recognised initially at fair value and in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

### **c) Subsequent Measurement:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss.

The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability. Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost

## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included as finance costs in the statement of profit and loss.

#### **d) De-recognition of Financial Liabilities:**

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

#### **III. Derivative Financial Instruments:**

The Company uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency fluctuation risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value at each reporting date. Gain or loss arising from changes in the fair value is recognised in the Statement of Profit and Loss. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company enters into derivative financial instruments, viz., foreign exchange forward contracts, interest rate swaps and cross currency swaps to manage its exposure to interest rate, foreign exchange rate risks and commodity prices. The Company does not hold derivative financial instruments for speculative purposes.

#### **IV. Hedge Accounting:**

The Company designates certain hedging instruments in respect of foreign currency risk, interest rate risk and commodity price risk as cash flow hedges. At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows, and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of changes in the fair value of the designated portion of derivatives that qualify as cash flow hedges is recognised in Other Comprehensive Income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Standalone Statement of Profit and Loss.

Amounts previously recognised in Other Comprehensive Income and accumulated in other equity relating to (effective portion as described above) are re-classified to the Statement of Profit and Loss in the periods when the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and

## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

losses are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in other equity at that time remains in other equity and is recognised when the forecast transaction is ultimately recognised in Standalone Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in other equity is recognised immediately in Standalone Statement of Profit and Loss.

#### 2.20. Fair Value:

The Company measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy that categorises into three levels, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows.

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

**Level 1** — quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3** — inputs that are unobservable for the asset or liability

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

#### 2.21. Research and Development Expenditure:

Expenditure on research activities is recognised in the Statement of Profit and Loss as incurred. Development expenditure is recognised in the Statement of Profit and Loss unless the following criteria are satisfied:

- (i) development costs can be measured reliably;
- (ii) the product or process is technically and commercially feasible;
- (iii) future economic benefits are probable; and
- (iv) the Company intends to and has sufficient resources to complete development and to use the asset.

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## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

#### **2.22. Offsetting Financial Instruments:**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

#### **2.23. Earnings per share:**

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### **2.24. Cash and Cash Equivalents:**

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

#### **2.25. Cash Flow Statements:**

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

### **3. RECENT PRONOUNCEMENTS**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

#### **Ind AS 1 - Presentation of Financial Statements:**

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

#### **Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:**

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

#### Ind AS 12 - Income Taxes:

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statement.

#### 4. KEY ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements requires the Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The company evaluates these estimates and assumptions based on the most recently available information.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

##### a) Income Taxes and Deferred Tax Assets:

The Company's tax jurisdiction is India. Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The Management assumes that taxable profit will be available while recognising the deferred tax assets.

##### b) Property, Plant and Equipment:

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life as prescribed in the Schedule II of the Companies Act, 2013 and the expected residual value at the end of its life. The useful lives and residual values of the Company's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

##### c) Intangible Assets:

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

##### d) Impairment of Financial Assets:

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.



## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

#### **e) Recognition and Measurement of Defined Benefits Obligation:**

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

#### **f) Recognition and Measurement of Other Provisions:**

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

#### **g) Contingencies:**

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised in the Standalone Financial Statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

The Management's judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claims/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

#### **h) Allowances for Inventories:**

The Management reviews the inventory age listing on a periodic basis. The purpose is to compare the carrying value of the aged inventory items with the respective net realisable value and also to identify obsolete and slow-moving items, so as to make adequate allowances for the same. The Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the standalone financial statements.

#### **i) Research and Development Costs:**

Management monitors progress of internal research and development projects by using a project management system.

Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. The Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

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## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

#### j) Leases:

Ind AS 116 "Leases" requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on a lease-by-lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Company's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances.

#### k) Sales Returns:

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns. The Company deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Company's historical experience in the markets in which the Company operates. With respect to established products, the Company considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets.

#### l) Expected Credit Loss:

The Company applies expected credit losses (ECL) model for measurement and recognition of loss allowance on the following:

- Trade receivables;
- Financial assets measured at amortised cost (other than trade receivables);
- Financial assets measured at fair value through other comprehensive income (FVTOCI).

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115. For this purpose, the Company follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of simplified approach does not require the Company to track changes in credit risk.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

In the case of other assets, the Company determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve-month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

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**J B CHEMICALS & PHARMACEUTICALS LIMITED**

**NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

**m) Geopolitical Developments:**

The Company considered the uncertainties relating to the geopolitical situation in Russia and Ukraine, in assessing the recoverability of receivables, goodwill, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial results. Based on its judgements, estimates and assumptions, including sensitivity analysis, the Company expects to fully recover the carrying amount of receivables, goodwill, investments and other assets.

The Company will continue to closely monitor any material changes to future economic conditions.

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## 5. Property, plant and equipment

(₹ in lakhs)

Particulars	Gross Block			Accumulated Depreciation					Net Block	
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Depreciation charge for the year	On disposals	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Freehold land	57.16	-	-	57.16	-	-	-	-	57.16	57.16
Factory buildings	21,612.78	633.31	-	22,246.09	7,363.36	675.70	-	8,039.06	14,207.03	14,249.42
Other buildings (note 1)	6,714.66	284.73	-	6,999.39	744.96	109.92	-	854.88	6,144.51	5,969.70
Plant and equipment	62,323.71	2,032.79	340.47	64,016.03	38,606.41	3,522.22	314.68	41,813.95	22,202.08	23,717.30
Furniture and fixtures	3,922.90	155.91	20.55	4,058.26	2,239.32	281.93	19.32	2,501.93	1,556.33	1,683.58
Vehicles	596.56	-	70.04	526.52	270.88	56.56	31.15	296.29	230.23	325.68
Office equipment	5,335.39	831.62	48.09	6,118.92	3,899.49	657.12	45.83	4,510.78	1,608.14	1,435.90
Air conditioners	8,142.65	299.26	65.42	8,376.49	3,853.02	440.31	52.44	4,240.89	4,135.60	4,289.63
<b>Total</b>	<b>1,08,705.81</b>	<b>4,237.62</b>	<b>544.57</b>	<b>1,12,398.86</b>	<b>56,977.44</b>	<b>5,743.76</b>	<b>463.42</b>	<b>62,257.78</b>	<b>50,141.08</b>	<b>51,728.37</b>

(₹ in lakhs)

Particulars	Gross Block			Accumulated Depreciation					Net Block	
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	Depreciation charge for the year	On disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Freehold land	57.16	-	-	57.16	-	-	-	-	57.16	57.16
Factory buildings	21,277.47	337.60	2.29	21,612.78	6,708.08	657.56	2.28	7,363.36	14,249.42	14,569.39
Other buildings (note 1)	5,682.05	1,032.61	-	6,714.66	643.20	101.76	-	744.96	5,969.70	5,038.85
Plant and equipment	60,210.89	3,387.87	1,275.05	62,323.71	36,138.59	3,726.63	1,258.81	38,606.41	23,717.30	24,072.30
Furniture and fixtures	3,845.91	102.39	25.40	3,922.90	1,989.10	275.55	25.33	2,239.32	1,683.58	1,856.81
Vehicles	569.73	140.74	113.91	596.56	315.82	60.80	105.74	270.88	325.68	253.91
Office equipment	4,848.26	622.46	135.33	5,335.39	3,437.36	591.82	129.69	3,899.49	1,435.90	1,410.90
Air conditioners	7,945.80	219.81	22.96	8,142.65	3,432.07	443.90	22.95	3,853.02	4,289.63	4,513.73
<b>Total</b>	<b>1,04,437.27</b>	<b>5,843.48</b>	<b>1,574.94</b>	<b>1,08,705.81</b>	<b>52,664.22</b>	<b>5,858.02</b>	<b>1,544.80</b>	<b>56,977.44</b>	<b>51,728.37</b>	<b>51,773.05</b>

## 5a. Right-of-Use Assets

(₹ in lakhs)

Particulars	Gross Block			Accumulated Depreciation					Net Block	
	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	As at April 01, 2022	Depreciation charge for the year	On disposals	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Right-of-use assets - Leasehold land (note 2)	650.45	-	-	650.45	99.31	1.51	-	100.82	549.63	551.14
Right-of-use assets - Other buildings (note 2)	3,198.54	81.84	-	3,280.38	624.18	755.76	-	1,379.94	1,900.44	2,574.36
Right-of-use assets - Other vehicles (note 2)	-	80.82	-	80.82	-	8.90	-	8.90	71.92	-
<b>Total</b>	<b>3,848.99</b>	<b>162.66</b>	<b>-</b>	<b>4,011.65</b>	<b>723.49</b>	<b>766.17</b>	<b>-</b>	<b>1,489.66</b>	<b>2,521.99</b>	<b>3,125.50</b>

(₹ in lakhs)

Particulars	Gross Block			Accumulated Depreciation					Net Block	
	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	As at April 01, 2021	Depreciation charge for the year	On disposals	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Right-of-use assets - Leasehold land (note 2)	1,358.95	-	708.50	650.45	129.93	7.65	38.27	99.31	551.14	1,229.02
Right-of-use assets - Other buildings (note 2)	1,718.67	2,835.78	1,355.91	3,198.54	493.53	713.08	582.43	624.18	2,574.36	1,225.14
<b>Total</b>	<b>3,077.62</b>	<b>2,835.78</b>	<b>2,064.41</b>	<b>3,848.99</b>	<b>623.46</b>	<b>720.73</b>	<b>620.70</b>	<b>723.49</b>	<b>3,125.50</b>	<b>2,454.16</b>

Note 1. Value of buildings includes a sum of ₹ 3,600/- being the cost of shares in the co-operative housing societies.

Note 2. Refer note 48.

Note 3. No depreciation has been provided on the assets to the extent of GST claimed.

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## 6. Intangible assets

(₹ in lakhs)

Particulars	Gross Block			Accumulated Amortisation				Net Block		
	As at April 01, 2022	Additions	Deductions	As at March 31, 2023	As at April 01, 2022	Amortisation for the year	Deductions	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Trademarks	64,627.48	* 68,135.68	-	1,32,763.16	512.35	4,574.70	-	5,087.05	1,27,676.11	64,115.13
Marketing intangibles	-	250.00	-	250.00	-	59.59	-	59.59	190.41	-
Computer software	1,163.53	71.28	-	1,234.81	1,103.16	44.07	-	1,147.23	87.58	60.37
Product dossiers	905.28	222.59	-	1,127.87	-	10.98	-	10.98	1,116.89	905.28
<b>Total</b>	<b>66,696.29</b>	<b>68,679.55</b>	<b>-</b>	<b>1,35,375.84</b>	<b>1,615.51</b>	<b>4,689.34</b>	<b>-</b>	<b>6,304.85</b>	<b>1,29,070.99</b>	<b>65,080.78</b>

\* Related to acquisition of trademarks - Azmarda, Z&amp;D, Pedicloryl, Pecef, Ezinapi and Razel ( refer note 41)

(₹ in lakhs)

Particulars	Gross Block			Accumulated Amortisation				Net Block		
	As at April 01, 2021	Additions	Deductions	As at March 31, 2022	As at April 01, 2021	Amortisation for the year	Deductions	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Trademarks	845.03	* 63,782.45	-	64,627.48	3.66	508.69	-	512.35	64,115.13	841.37
Computer software	1,117.00	46.53	-	1,163.53	1,062.40	40.76	-	1,103.16	60.37	54.60
Product dossiers	905.28	-	-	905.28	-	-	-	-	905.28	905.28
<b>Total</b>	<b>2,867.31</b>	<b>63,828.98</b>	<b>-</b>	<b>66,696.29</b>	<b>1,066.06</b>	<b>549.45</b>	<b>-</b>	<b>1,615.51</b>	<b>65,080.78</b>	<b>1,801.25</b>

\* Related to acquisition of trademarks - Sporlac, Lobun, Pubergen, Nano-Leo and Gynogen (refer note 41)

## 6a. Capital Work-in-Progress

As on March 31, 2023

(₹ in lakhs)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	4,230.24	202.56	8.12	-	4,440.92

As on March 31, 2022

(₹ in lakhs)

Particulars	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1,345.73	24.53	20.31	-	1,390.57

## 6b. Intangible Assets Under Development

As at March 31, 2023

(₹ in lakhs)

Particulars	Amount in intangible assets under development for a period of		
	Less than 1 year	1-2 years	Total
Projects in progress	843.95	230.34	1,074.29
<b>Total</b>	<b>843.95</b>	<b>230.34</b>	<b>1,074.29</b>

As at March 31, 2022

(₹ in lakhs)

Particulars	Amount in intangible assets under development for a period of		
	Less than 1 year	1-2 years	Total
Projects in progress	476.94	-	476.94
<b>Total</b>	<b>476.94</b>	<b>-</b>	<b>476.94</b>

**J. B. Chemicals & Pharmaceuticals Limited**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

**7. Non-Current Financial Assets - Investments**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Investments in equity instruments (unquoted) (Fully paid)</b>		
<b>i) In Subsidiary companies: (carried at cost)</b>		
Equity shares of OOO Unique Pharmaceutical Laboratories, Russia (No. of shares are not denominated as per Law of Russian Federation)	3,881.92	3,881.92
51,885,000 (Previous year 51,885,000) Ordinary shares of AED 1 each of Unique Pharmaceutical Laboratories FZE, Dubai	9,414.76	9,414.76
<b>Total</b>	<b>13,296.68</b>	<b>13,296.68</b>
<b>ii) In Other companies: (carried at fair value through profit or loss (FVTPL)) (Fully paid)</b>		
3,866 (Previous year 3,866) Equity shares of ₹ 10 each of BEIL Infrastructure Ltd.	32.42	26.45
612,032 (Previous year 612,032) Equity shares of ₹ 10 each of Narmada Clean Tech	124.40	113.64
20,000 (Previous year 20,000) Equity shares of ₹ 10 each of Enviro Technology Limited	46.61	38.19
60,000 (Previous year 60,000) Equity shares of ₹ 10 each of Panoli Enviro Technology Limited	42.74	33.74
50,000 (Previous year 50,000) Equity shares of ₹ 10 each of Ankleshwar Research and Analytical Infrastructure Limited	4.22	3.85
2,000,000 (Previous year 2,000,000) Equity shares of ₹ 10 each of Asian Heart Institute and Research Centre Private Limited	1,128.02	1,056.34
<b>Total</b>	<b>1,378.41</b>	<b>1,272.21</b>
<b>Total Non-current investments in equity instruments</b>	<b>14,675.09</b>	<b>14,568.89</b>
<b>Category-wise Non-current investments</b>		
Financial assets carried at cost	13,296.68	13,296.68
Financial assets measured at fair value through profit or loss	1,378.41	1,272.21
<b>Total Non-current investments - Unquoted</b>	<b>14,675.09</b>	<b>14,568.89</b>

**8. Non-Current Financial Assets - Loans**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, Considered Good (Carried at amortised cost)</b>		
Loans to employees	68.41	74.41
<b>Total</b>	<b>68.41</b>	<b>74.41</b>

**9. Non-Current Financial Assets - Others**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, Considered Good, except otherwise stated (Carried at amortised cost)</b>		
Security deposits for leased premises	332.97	309.72
Fixed deposits having remaining maturity more than 12 months #	1,362.03	8.53
Other security deposits	165.61	163.74
	<b>1,860.61</b>	<b>481.99</b>
Other security deposits - credit impaired	75.65	75.65
Less: Loss allowance	(75.65)	(75.65)
<b>Total</b>	<b>1,860.61</b>	<b>481.99</b>

#These fixed deposits are marked as lien with various government authorities/institutions/banks.

**10. Current Tax Assets (net)**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Taxes paid	49,948.30	41,094.37
Less: Provision for taxes	(47,385.99)	(38,948.51)
<b>Total</b>	<b>2,562.31</b>	<b>2,145.86</b>

**11. Other Non-Current Assets**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, Considered Good</b>		
Capital advances	246.27	1,120.67
Prepaid expenses	88.75	95.39
Advance for gratuity (refer note 42)	1.95	-
<b>Total</b>	<b>336.97</b>	<b>1,216.06</b>

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## 12. Inventories

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(Lower of cost and net realisable value)</b>		
Raw materials (stock in transit ₹ 0.01 lakh, previous year ₹ 0.20 lakh)	16,552.04	15,170.15
Packing materials (stock in transit ₹ 0.15 lakh, previous year ₹ 0.27 lakh)	4,584.35	4,998.65
Work-in-progress	3,609.45	1,887.26
Finished goods (stock in transit ₹ 235.23 lakhs, previous year ₹ 357.81 lakhs)	8,266.85	7,572.38
Stock-in-trade	5,603.61	5,272.28
Stores and spares	78.87	77.72
<b>Total</b>	<b>38,695.17</b>	<b>34,978.44</b>
The write-down of inventories to net realisable value during the year amounted to ₹ 80.71 lakhs (previous year ₹ 18.93 lakhs). The write-downs are included in changes in inventories of finished goods.		
The cost of inventories recognised as an expense during the year is disclosed in Notes 34, 35, and 38, as purchases of stock-in-trade in the Statement of Profit and Loss.		

## 13. Current Financial Assets - Investments

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(Carried at fair value through profit and loss)</b>		
Investments in mutual funds - (quoted)	19,218.45	-
<b>Total</b>	<b>19,218.45</b>	<b>-</b>
Aggregate market value of quoted investments	19,218.45	-

## 14. Current Financial Assets - Trade Receivables

(Unsecured, Considered Good, unless otherwise stated)

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(Carried at amortised cost, except otherwise stated)</b>		
Considered Good	52,742.55	52,118.80
Less: Allowance for expected credit losses	384.81	314.00
	<b>52,357.74</b>	<b>51,804.80</b>
Credit impaired	12.25	-
Less: Allowance for expected credit losses	12.25	-
<b>Total</b>	<b>52,357.74</b>	<b>51,804.80</b>

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J. B. Chemicals & Pharmaceuticals Limited

Notes to the Standalone Financial Statements for the year ended March 31, 2023

March 2023

(₹ in lakhs)

Particulars	Not due	Outstanding for the following periods from the due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables - considered good	44,188.84	6,762.97	569.46	249.38	652.43	319.47	52,742.55
ii. Undisputed trade receivables - credit impaired	-	-	-	-	-	12.25	12.25
iii. Disputed trade receivables - considered good	-	-	-	-	-	-	-
iv. Disputed trade receivables - credit impaired	-	-	-	-	-	-	-

March 2022

(₹ in lakhs)

Particulars	Not due	Outstanding for the following periods from the due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables - considered good	37,455.18	11,207.20	1,171.70	1,856.32	427.94	0.46	52,118.80
ii. Undisputed trade receivables - credit impaired	-	-	-	-	-	-	-
iii. Disputed trade receivables - considered good	-	-	-	-	-	-	-
iv. Disputed trade receivables - credit impaired	-	-	-	-	-	-	-

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**J. B. Chemicals & Pharmaceuticals Limited**

Notes to the Standalone Financial Statements for the year ended March 31, 2023

**15. Current Financial Assets - Cash And Bank Balances**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Cash and cash equivalents</b>		
Balances with banks	2,693.76	2,287.22
Cheques on hand	-	5.11
Cash on hand	3.46	8.60
Remittance in transit ^	-	1,467.84
Fixed deposits with original maturity of less than 3 months @	2,691.18	-
	<b>5,388.40</b>	<b>3,768.77</b>
<b>Other bank balances</b>		
Unclaimed dividend A/cs *	187.84	198.38
	<b>187.84</b>	<b>198.38</b>
<b>Total</b>	<b>5,576.24</b>	<b>3,967.15</b>

^ Remittance in transit from Biotech Laboratories Pty. Ltd., a step-down subsidiary.

\*The above balances are restricted for specific use. There are no amounts dues and outstanding to be credited to the Investor Education and Protection Fund.

@ These fixed deposits are marked as lien with various government authorities/institutions/banks.

**16. Current Financial Assets - Loans**

(Unsecured, Considered Good)

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(Carried at amortised cost)</b>		
Loans to employees	76.71	74.53
<b>Total</b>	<b>76.71</b>	<b>74.53</b>

**17. Current Financial Assets - Others**

(Unsecured, Considered Good unless otherwise stated)

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(Carried at amortised cost, except otherwise stated)</b>		
Accrued interest on deposits	39.20	3.59
Export incentive receivables	1,437.10	3,285.28
Claim receivables	95.00	92.57
Derivative designated as hedge - carried at fair value through profit or loss (refer note 50)	-	293.23
Tender deposits	63.22	45.18
Fixed deposits having remaining maturity less than 12 months	8.49	10.62
Other security deposits	-	133.11
Other receivables	473.40	120.86
Derivative designates as hedges - carried at fair value through OCI (refer note 50)	61.54	132.89
	<b>2,177.95</b>	<b>4,117.33</b>
Receivables for sale of land	239.47	239.47
Less: Allowance for credit impaired	239.47	39.47
	-	<b>200.00</b>
Tender deposit- credit impaired	6.45	6.45
Less: Allowance for credit impaired	6.45	6.45
	-	-
<b>Total</b>	<b>2,177.95</b>	<b>4,317.33</b>

**18. Other Current Assets**

Unsecured, Considered Good

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Advances to suppliers	1,024.31	2,983.41
Prepaid expenses	1,397.44	1,047.76
Balances/Recoverables with/from government authorities		
Considered good	18,886.57	13,510.70
Considered doubtful	23.99	-
Less: Impairment loss allowances	(23.99)	-
Other receivables	419.72	401.12
<b>Total</b>	<b>21,728.04</b>	<b>17,942.99</b>

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
<b>Authorised</b> 101,500,000 (Previous year 101,500,000) Equity Shares of ₹ 2/- each	2,030.00	2,030.00
<b>Issued, subscribed and fully paid-up</b> 77,377,584 (Previous year 77,282,097) Equity Shares of ₹ 2/- each	1,547.55	1,545.64
<b>Total</b>	<b>1,547.55</b>	<b>1,545.64</b>

**Reconciliation of the shares outstanding and amount of share capital**

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	₹ in lakhs	Number	₹ in lakhs
Number of shares outstanding at the beginning of the year	77,282,097	1,545.64	77,282,097	1,545.64
Add: Shares issued during the year on exercise of options under employee stock options	95,487	1.91	-	-
Number of shares outstanding at the end of the year	77,377,584	1,547.55	77,282,097	1,545.64

**Details of shares held by ultimate holding company and holding company**

Particulars	As at March 31, 2023	As at March 31, 2022
	<b>Ultimate Holding Company</b>	
KKR Asian Fund III L.P.	-	-
<b>Holding Company</b>		
Tau Investment Holdings Pte. Ltd.	77,377,584	77,282,097

**Details of shareholders holding more than 5% shares in the Company**

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares	% of holding	No. of shares	% of holding
Tau Investment Holdings Pte. Ltd. (Holding Company)	41,732,332	53.93	41,732,332	54.00

**Percentage computed with respect to numbers at the beginning of the year**

Shares held by the promoter	As at March 31, 2023		No. of shares	% change during the year
	No. of shares	% of total shares		
Tau Investment Holdings Pte. Ltd. (Holding Company)	41,732,332	53.93	41,732,332	(0.07)

Change in shareholding of Promoter/Promoter Group is on account of allotment of equity shares by the Company under its Employee Stock Option Scheme 2021.

**Terms and rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share and carries identical right as to dividend. These shares are not subject to any restrictions. The Company declares and pays dividend in Indian Rupees. 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 of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by each of the shareholders.

**Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

The Company has not issued any bonus shares, shares for consideration other than cash during the five years immediately preceding the reporting date.

**Buy-back of equity shares**

For the period of five years immediately preceding the date as at which the Balance Sheet is prepared, the Company has bought back, in aggregate 7,537,878 (as at previous year 7,537,878) equity shares of ₹ 2 each.

**Equity shares reserved for issue under employee stock options schemes**

For number of stock options against which equity shares to be issued by the Company upon vesting and exercise of those stock options by the option holders as per the relevant schemes - refer note 47.

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**J. B. Chemicals & Pharmaceuticals Limited**  
**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

**20. Other equity** (₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Capital reserves (transferred from amalgamating company)		
Investment allowance reserve (utilised)	34.86	34.86
Capital reserve	63.53	63.53
Share application money pending allotment	2.70	-
Capital reserve	4.21	4.21
Contingency reserve	2,020.00	2,020.00
Securities premium reserve	6,839.55	4,946.15
Capital redemption reserve	150.76	150.76
General reserve	14,363.36	14,363.36
Retained earnings *	2,07,015.96	1,80,873.39
Employee stock options reserve	12,159.40	6,265.35
Cash flow hedge reserve	46.05	99.45
<b>Total</b>	<b>2,42,700.38</b>	<b>2,08,821.06</b>

\* including re-measurement of defined benefits plans in the current year ₹ 13.16 lakhs (previous year ₹ 7.14 lakhs).

For movement from the beginning of the reporting period to the end of the reporting period, please refer "Standalone Statement of Changes in Equity".

**Nature and Purpose of Reserves**

**A. Investment allowance reserve (utilised) and capital reserve (transferred from amalgamating company)**

This reserve was created on amalgamation of J. B. Chemicals and Pharmaceuticals P. Ltd. with this company w.e.f. April 01, 1984 (appointed date).

**B. Share Application Money Pending Allotment**

Share application money pending allotment means the amount received on the application (exercise of ESOP scheme) on which the allotment is not yet made.

**C. Capital reserve**

Arose pursuant to forfeiture and reissue of shares.

**D. Contingency reserve**

This reserve has been created out of retained earnings, as a matter of prudence, to take care of any unforeseen adverse contingencies.

**E. Securities premium reserve**

The amount received in excess of face value of the equity shares is recognised in Securities Premium. In the 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. This reserve is utilised in accordance with the provisions of the Companies Act, 2013.

**F. Capital redemption reserve**

Transferred from general reserve on account of buy back of shares as per Section 69 of the Companies Act, 2013.

**G. General reserve**

The Company has transferred a portion of the net profit of the Company before declaring dividend to General Reserve pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to General Reserve is not required under the Companies Act, 2013. The reserve can be distributed/utilised by the Company in accordance with the Companies Act, 2013.

**H. Retained earnings**

Retained earnings are the profits that the Company has earned till date, less any transfer to General Reserve, dividends or other distribution paid to shareholders.

**I. Employee stock options reserve**

Employee stock options reserve is used to record the share-based payments, expense under various ESOP schemes, as per SEBI regulations. The reserve is used for the settlement of ESOP (refer note 47).

**J. Cash flow hedge reserve**

For the forward contracts designated as cash flow hedges, the effective portion of the fair value of forward contracts are recognised in cash flow hedging reserve under other equity. Upon de-recognition, amounts accumulated in other comprehensive income are taken to profit or loss at the same time as the related cash flow (refer note 50C).

**21. Non-Current Financial Liabilities - Borrowings**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Secured:		
Term loans from banks	38,322.03	-
<b>Total</b>	<b>38,322.03</b>	<b>-</b>

**22. Non-Current Financial Liabilities - Lease**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liabilities (refer note 48B)	1,273.28	1,875.75
<b>Total</b>	<b>1,273.28</b>	<b>1,875.75</b>

**23. Non-Current Liabilities - Provisions**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Compensated absences (refer note 42C)	1,461.01	1,321.86
<b>Total</b>	<b>1,461.01</b>	<b>1,321.86</b>

**24. Deferred Tax Liabilities (net)**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred tax liabilities		
Property, plant and equipment including intangible assets	11,304.01	5,957.46
Fair valuation of investments measured at FVTPL	73.05	-
Others	33.54	73.37
	<b>11,410.60</b>	<b>6,030.83</b>
Deferred tax assets		
Retirement benefits	519.73	712.50
Others	232.60	126.83
	<b>752.33</b>	<b>839.33</b>
<b>Deferred tax liabilities (net)</b>	<b>10,658.27</b>	<b>5,191.50</b>

**25. Non-Current Liabilities - Others**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred government grants	249.27	316.64
<b>Total</b>	<b>249.27</b>	<b>316.64</b>

Government grant has been received for the purpose of purchase of certain items of property, plant and equipment. The condition against which the grant is received is the export obligation to be fulfilled within certain specified period.

**26. Current Financial Liabilities - Borrowings**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Secured (Carried at amortised cost)		
Loans repayable on demand - from banks		
Export packing credit in Rupees	-	2,000.00
Export packing credit in foreign currency #	671.00	631.50
	<b>671.00</b>	<b>2,631.50</b>
Term loans - Current maturities of long - term borrowings	13,700.00	-
<b>Total</b>	<b>14,371.00</b>	<b>2,631.50</b>

# Working capital borrowings from banks at an interest rate of 4.36%, and are secured by first pari passu charge on the inventories and trade receivables of the Company.

**1. Collateral against the working capital borrowings**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Inventories	38,695.17	34,978.44
Trade receivables	52,357.74	51,804.80
<b>Total</b>	<b>91,052.91</b>	<b>86,783.24</b>

The quarterly returns or statements filed by the Company for working capital limits and term loan limits with banks are in agreement with the books of account of the Company.

## NOTES:

## LONG TERM BORROWINGS

(A) Long - term loans from banks (Secured)

(' ₹ in lakhs)

Term loans taken from bank for Brand Acquisition	Amount included in long-term borrowings	Amount included in current maturities of long-term borrowings	Collateral, interest rates, effective interest rates and maturity
Azmarda	12,335.84	10,000.00	The term loan from Axis Bank Ltd. is due for repayment from 26.07.22 to 26.04.25, along with a simple interest of 6.90% p.a. and effective interest rate of 7.15% p.a. The loan is secured by a charge over the Company's moveable Property, plant and equipment's and Azmarda Brand.
Z&D, Pedicloryl, Pecef and Ezinapl	4,192.10	1,200.00	The term loan from Axis Bank Ltd. is due for repayment from 16.10.22 to 16.07.27, with a simple interest of 8.10% p.a. (effective rate of interest 8.19% p.a.) for first 3 years and thereafter will adjusted based on MCLR rates provided by the bank. The loan is secured by creating charge over the Company's moveable Property, plant and equipment's and Azmarda Brand as well as current brand acquired.
Razel	21,794.09	2,500.00	The term loan from Axis Bank Ltd. is due for repayment from 21.03.23 to 21.12.28, with a simple interest of 8.65% p.a. (effective rate of interest 8.78% p.a.) for first 3 years and thereafter will adjusted based on 1 year MCLR rates provided by the bank. The loan is secured by a charge over the Company's moveable Property, plant and equipment's and Azmarda Brand, Pediatric Brand and also Razel Brand.
<b>Total</b>	<b>38,322.03</b>	<b>13,700.00</b>	

## (B) Reconciliation of movements of liabilities to cash flows arising from financing activities

(' ₹ in lakhs)

Particulars	Short-term borrowings	Long-term borrowings	Total
Balance at April 1, 2021	2,643.28	-	2,643.28
Proceeds from borrowings	6,288.83	-	6,288.83
Repayment of borrowings	(6,301.95)	-	(6,301.95)
Foreign exchange loss/(gain)	1.34	-	1.34
Balance at March 31, 2022	2,631.50	-	2,631.50
Proceeds from borrowings	4,480.66	60,862.68	65,343.34
Repayment of borrowings	(6,481.07)	(8,725.00)	(15,206.07)
Current portion reclassification to short - term borrowings	13,700.00	(13,700.00)	-
Foreign exchange loss/(gain)	39.91	-	39.91
Amortisation/EIR adjustment of prepaid borrowing costs (net)	-	(115.65)	(115.65)
Balance at March 31, 2023	14,371.00	38,322.03	52,693.03

## 26A. Current financial liabilities - lease

(' ₹ in lakhs)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Lease liabilities (refer note 48B)	778.29	720.10
<b>Total</b>	<b>778.29</b>	<b>720.10</b>

## 27. Current financial liabilities - trade payables

(' ₹ in lakhs)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
(Carried at amortised cost)		
Total outstanding dues of micro enterprises and small enterprises	2,153.40	2,063.86
Total outstanding dues of creditors other than micro enterprises and small enterprises	20,017.97	17,559.99
<b>Total</b>	<b>22,171.37</b>	<b>19,623.85</b>

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year, which are unpaid. The amounts are unsecured, and are usually paid within 0-90 days of recognition, based on the credit terms. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period.

## Transactions with struck-off Companies

The following table summarises the transactions with the companies struck off under Section 248 of the Companies Act, 2013, as at March 31, 2023:

(' ₹ in lakhs)

Name of the struck-off company	Nature of transactions with the struck-off company	Amount of transactions	Balance outstanding	Relationship with the struck-off company
Maize Products Limited (Unlisted)	Material Purchase	6.21	-	External Vendor

March 2023

(₹ in lakhs)

Particulars	Not due	Outstanding for the following periods from the due date of payment			Total
		Less than 1 year	1-3 years	More than 3 years	
i. MSME*	2,130.84	22.56	-	-	2,153.40
ii. Others	14,973.60	4,967.88	73.24	3.25	20,017.97
iii. Disputed dues - MSME	-	-	-	-	-
iv. Disputed dues - Others	-	-	-	-	-

March 2022

(₹ in lakhs)

Particulars	Not due	Outstanding for the following periods from the due date of payment			Total
		Less than 1 year	1-3 years	More than 3 years	
i. MSME*	2,063.86	-	-	-	2,063.86
ii. Others	14,669.25	2,626.60	258.01	6.13	17,559.99
iii. Disputed dues - MSME	-	-	-	-	-
iv. Disputed dues - Others	-	-	-	-	-

\* The details of amount outstanding to micro enterprises and small enterprises based on available information with the Company are as under:

(₹ in lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal	2,090.80	2,003.27
Interest due thereon	62.60	60.59
b) The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprise Development Act, 2006	-	-
c) The amount of payment made to supplier beyond the appointed day during the accounting year	95.93	2.18
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under the Micro, Small and Medium Enterprise Development Act, 2006	2.01	0.03
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	62.60	60.59
f) The amount of further interest remaining due and payable even in succeeding years, until such date when interest dues above are actually paid to the small enterprises, for the purpose of disallowance of a deductible expenditure under Section 23 of Micro, Small and Medium Enterprise Development Act, 2006	62.60	60.59

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. The delayed payment has been computed having regard to specified credit period for 45 days under Micro, Small and Medium Enterprise Development Act, 2006.

**J. B. Chemicals & Pharmaceuticals Limited**
**Notes to the Standalone Financial Statements for the year ended March 31, 2023**
**28. Current financial liabilities - others**

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Interest accrued and due on borrowings	2.60	0.56
Unclaimed dividends*	187.84	198.38
Creditors for capital expenditure	431.82	351.73
Derivative designated as hedge - carried at fair value through profit or loss (refer note 50)	27.51	-
Other payables (mainly, payable to employees)	5,792.72	4,259.36
Deposits	345.35	761.25
<b>Total</b>	<b>6,787.84</b>	<b>5,571.28</b>

\*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

**29. Other current liabilities**

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Advances from customers	1,209.13	431.52
Deferred government grants	118.30	170.64
Statutory dues	1,037.62	852.83
<b>Total</b>	<b>2,365.05</b>	<b>1,454.99</b>

**30. Current liabilities - provisions**

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Provision for employee benefits		
Gratuity (refer note 42)	-	928.49
Compensated absences (refer note 42C)	305.37	240.39
Expected sales returns	3,528.81	2,960.09
<b>Total</b>	<b>3,834.18</b>	<b>4,128.97</b>

**31. Current Tax Liabilities (Net)**

(₹ in lakhs)

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Provision for taxes	7,620.59	7,723.12
Less: Taxes paid	7,125.23	7,119.73
<b>Total</b>	<b>495.36</b>	<b>603.39</b>

**A. The components of Income tax expenses are as under**

(₹ in lakhs)

Particulars	Year ended	Year ended
	March 31, 2023	March 31, 2022
<b>i. Income tax recognised in the Statement of Profit and Loss</b>		
Current tax:		
On profits for the year	8,334.94	12,250.00
Deferred tax:		
Charge/(Credit)	5,480.28	(1,220.94)
<b>Total income tax recognised in the Statement of Profit and Loss</b>	<b>13,815.22</b>	<b>11,029.06</b>
<b>ii. Income tax recognised in other comprehensive income</b>		
Deferred tax:		
On re-measurement of the defined benefits plan	(4.44)	(2.40)
On gain on cash flow hedge reserve	17.95	(33.44)
<b>Total Income tax recognised in other comprehensive income</b>	<b>13.51</b>	<b>(35.84)</b>

**B. Reconciliation of tax expense and the accounting profit is under**

(₹ in lakhs)

Particulars	Year ended	Year ended
	March 31, 2023	March 31, 2022
Accounting profit before tax	52,703.89	47,129.27
Enacted tax rate in India (%)	25.17	25.17
<b>Expected income tax expense</b>	<b>13,264.51</b>	<b>11,861.50</b>
Tax effect of:		
Expenses not deductible	603.00	429.33
Income chargeable at different tax rate and on which indexation benefit is availed	-	(1,990.55)
Others	(52.29)	728.78
<b>Tax expenses recognised in the Statement of Profit and Loss</b>	<b>13,815.22</b>	<b>11,029.06</b>

32. Revenue from Operations

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Sale of products and services:</b>		
Sale of pharmaceutical products	2,84,823.09	2,14,890.07
Product development services	278.55	365.89
Realised exchange differences on sale of products and services	440.50	983.47
	<b>2,85,542.14</b>	<b>2,16,239.43</b>
<b>Other operating revenues:</b>		
Export incentives	997.17	848.34
Sale of scrap	288.40	347.29
Government grants#	155.41	171.98
Insurance claims	53.90	144.82
Miscellaneous income	1,379.39	1,235.77
	<b>2,874.27</b>	<b>2,748.20</b>
<b>Total</b>	<b>2,88,416.41</b>	<b>2,18,987.63</b>

# Government grants pertain to subsidy on property, plant and equipment of manufacturing set up. There are no unfulfilled conditions or contingencies attached to these grants.

Ind AS 115-Disclosure

(i) Disaggregation of revenue

The Company's revenue disaggregated by business unit is as follow:

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Domestic formulation	1,63,964.59	1,18,827.80
Export formulation	74,514.42	65,812.37
Contract manufacturing	40,578.20	25,270.95
Active pharmaceutical ingredients	9,359.20	9,076.51
<b>Total</b>	<b>2,88,416.41</b>	<b>2,18,987.63</b>

(ii) Information about major customers

One external customer represent 10% or more of the Company's total revenue for the year ended March 31, 2022:

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
ThinQ Pharma-Cro Pvt. Ltd.	24,672.81	21,475.91

(iii) Reconciliation of revenue from sale of products and services with the contracted price

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Contracted price	2,99,161.39	2,24,146.58
Less: Trade discounts, sales and expiry returns	(10,744.98)	(5,158.95)
<b>Sale of products and services</b>	<b>2,88,416.41</b>	<b>2,18,987.63</b>

33. Other Income

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Interest income on financial instruments measured at amortised cost:</b>		
Fixed deposits	95.95	13.37
Others	32.92	34.95
Dividend from investments	0.30	0.50
<b>Net gain on financial assets measured at FVTPL:</b>		
Net gain on sale of investments	399.77	3,522.97
Fair value gain/(loss) on investments measured at FVTPL	290.21	(18.67)
Profit on sale of property, plant and equipment (net)	-	226.10
Liabilities no longer required written back	8.98	39.81
Miscellaneous income	36.56	42.35
<b>Total</b>	<b>864.69</b>	<b>3,861.38</b>

**34. Cost of materials consumed** (₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Raw materials and packing materials</b>		
Opening inventories	20,168.80	15,675.38
Purchases	79,345.68	64,680.29
	99,514.48	80,355.67
Less: Closing inventories	21,136.39	20,168.80
<b>Total</b>	<b>78,378.09</b>	<b>60,186.87</b>

**35. Changes in Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade**

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Inventories at the beginning</b>		
Work-in-progress	1,887.26	2,413.77
Finished goods	7,572.38	8,023.09
Stock-in-trade	5,272.28	1,737.70
	14,731.92	12,174.56
<b>Less: Inventories at the end</b>		
Work-in-progress	3,609.45	1,887.26
Finished goods	8,266.85	7,572.38
Stock-in-trade	5,603.61	5,272.28
	17,479.91	14,731.92
<b>(Increase)</b>	<b>(2,747.99)</b>	<b>(2,557.36)</b>

**36. Employee benefits expenses**

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and other benefits	40,208.79	31,070.32
Contribution to provident fund and other funds	2,165.01	1,801.75
Share - based payment expense (refer note 47)*	6,690.16	6,092.91
Gratuity expenses (refer note 42)	439.38	427.95
Staff welfare expenses	491.25	513.27
<b>Total</b>	<b>49,994.59</b>	<b>39,906.20</b>

\* Share - based payment expense cross charged to subsidiary companies amounting to ₹ 247.18 lakhs (previous year ₹ 72.44 lakhs). Total share based payment expense including subsidiary companies is ₹ 6,937.34 lakhs (previous year ₹ 6,265.52 lakhs).

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## 37. Finance costs

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Interest expenses</b>		
Interest on secured loans	2,761.26	97.23
Lease liabilities	159.73	150.19
Security deposits	40.88	21.83
Others	383.66	122.06
<b>Other borrowing costs</b>		
Net interest on defined benefits obligation	64.07	70.04
Loan processing charges	-	10.50
Guarantee charges	21.33	23.02
<b>Total</b>	<b>3,430.93</b>	<b>494.87</b>

## 38. Other expenses

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Processing charges	1,090.48	1,477.21
Consumption of stores and spares	546.49	533.59
Power and fuel	9,143.66	7,136.50
Lease rent (refer note 48C)	70.13	38.67
Rates and taxes	471.22	83.15
Insurance	792.89	835.78
Freight and transport charges	9,436.64	7,920.94
Repairs and maintenance:		
Buildings	310.48	181.91
Plant and equipment	1,670.97	1,577.41
Others	823.70	491.81
Loss on sale/disposal of property, plant and equipment (net)	4.00	-
Sales promotion and publicity expenses	14,421.14	9,716.90
Commission on sales	5,290.59	3,620.92
Travelling and conveyance	6,165.38	3,780.12
Labour hire charges	2,977.15	2,563.07
Laboratory expenses	3,193.28	2,910.70
Professional and legal fees	2,530.06	4,366.50
Directors' fees	230.00	140.00
Payment to statutory auditors (excluding GST):		
Audit fees	78.00	78.00
Other services	2.80	7.80
Reimbursement of expenses	1.25	2.57
Corporate social responsibility expenditure (CSR) (refer note 49)	819.36	695.09
Donations	34.84	2.61
Net loss on foreign currency transactions and translation	1,108.72	6.86
Allowance for credit losses (net) (including credit impaired) (refer notes 14, 17 and 18)	307.05	-
Miscellaneous expenses <sup>^</sup>	6,759.39	5,653.00
<b>Total</b>	<b>68,279.67</b>	<b>53,821.11</b>

<sup>^</sup> Expenses below 1% of revenue from operations are aggregated in accordance with Schedule III of the Companies Act, 2013.

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Standalone Financial Statements for the year ended March 31, 2023****39. A. Commitments and Contingencies****Commitments**

- Capital Commitments:

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided (net of advances)	4,055.96	1,493.75

- Other Commitments:

The Company has imported capital goods including spares under the Export Promotion Capital Goods Scheme (EPCG) utilising the benefit of zero rate or concessional rate of Customs duty. These benefits are subject to the fulfilment of certain export obligation within the stipulated period of time under the EPCG Scheme. Such export obligation remaining to be fulfilled at the year-end is as follows:

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Export obligation under EPCG Scheme	356.23	405.85

**Contingencies**

- Claim against the Company not acknowledged as debts include claim relating to pricing, commission, etc.
- It is not practicable for the Company to estimate the timing of cash outflow, if any, in respect of the Company pending resolution of the respective proceedings as it is determined only on receipt of judgements/decisions pending with various forum/authorities.
- The Company's pending litigations comprise of proceedings pending with various direct tax, indirect tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities, where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.
- Pharmaceutical Division of Unique Pharmaceutical Laboratories Ltd (UPLL), which was acquired by the Company on a going concern basis, had received demand notices from Department of Chemicals & Fertilizers, Govt. of India, New Delhi demanding a sum of ₹461.47 lakhs in respect of the Bulk Drug Metronidazole and a further sum of ₹591.05 lakhs in respect of the Bulk Drug Oxyphenbutazone. These amounts were claimed on hypothetical basis in 1996, under para 7(2) of DPCO 79 read with para 14 of DPCO 87 and para 12 of DPCO 95, long after repeal of DPCO 79 and DPCO 87 and gains allegedly notionally made by it by procuring the Bulk Drugs at alleged lower cost. The Company has filed Writ Petitions bearing No 446 of 2008 in respect of demand for Oxyphenbutazone and Writ Petition No. 2623 of 2007 in respect of demand for Metronidazole in Bombay High Court. These Writ Petitions have been admitted and the Hon. High Court has restrained the Government from adopting coercive steps to recover the amount till the disposal of the Writ Petition on the Company furnishing security as per the Orders. The Company has already furnished the Bank Guarantee of ₹402.35 lakhs as Security. As per the legal advice received by the Company, there is no liability and accordingly no provision is being made in the standalone financial statements for these claims and demands.

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

- Details of contingent liabilities are as under:

Particulars	( ₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
• Central Excise, Service tax & GST demands/show causes (against which the company has made pre-deposit of ₹ 5.84 lakhs, Previous year ₹6.24 lakhs)	447.85	493.31
• Income Tax (against which the company has made pre-deposit of ₹7.63 lakhs, Previous year ₹7.63 lakhs)	2,370.95	2,204.93
• Sales Tax (against which the company has made pre-deposit of ₹ 0.43 lakhs, Previous year ₹0.43 lakhs)	4.22	4.22

The Company does not expect the outcome of the matters stated above to have a material adverse impact on the Company's financial condition, results of operations or cash flows.

Future cash outflows in respect of above matters are dependent on outcome of certain event and/or decisions of the relevant authorities for the matters under dispute.

- The Company does not expect any reimbursements in respect of the above contingent liabilities.

**39 B. Outstanding Letter of Credit and Guarantees:**

Particulars	( ₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Letters of Credit by the banks	1,688.49	854.08
Guarantees issued by banks on behalf of the Company	5,961.90	1,356.84

**40. Research and Development Expenditure:**

The aggregate amount of revenue expenditure incurred during the year on Research & Development and shown in the respective heads of account is ₹ 3,558.30 lakhs (Previous year ₹ 3,048.09 lakhs).

**41. Acquisition of Trademarks:**

The Company has acquired the following trademarks. The said acquisitions are recognised as intangible assets:

Particulars	( ₹ in lakhs)	
	2022-23	2021-22
<b>Specified Intangibles Assets (trademarks including stamp duty)</b>		
Sporlac, Lobun, Pubergen, Nano-Leo and Gynogen	-	63,782.45
Azmarda	25,370.98	-
Z&D, Pedicloryl, Pecef and Ezinapi	10,389.22	-
Razel	32,375.48	-
<b>Total</b>	<b>68,135.68</b>	<b>63,782.45</b>

The Company has recorded the above acquired assets as intangible assets under Ind AS 38 "Intangible Assets" on the assessment that fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets which is controlled by the Company and future economic benefits are probable.

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Standalone Financial Statements for the year ended March 31, 2023****42. Employee Benefits:****a. Defined Contribution Plans:**

Contribution to defined contribution plan, recognised as expenses for the year is as under:

Particulars	(₹ in lakhs)	
	2022-23	2021-22
Employer's Contribution to Provident Fund and Family Pension Fund	2,013.89	1,644.19
Employer's Contribution to Superannuation Fund	28.17	38.75
Employer's Contribution to various Insurance Schemes	122.95	118.81

**b. Defined Benefits Plans-Gratuity:**

Gratuity is payable to all eligible employees of the Company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation.

**i. Changes in Present Value of Defined Benefit Obligation during the Year:**

Particulars	(₹ in lakhs)	
	2022-23	2021-22
Present value of Defined Benefit Obligation at the beginning of the year	5,289.29	5,198.98
Interest Cost	364.96	329.10
Current Service Cost	439.38	427.95
Benefits paid from the Fund	(534.84)	(635.02)
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	2.13
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(123.58)	(377.81)
Actuarial (Gains)/Losses on Obligations - Due to Experience	78.09	343.96
Present value of Defined Benefits Obligation at the end of the year	5,513.30	5,289.29

**ii. Changes in Fair Value of Plan Assets during the Year:**

Particulars	(₹ in lakhs)	
	2022-23	2021-22
Fair Value of Plan Assets at the Beginning of the year	4,360.80	4,092.53
Interest Income	300.89	259.06
Contributions by the Employer	1,416.29	666.40
Benefit paid from the Fund	(534.84)	(635.02)
Return on Plan Assets, excluding Interest Income	(27.89)	(22.17)
Fair Value of Plan Assets at the end of the year	5,515.25	4,360.80

**iii. Net (Asset)/Liability Recognised in the Balance Sheet:**

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Present Value of Benefit Obligation at the end of the year	5,513.30	5,289.29
Fair Value of Plan Assets at the end of the year	(5,515.25)	(4,360.80)
Net (assets)/liability recognised in the Balance Sheet	(1.95)	928.49
Net liabilities current (refer note no. 30)	-	928.49
Net (assets) non-current (refer note no. 11)	(1.95)	-

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

**iv. Expenses Recognised in the Statement of Profit and Loss for the Year:**

(₹ in lakhs)

Particulars	2022-23	2021-22
Current Service Cost	439.38	427.95
Net Interest	64.07	70.04
Expenses recognised	503.45	497.99

**v. Expenses Recognised in Other Comprehensive Income for the Year:**

(₹ in lakhs)

Particulars	2022-23	2021-22
Actuarial Losses on Obligations - Due to Change in Demographic Assumptions	-	2.13
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(123.58)	(377.82)
Actuarial (Gains)/Losses on Obligations - Due to Experience	78.09	343.96
Return on Plan Assets, Excluding Interest Income	27.89	22.17
<b>Net (Income)/Expenses For the Period Recognised in OCI</b>	<b>(17.60)</b>	<b>(9.54)</b>

**vi. Principal Actuarial Assumptions Used:**

Particulars	2022-23	2021-22
Expected Return on Plan Assets	7.41%	6.90%
Rate of Discounting	7.41%	6.90%
Rate of Salary Increase	-9.00% p.a. for the next 3 years -7.00% p.a. thereafter, starting from the 4 <sup>th</sup> year	-9.00% p.a. for the next 3 years -7.00% p.a. thereafter, starting from the 4 <sup>th</sup> year
Rate of Employee Turnover		
- For service 2 years and below	35.00%	35.00%
- For service 3 years to 4 years	20.00%	20.00%
- For service 5 years and above	5.00%	5.00%
Mortality Rate during Employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality(2006-08)

**vii. Maturity Profile of Defined Benefits Obligation:**

(₹ in lakhs)

Particulars	2022-23	2021-22
Within 1 year	751.77	788.51
1-2 years	417.48	379.72
2-3 years	430.67	504.12
3-4 years	525.36	387.63
4-5 years	550.96	520.97
5-10 years	2,370.50	2,162.46
11 years and above	5,722.84	5,066.41

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Standalone Financial Statements for the year ended March 31, 2023****viii. Sensitivity Analysis for Significant Assumptions is as below:**

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Projected Benefit Obligation on Current Assumptions	5,513.30	5,289.29
Delta Effect of +1% Change in Rate of Discounting	(355.30)	(340.93)
Delta Effect of -1% Change in Rate of Discounting	407.11	391.64
Delta Effect of +1% Change in Rate of Salary Increase	402.30	385.07
Delta Effect of -1% Change in Rate of Salary Increase	(357.62)	(341.67)
Delta Effect of +1% Change in Rate of Employee Turnover	(0.31)	(14.68)
Delta Effect of -1% Change in Rate of Employee Turnover	1.93	15.21

The sensitivity analysis above has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefits obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

**ix. Investment Details:**

The Company made annual contribution to the LIC of an amount advised by the LIC. The Company was not informed by LIC of the investments made or the break-down of the plan assets by investment type.

The Company expects to make a contribution of ₹480.96 lakhs (March 31, 2022: ₹1,147.67 lakhs) to the defined benefits plans during the next financial year.

**x. Risk Exposure:**

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

**Interest Rate Risk** — The defined benefits obligation calculated uses a discount rate based on Government bonds. If bond yields fall, the defined benefits obligation will tend to increase.

**Salary Inflation Risk** — Higher than expected increase in salary will increase the defined benefits obligation.

**Longevity Risk** — The present value of the defined benefits 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.

**Investment Return Risk** — Lower the expected investment return, higher will be the defined benefits obligation.

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Standalone Financial Statements for the year ended March 31, 2023****c. Compensated Absences:**

The Company's employees are entitled for compensated absences, which are allowed to be accumulated and encashed as per the Company's rule. The liability of compensated absences, which is non-funded, has been provided based on report of independent actuary using "Projected Unit Credit Method". Accordingly, the Company has made provision for compensated absences for the year of ₹511.03 lakhs (Previous Year ₹382.01 lakhs) and accumulated liability is ₹1,766.38 lakhs as of March 31, 2023 (Previous Year ₹1,562.25 lakhs).

Particulars	(₹ in lakhs)	
	2022-23	2021-22
Current	305.37	240.39
Non-current	1,461.01	1,321.86
<b>Total</b>	<b>1,766.38</b>	<b>1,562.25</b>

**43. Segment Reporting:**

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the decision maker's at respective entity level in assessing the performance and deciding on allocation of resources. The Company, accordingly has only one reportable business segment i.e., 'Pharmaceuticals'.

In accordance with paragraph 4 of the Indian Accounting Standard (Ind AS 108), segment information has been given in the consolidated financial statements of the Company, and therefore, no separate disclosure on segment information is given in these Standalone Financial Statements.

**44. Deferred Tax:**

The major components of deferred tax liabilities and assets arising on account of timing differences are as follows:

**As at March 31, 2023**

Particulars	(₹ in lakhs)			
	As at April 01, 2022	Recognised in profit or loss	Recognised in other comprehensive income	As at March 31, 2023
Tax effect of items constituting deferred tax liabilities				
i. Property, plant and equipment including intangible assets	5,957.46	5,346.55	-	11,304.01
ii. Investments measured at FVTPL	-	73.05	-	73.05
iii. Others	73.36	(44.26)	4.44	33.54
	<b>6,030.82</b>	<b>5,375.34</b>	<b>4.44</b>	<b>11,410.60</b>
Tax effect of items constituting deferred tax assets				
i. Employee benefits	712.51	(192.78)	-	519.73
ii. Others	126.81	87.84	17.95	232.60
	<b>839.32</b>	<b>(104.94)</b>	<b>17.95</b>	<b>752.33</b>
<b>Net deferred tax liability</b>	<b>5,191.50</b>	<b>5,480.28</b>	<b>(13.51)</b>	<b>10,658.27</b>

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Standalone Financial Statements for the year ended March 31, 2023**

As at March 31, 2022

(₹ in lakhs)

Particulars	As at April 01, 2021	Recognised in profit or loss	Recognised in other comprehensive income	As at March 31, 2022
Tax effect of items constituting deferred tax liabilities				
i. Property, plant and equipment including intangible assets	3,796.80	2,160.66	-	5,957.46
ii. Investments measured at FVTPL	3,415.79	(3415.79)	-	-
iii. Others	-	39.93	33.44	73.37
	<b>7,212.59</b>	<b>(1,215.20)</b>	<b>33.44</b>	<b>6,030.83</b>
Tax effect of items constituting deferred tax assets				
i. Employee benefits	629.80	85.10	(2.40)	712.51
ii. Others	206.19	(79.37)	-	126.81
	<b>835.99</b>	<b>5.73</b>	<b>(2.40)</b>	<b>839.32</b>
<b>Net deferred tax liability</b>	<b>6,376.60</b>	<b>(1,220.94)</b>	<b>35.84</b>	<b>5,191.50</b>

**45. Related Party Disclosures:**

Information on related party transactions is required by Ind AS-24: Related Party Disclosure is given below:

**Names and Relationships of the Related Parties:****I Ultimate Holding Company**

KKR Asian Fund III L.P.

**II Holding Company**

Tau Investment Holdings Pte. Ltd.

**III Subsidiary Companies:**

- a. OOO Unique Pharmaceutical Laboratories, Russia
- b. Unique Pharmaceutical Laboratories FZE, United Arab Emirates
- c. Biotech Laboratoires (Pty) Ltd., South Africa (through Unique Pharmaceutical Laboratories FZE)

**IV Key Management Personnel (KMP):**

- a. Mr. Nikhil Chopra (Chief Executive Officer and Whole-time Director)
- b. Mr. Lakshay Kataria (from October 04, 2021) (Chief Financial Officer)
- c. Mr. Vijay Bhatt (upto August 31, 2021) (Chief Financial Officer)
- d. Mr. Sandeep Phadnis (from July 15, 2021) (Company Secretary)

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

e. Mr. Mayur Mehta (upto July 14, 2021) (Company Secretary)

**V Non-executive Directors:**

a. Mr. Ranjit Shahani (Non-Executive Director-Independent, Chairman)

b. Ms. Padmini Khare Kaicker (Non-Executive Director-Independent)

c. Mr. Sumit Bose (Non-Executive Director-Independent)

d. Mr. Gaurav Trehan (Non-Executive Director)

e. Mr. Prashant Kumar (Non-Executive Director)

f. Mr. Sanjay Nayar (upto January 25, 2022) (Non-Executive Director)

g. Ms. Ananya Tripathi (upto March 11, 2022) (Non-Executive Director)

**Following transactions were carried out with related parties:**

				(₹ in lakhs)	
	Name of the Related Party	Nature of Transaction	2022-23	2021-22	
(I)	<b>Holding Company</b>				
	Tau Investment Holdings Pte. Ltd.	Dividend Paid	6,885.83	6,885.83	
(II)	<b>Subsidiary Companies :</b>				
a.	OOO Unique Pharmaceuticals Laboratories	Sale of Goods	4,627.37	4,019.81	
		Outstanding Receivable	2,334.15	3,649.19	
		ESOP Receivables	192.82	95.21	
		Sales Promotion Expenses	1,968.39	2,499.63	
		Guarantee Commission	18.12	-	
		Recovery of expenses	159.96	-	
		Outstanding Payable	-	276.89	
b.	Unique Pharmaceutical Laboratories FZE	ESOP Receivables	230.53	77.23	
		Marketing support Fee	104.17	-	
		Outstanding Payable	105.29	-	
c.	Biotech Laboratories (Pty) Ltd.	Sale of Goods	9,311.66	8,586.62	
		Technical Service Fee	211.62	211.01	
		Recovery of expenses (net)	16.64	-	
		Outstanding Receivable	1,660.89	2,202.69	
(III)	<b>Key Management Personnel:</b>	<b>Remuneration:</b>			
		Short-term employee benefits	931.66	967.64	
		Post-employment benefits	50.99	44.43	
		Share based perquisites value	541.81	-	
		Other long-term benefits#	-	57.46	
(IV)	<b>Key Management Personnel:</b>	Share option exercise price received	385.15		
(V)	<b>Remuneration to Non-Executive &amp; Independent Director</b>	Sitting Fees	57.00	79.00	
		Commission	173.00	61.00	

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Standalone Financial Statements for the year ended March 31, 2023**

#Gratuity and leave encashment provisions determined on basis of actuarial valuation on an overall Company basis have not been considered in the above information. Further expenses pertaining to ESOP plan are not included above. 1,697,234 number of share options have been granted during the previous year to the KMPs.

**Note:** Figures are inclusive of GST wherever applicable.

**46. Earnings Per Share:**

Particulars	(₹ in lakhs)	
	2022-23	2021-22
Net Profit attributable to Equity Shareholders (₹ in lakhs)	38,888.67	36,100.21
Weighted Average No. of Equity shares (Nos)		
Basic	77,324,995	77,282,097
Add: Effect of Employee Stock Options	935,374	73,127
Diluted	78,260,369	77,355,224
Nominal value of equity shares (₹)	2.00	2.00
<b>Earnings per share (₹)</b>		
Basic (₹)	50.29	46.71
Diluted (₹)	49.69	46.67

**47. Employee Stock Option Scheme ('ESOP'):**

- a) Pursuant to approval of the shareholders on July 31, 2021, the Company, has set up the Employee Stock Option Scheme titled "JBCPL Employee Stock Option Scheme 2021" ("Scheme") with the objects, inter alia, to create sense of ownership among the employees, attract and retain needed talent and to incentivise them to achieve growth objectives. The Scheme covers eligible employees/directors of the Company as well as eligible employees/directors of its subsidiary companies. The Scheme provides for settlement in Equity and number of equity shares presently reserved under the Scheme are 3,091,284 equity shares of Face Value of ₹2 representing 4% of the paid-up equity share capital as at March 31, 2021. Details of the options granted under the Scheme are as given below:

Grant date	No. of option granted *	Exercise price (range) per option (₹)
August 10, 2021	2,512,291	745-1,200
October 04, 2021	206,463	1,200
August 04, 2022	99,962	1,200

\*The options granted represents the original grants as reduced by the lapsed due to resignations. It also includes an aggregate number of 123,650 options granted to the eligible employees of the subsidiary companies.

The above options include total of 1,545,483 performance based option. Each vested option entitles the option grantee to apply for and be allotted one (1) equity share of Rs. 2 each in the Company and the exercise period in respect of all the options is a period of ten (10) years from the date of grant.

The Scheme is compliant with the provisions of Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021, Companies Act, 2013 and other applicable rules and regulations. The options granted, exercise price, vesting period and other terms and conditions applicable to the grants made are in compliance with the Scheme and applicable regulations.

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

b) The movement of share options during the year and weighted-average exercise prices thereof is as under:

Particulars	2022-23			2021-22		
	No. of options	Range of exercise price per option (₹)	Weighted-average exercise price per option (₹)	No. of options	Range of exercise price per option (₹)	Weighted-average exercise price per option (₹)
Outstanding at the beginning of the year	2,806,084	745 to 1,200	892	Not applicable		
Granted during the year	99,962		1,200	2,810,721	745 to 1,200	892
Forfeited/cancelled during the year	Nil			Nil		
Lapsed during the year	87,330		1,200	4,637		
Expired during the year	Nil			Nil		
Exercised during the year	95,487		888	Nil		
Outstanding at the end of the year	2,723,229		894	2,806,084	745 to 1,200	892
Exercisable at the end of the year	336,009		877.66	Nil		

c) The exercise price and weighted-average remaining contractual life in respect of the options outstanding at the end of the year are as under:

Particulars	2022-23		2021-22	
Number of Options outstanding	1,831,102*	892,127**	1,896,502*	909,582**
Exercise price per share (₹)	745	1,200	745	1,200
Weighted-average remaining contractual life (in years)	8.36	8.74	9.36	9.44
Includes Performance based options	*1,137,901	**407,582	*1,137,901	**434,860

d) The Company has measured the fair values of the services received/to be received as consideration for options granted indirectly, by reference to the fair value of such options. The weighted-average fair values of the options granted during the year and relevant disclosures in relation to are as under:

Particulars	2022-23	2021-22	
	Grant-3	Grant-1	Grant-2
Grant Date	August 04, 2022	August 10, 2021	October 04, 2021
Performance-based options granted (Nos.)	16,000	1,451,666	121,095
Weighted-average fair value at the measurement date (₹)	599	692	693
Time-based options granted (Nos.)	83,962	1,147,955	85,368
Weighted-average fair value at the measurement date (₹)	930	1,090	1,006

**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

Option Pricing Model used for measurement of fair value wherein a combination of Monte-Carlo Simulation and Black-Scholes Merton model for performance-based options is used and Black-Scholes Merton model for time-based options is used.

Particulars	2022-23	
	Time-based options	Performance-based options
Option Pricing Model used for measurement of fair value	Black-Scholes Merton model	A combination of Monte-Carlo Simulation and Black-Scholes Merton model
Expected Volatility	32.5% to 33.7%	35%
Weighted-average share price Grant 3	₹ 1,794.20	₹ 1,794.20
Exercise Price per share	₹ 1,200	₹ 1,200
Option life <sup>#</sup>	5.5 years to 7 years*	2.5 years
Expected dividends	1.5%	1.5%
Risk free interest rate		
Grant 3	7% to 7.1%**	7.0%
Method used and the assumptions made to incorporate the effects of expected early exercise.	We have assumed that the option grantees can exercise their right to option any time after the expiry of vesting period and before the end of exercise period. Accordingly, mid-period convention has been used to incorporate the effects of expected early exercise of the options.	
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility.	Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of the Company's publicly traded equity shares during a period equivalent to the expected term of the options.	
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Performance based options include market and non-market conditions. The non-market related condition has not been taken into account in estimating fair-value of options, however, to include the impact of the market related performance conditions, the Geometric Brownian Motion (GBM) has been performed to model stock price behavior. The model was set up in a Monte Carlo fashion with each trial following a single path through the value matrix. The combination of Monte Carlo and Black Scholes Merton model is used to value the performance based options.	
	2021-22	
Particulars	Time-based options	Performance-based options
Expected Volatility	33% to 36%*	36%
Weighted-average share price Grant 1	₹1,809	₹1,809
Grant 2	₹ 1,886.20	₹ 1,886.20
Exercise Price per share	₹ 745 and ₹ 1,200	₹ 745 and ₹ 1,200
Option life <sup>#</sup>	5.5 years to 7.5 years*	2 years
Expected dividends	1.5%	1.5%
Risk free interest rate		

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

Grant 1	5.5% to 6.5%**	7.80%
Grant 2	5.8% to 6.3%**	7.66%
Method used and the assumptions made to incorporate the effects of expected early exercise	We have assumed that the option grantees can exercise their right to option any time after the expiry of vesting period and before the end of exercise period. Accordingly, mid-period convention has been used to incorporate the effects of expected early exercise of the options.	
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of the Company's publicly traded equity shares during a period equivalent to the expected term of the options.	
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Performance based options include market and non-market conditions. The non-market related condition has not been taken into account in estimating fair-value of options, however, to include the impact of the market related performance conditions, the Geometric Brownian Motion (GBM) has been performed to model stock price behaviour. The model was set up in a Monte Carlo fashion with each trial following a single path through the value matrix. The combination of Monte Carlo and Black Scholes Merton model is used to value the performance based options.	

\* The range has been expressed as expected volatility for time-based options is varying for each tranche over the vesting period

\*\* The range has been expressed as risk free interest rate is varying for the period involved in each tranche over the vesting period.

# Option life for the performance-based options has been computed based on assumed vesting at the end of FY 27.

- e) The effect of share-based payment transactions on the Company's profit for the period, on its financial position and earnings per share is presented below. No option was vested by the end of the year.

Particulars	₹ in lakhs	
	2022-23	2021-22
Profit after tax as reported	38,888.67	36,100.21
Employee compensation cost recognised during the period	6,690.16	6,092.91
Total carrying amount in Employee Stock Option Outstanding Reserve	12,159.40	6,092.91
Earnings per share		
Basic(₹):	56.78	52.61
Diluted (₹):	56.10	52.56

48. The Company has adopted Ind AS 116, effective annual reporting period beginning April 01, 2019 and applied this Standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application, that is, April 01, 2019.

On initial application, the Company measure lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application, and measure that right-of-use asset an amount equal to the lease liability, adjusted by the amount of any

**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

prepaid or accrued lease payments relating to that lease recognised in the Balance Sheet immediately before the date of initial application.

**A) Following are the changes in the carrying Amount of Right-of-Use Assets:**

Particulars	2022-23		2021-22		2022-23		2021-22	
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
	<b>Leasehold Land</b>		<b>Other Buildings</b>		<b>Other Vehicles</b>			
Gross Block as at beginning of the year	650.45	1,358.95	3,198.54	1,718.67	-	-	-	-
Additions	-	-	81.84	2,835.78	80.82	-	-	-
Deletion	-	(708.50)	-	(1,355.91)	-	-	-	-
Balance as at the end of the year (A)	650.45	650.45	3,280.38	3,198.54	80.82	-	-	-
Cumulative Depreciation as at the beginning of the year	99.31	129.93	624.18	493.53	-	-	-	-
Depreciation for the year	1.51	7.65	755.76	713.08	8.90	-	-	-
Depreciation on deletion	-	(38.27)	-	(582.43)	-	-	-	-
Cumulative Depreciation as at the end of the year (B)	100.82	99.31	1,379.94	624.18	8.90	-	-	-
Balance as at the end of the year (A-B)	549.63	551.14	1900.44	2,574.36	71.92	-	-	-

**B) The following is the movement in Lease Liabilities during the year:**

Particulars	2022 -2023		2021 -2022	
	2022 -2023	2021 -2022	2022 -2023	2021 -2022
	<b>Other Buildings</b>		<b>Other Vehicles</b>	
Balance as at beginning of the year	2,595.85	1,218.52	-	-
Additions during the year	58.75	2,752.03	80.83	-
Finance Cost incurred during the year	157.06	150.19	2.67	-
Deletion on Cancellation of lease	-	(768.80)	-	-
Payment of lease liabilities	(832.56)	(756.09)	(11.03)	-
Balance as at end of the year	<b>1,979.10</b>	<b>2,595.85</b>	<b>72.47</b>	-

The table below provides details regarding the contractual maturities of lease liabilities as at Year-end on an undiscounted basis:

Particulars	2022-23		2021-22	
	2022-23	2021-22	2022-23	2021-22
Due within one year	895.01	822.43	-	-
Due within one year to five years	1,346.45	2,102.21	-	-
<b>Total undiscounted Lease Liabilities</b>	<b>2,241.46</b>	<b>2,924.64</b>	-	-
<b>Lease Liabilities included in the Statement of Financial Position</b>	-	-	-	-
Non-current Liabilities	1,273.28	1,875.75	-	-
Current Liabilities	778.29	720.10	-	-
<b>Total</b>	<b>2,051.57</b>	<b>2,595.85</b>	-	-

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Standalone Financial Statements for the year ended March 31, 2023**

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

**C) The following amounts are recognised in the Statement of Profit and Loss:**

Particulars	(₹ in lakhs)	
	2022-23	2021-22
Interest Expenses on Financial Liabilities	159.73	150.19
Depreciation	766.17	720.73
Expenses relating to Short Term Lease	70.13	38.67

**D) The following amounts are recognised in the Statements of Cash Flows:**

Particulars	(₹ in lakhs)	
	2022-23	2021-22
Total Cash Outflows for leases	843.59	756.09

**49. CSR Expenditure:**

Gross amount required to be spent during the year ₹ 815.10 lakhs (previous year ₹ 693.62 lakhs).

Amount spent during the year ₹ 819.36 lakhs (previous year ₹ 695.09 lakhs) as detailed hereunder:

Nature of activity	(₹ in lakhs)	
	2022-23	2021-22
Disaster Management	-	161.92
Promoting Healthcare including preventive healthcare	469.75	347.83
Promotion of Education	173.50	82.47
Eradication of Hunger and Malnutrition	128.11	68.87
Administrative Overhead for General Management & Administration of CSR Function	40.00	34.00
Animal Welfare	8.00	-
<b>Total</b>	<b>819.36</b>	<b>695.09</b>

**50. Financial Risk Management Objectives and Policies:**

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Company has exposure to the following risks arising from financial instruments:

- Credit Risk
- Liquidity Risk
- Market Risk

**Risk Management Framework:**

The Company's Board of Directors has overall responsibility for establishment of the Company's risk management framework. The Management is responsible for developing and monitoring the Company's risk management policies, under the guidance of the Audit Committee. The Management identifies, evaluates and analyses the risks to which company is exposed to and set appropriate mitigation measures and controls to monitor such risk and adherence to limits.

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## **J. B. Chemicals & Pharmaceuticals Limited.**

### **Notes to the Standalone Financial Statements for the year ended March 31, 2023**

The Management periodically reviews its risk policy and systems to assess need for changes in the policies to adapt to the changes in the market conditions and align the same to the business of the Company. The Management, through its interaction and training to concerned employees aims to maintain a disciplined and constructive control environment in which concerned employees understand their roles and obligations. The Audit Committee oversees how Management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks to which the Company is exposed. The Audit committee is assisted in its role by the internal auditor wherever required. Internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit committee.

#### **a) Credit Risk:**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds and financial institutions, foreign exchange transactions and other financial instruments.

The Company has adopted a policy of only dealing with counterparties that have sufficiently high credit standards and financial strength. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the several counterparties.

Credit risk arising from derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the reputed credit rating agencies.

As regards credit risk for investment in mutual funds, the Company limits its exposure to credit risk by investing mainly in debt schemes issued by the mutual funds wherein the fund manager invests asset under management in highly rated instruments which are of high credit ranking from rating agency like CRISIL or the equivalent rating agency. The Company monitors changes in credit risk by tracking published external credit ranking. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties from time to time.

Credit risk from trade receivables is managed by the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are mainly from stockist, distributors and direct customers and are mostly non-interest bearing. Trade receivables generally ranges from 30-days to 180-days credit term. Credit limits are established for customers based on internal criteria and any deviation in credit limit require approval of Head of the department depending upon the quantum and overall business risk. Majority of the customers have been doing business with the company for more than 3 years and they are being monitored by individual business managers who deals with those customers. The Management monitors trade receivables on regular basis and take suitable action where needed to control the receivables crossing set criteria's/limits. Also, in case of international business, particularly new customers, the Management reviews the business risk by evaluating economic situation of the country and

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

the customers and generally starts the relation either on advance payment or on the basis of confirmed irrevocable letter of credit.

The Management does an impairment analysis at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Further, the Company's customers base is widely distributed both economically as well as geographically and in view of the same, the quantum risk also gets spread across wide base and hence the management considers risk with respect to trade receivable as low. Of the trade receivables balance at the end of the year, ₹ 4,418.39 lakhs (March 31, 2022: ₹ 5,851.88 lakhs) is due from 2 related parties and ₹ 6,210.79 lakhs (March 31, 2022: ₹6,845.93 lakhs) is due from a single counter party which is in excess of 10% of total trade receivables.

For trade receivables, as a practical expedient, the Company determines credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

Expected credit loss for trade receivables under simplified approach as at the end of each reporting period is as follows:

Nature of activity	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Expected credit loss as at the beginning of the year	314.00	314.00
Allowances for credit loss	83.06	-
Credit impaired	(12.25)	-
Expected credit loss as at the end of the year	384.81	314.00

**b) Liquidity Risk:**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system.

The Company has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Company manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Company also has adequate credit facilities agreed with banks to ensure that there is sufficient cash or cash equivalent available to meet all its normal operating commitments in a timely and cost-effective manner. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels. The Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next three to six months.

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**Exposure to Liquidity Risk**

The following are the remaining contractual maturities of undiscounted financial liabilities at the reporting date.

Particulars	As at March 31, 2023				As at March 31, 2022			
	Carrying amount	Less than 1 Year	More than 1 Year	Total	Carrying amount	Less than 1 Year	More than 1 Year	Total
<b>Non-Derivatives</b>								
Borrowings	52,693.03	14,371.00	38,437.68	52,808.68	2,631.50	2,631.50	-	2,631.50
Trade Payables	22,171.37	22,171.37	-	22,171.37	19,623.85	19,623.85	-	19,623.85
Lease liabilities	2,051.57	895.01	1,346.45	2,241.46	2,595.85	822.43	2,102.21	2,924.64
Other Financial liabilities	6,787.84	6,787.84	-	6,787.84	5,571.28	5,571.28	-	5,571.28

**c) Market Risk:**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market conditions. Market risk comprises three types of risks;

- i. Interest Rate Risk
- ii. Currency Risk and
- iii. Equity Price Risk.

Financial instruments affected by market risk include borrowings, trade payables, investments, trade receivables, loans and derivative financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**i) Interest Rate Risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company has not used any interest rate derivatives.

The Company's interest-bearing financial instruments mainly includes:

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Export Packing Credit in Rupees	-	2,000.00
Export Packing Credit in Foreign Currency	671.00	631.50
Term loans from Bank	52,022.03	-
<b>Total</b>	<b>52,693.03</b>	<b>2,631.50</b>

The Company's exposure to changes in interest rates relates mainly to outstanding long term debt. Interest rate for these debts are fixed for initial 3 years and thereafter, 1 year MCLR Rate prevailing at that point of time. As present, company does not have any interest rate risk for these debts for period of around more than 2 years.

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

**ii) Foreign Currency Risk:**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. Primarily, the exposure in foreign currencies are denominated in USD, EURO, RUBLE, AED and AUD. At any point of time, the Company covers foreign currency risk by taking appropriate percentage of its net foreign currency exposure by entering into foreign exchange forward contracts on Anticipated Exposure basis mostly with a maturity of less than one year from the reporting date. In respect of monetary assets and liabilities denominated other than in USD, EURO, RUBLE, AED and AUD, the Company's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

All such hedged transactions are carried out within the guidelines set by the risk management committee. The Company does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the Company's foreign currency denominated monetary items are as follows:

(₹ in lakhs)

Currency	Liabilities		Assets	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
USD	4,626.17	1,987.39	24,435.18	24,319.28
EURO	981.98	983.28	6,308.12	6,904.72
RUB	0.00	276.89	2,328.89	3,657.37
AED	775.84	606.45	1,101.40	1,772.42
AUD	521.01	198.55	2,098.59	2,531.71
GBP	-	-	52.39	86.46
UAH	-	-	2.20	5.47

**Impact of Hedging Activities:**

The Company uses foreign exchange forward contracts to hedge against the foreign currency risk of highly probable sales. Such derivative financial instruments are governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Company's risk management strategy. As the value of the derivative instrument generally changes in response to the value of the hedged item, the economic relationship is established.

**a) Disclosure of Effects of Hedge Accounting in the Company's Balance Sheet:**

(₹ in lakhs)

Type of hedge	Carrying amount			Maturity Date	Hedge ratio	Weighted average strike price/rate
	Nominal Amount (₹ In lakhs)	Assets Amount (₹ in lakhs)	Liabilities Amount (₹ in lakhs)			
<b>March 31, 2023 - Cash Flow Hedge - Foreign Exchange Risk</b>						
i) Foreign Exchange Forward Contracts (refer note 17)	17,370.45	61.54	-	April, 2023- Dec, 2023	1:1	1 USD= 83.51
<b>March 31, 2023 - Fair Value Hedge - Foreign Exchange Risk</b>						
i) Foreign exchange forward contracts (refer note 28)	26,034.31	-	27.51	April, 2023-July, 2023	1:1	1 USD= 82.03 1 EUR= 89.80 1 RUB= 1.11 1 AUD= 55.80

(₹ In lakhs)

Type of hedge	Carrying amount			Maturity Date	Hedge ratio	Weighted average strike price/rate
	Nominal Amount (₹ in lakhs)	Assets Amount (₹ in lakhs)	Liabilities Amount (₹ in lakhs)			
<b>March 31, 2022 - Cash Flow Hedge - Foreign Exchange Risk</b>						
i) Foreign Exchange Forward Contracts (refer note 17)	23,642.76	132.89	-	April, 2022-March, 2023	1:1	1 USD=77.99 1 EUR=87.82
<b>March 31, 2022 - Fair Value Hedge - Foreign Exchange Risk</b>						
i) Foreign exchange forward contracts (refer note 17)	35,940.49	293.23	-	April, 2022-March, 2023	1:1	1 USD=76.62 1 EUR=85.73 1 RUB=0.89 1 AUD=56.30

b) Disclosure of Effects of Hedge Accounting in the Company's Profit or Loss and Other Comprehensive Income:

(₹ In lakhs)

Type of hedge	Change in the value of the hedging instruments recognized in other comprehensive income	Hedge ineffectiveness recognized in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss (recognized as component of revenue)	Amount recognized in profit or loss
<b>March 31, 2023 - Foreign Exchange Risk</b>				
i) Cash flow hedge	(71.35)	-	-	-
ii) Fair value hedge	-	-	-	(320.74)
<b>March 31, 2022 - Foreign Exchange Risk</b>				
i) Cash flow hedge	132.89	-	-	-
ii) Fair value hedge	-	-	-	293.23

Hedge effectiveness is determined at the inception of hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instruments. It is calculated by comparing changes in fair value of the hedged item, with the changes in fair value of the hedging instruments.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

**c) Movement in Cash Flow Hedging Reserve and Costs of Hedging Reserve:**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Opening balance	99.45	-
Add: Changes in fair value	(71.35)	132.89
Add: Deferred tax relating to above	17.95	(33.44)
Closing balance	46.05	99.45

**Details of Hedged Exposure in Foreign Currency Denominated Monetary Items:**

The Company enters into foreign exchange forward contracts to hedge against its foreign currency exposure relating to the underlying transactions based on anticipated exposure. The Company does not enter into any derivative instruments for trading or speculative purpose.

The foreign exchange forward contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency	As at March 31, 2023		As at March 31, 2022	
	Foreign Currency (in Mn.)	₹ in lakhs*	Foreign Currency (in Mn.)	₹ in lakhs*
Forward contract to sell USD	23.53	19,337.09	34.35	26,033.01
Forward contract to sell Euro	4.70	4,204.90	4.98	4,189.06
Forward contract to sell Ruble	100.00	1,065.40	380.53	3,462.82
Forward contract to sell AUD	2.51	1,383.47	3.5	1,985.81
Forward contract to buy USD	-	-	0.2	151.58

\* Translated at year end exchange rates.

**Details of Unhedged Exposure in Foreign Currency Denominated Monetary Items:**

Currency	As at March 31, 2023		As at March 31, 2022	
	Foreign Currency (in Mn.)	₹ in lakhs	Foreign Currency (in Mn.)	₹ in lakhs
<b>RECEIVABLE:</b>				
USD	6.21	5,098.10	-	-
EURO	2.37	2,103.22	3.21	2,715.66
RUBLE	118.35	1,263.49	21.33	194.55
AED	4.92	1,101.40	8.60	1,772.42
AUD	1.30	715.11	0.96	545.89
GBP	0.05	52.39	0.09	86.46
UAH	0.10	2.20	0.22	5.47
<b>PAYABLE:</b>				
USD	5.63	4,626.17	2.42	1,835.81
EURO	1.10	981.98	1.16	983.28
RUBLE	-	-	30.43	276.89
AED	3.47	775.84	2.94	606.45
AUD	0.95	521.01	0.35	198.55

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Standalone Financial Statements for the year ended March 31, 2023**

The Company is mainly exposed to changes in USD, EURO, RUBLE, AED and AUD. The below table demonstrates the sensitivity to a 1% increase or decrease in the USD, EURO, RUBLE, AED and AUD against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Company as at the reporting date. 1% represents The Management's assessment of reasonably possible change in foreign exchange rate.

A positive number below indicates an increase in profit and other equity and a negative number would indicate a corresponding decrease.

(₹ in lakhs)

Particulars	Currency	As at March 31, 2023	As at March 31, 2022
1% Depreciation in INR	USD	4.72	(18.36)
1% Appreciation in INR	USD	(4.72)	18.36
1% Depreciation in INR	EURO	11.21	17.32
1% Appreciation in INR	EURO	(11.21)	(17.32)
1% Depreciation in INR	RUB	(12.63)	(0.82)
1% Appreciation in INR	RUB	12.63	0.82
1% Depreciation in INR	AED	3.26	11.66
1% Appreciation in INR	AED	(3.26)	(11.66)
1% Depreciation in INR	AUD	1.94	3.47
1% Appreciation in INR	AUD	(1.94)	(3.47)
1% Depreciation in INR	GBP	0.52	0.86
1% Appreciation in INR	GBP	(0.52)	(0.86)

**iii) Equity Price Risk:**

The Company does not have any material exposure to equity price risk, as there is no major investment in equity except in its own subsidiaries and accordingly, exposure to risk of changes in price is very low.

**51. Capital Management:**

For the purpose of the Company's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to safeguard the Company's ability to remain as a going concern and to maintain an optimal capital structure so as to maximise shareholder's value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plans. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or buy back of shares. The current capital structure of the company is equity based with low financing through borrowings. The company is not subject to any externally imposed capital requirement.

**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

<b>Particulars</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
Gross debt	52,693.03	2,631.50
Less: Cash and cash equivalents	5,388.40	3,768.77
<b>Net debts (A)</b>	<b>47,304.63</b>	-
Equity	2,44,247.93	2,10,366.70
<b>Total Equity (B)</b>	<b>2,44,247.93</b>	<b>2,10,366.70</b>
<b>Net gearing ratio (A)/(B)</b>	<b>0.19</b>	-

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

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## 52. Fair Value Measurement:

A. The Carrying value and Fair value of financial assets and liabilities by categories are as follows:

(₹ in lakhs)

Particulars	Carrying value of the financial assets/liabilities		Fair value of the financial assets/liabilities	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Financial Assets at Amortised Cost (non-current)</b>				
Loans and security deposits	566.99	547.87	566.99	547.87
Other financial assets	1,362.03	8.53	1,362.03	8.53
<b>Financial Assets at Amortised Cost (current)</b>				
Trade receivables	52,357.74	51,804.80	52,357.74	51,804.80
Cash and bank balances	5,576.24	3,967.15	5,576.24	3,967.15
Loans and deposits	148.42	252.82	148.42	252.82
Other financial assets	2,044.70	3,712.92	2,044.70	3,712.92
<b>Financial Liabilities at Amortised Cost (non-current)</b>				
Borrowings	38,322.03	-	38,322.03	-
Lease Liabilities	1,273.28	1,875.75	1,273.28	1,875.75
<b>Financial Liabilities at Amortised Cost (current)</b>				
Borrowings	14,371.00	2,631.50	14,371.00	2,631.50
Trade payables	22,171.37	19,623.85	22,171.37	19,623.85
Lease Liabilities	778.29	720.10	778.29	720.10
Others	6,760.33	5,571.28	6,760.33	5,571.28
<b>Financial Liabilities at Fair Value Through Profit and Loss (current)</b>				
Derivative designated as hedge (refer note 28)	27.51	-	27.51	-
<b>Financial Assets at Fair Value Through Profit and Loss (non-current)</b>				
Investments in units of mutual funds and in equity instruments of entities other than subsidiaries	1,378.41	1,272.21	1,378.41	1,272.21
<b>Financial Assets at Fair Value Through Profit and Loss (current)</b>				
Investments in units of mutual funds	19,218.45	-	19,218.45	-
Derivative designated as hedge (refer note 17)	-	293.23	-	293.23
<b>Financial Assets at Fair value through Other Comprehensive Income (current)</b>				
Derivative designated as hedge (refer note 17)	61.54	132.89	61.54	132.89

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Standalone Financial Statements for the year ended March 31, 2023**

**B. Level-wise disclosures of financial assets and liabilities by categories are as follows:**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022	Level	Valuation techniques and key inputs
<b>Financial Assets at amortised cost (non-current)</b>				
Security deposits	498.58	473.46	3	Discounted cash flow method using interest rate for similar financial instrument
<b>Financial Assets at Fair value through profit and loss (non-current)</b>				
Investment in equity shares	1,378.41	1,272.21	3	Value based on the NAV as per latest audited financial statement available which in view of the Management fairly represents fair value.
<b>Financial Assets at amortised cost (current)</b>				
Other security deposits	63.22	178.29	3	Discounted cash flow method using interest rate for similar financial instrument
<b>Financial Assets at Fair value through profit and loss (current)</b>				
Investment in mutual funds	19,218.45	-	1	Quoted NAV in active markets
Derivative designated as hedge (refer note 17)	-	293.23	2	Forward contracts are valued using available information from the banks.
<b>Financial Liabilities at Fair value through profit and loss (current)</b>				
Derivative designated as hedge (refer note 28)	27.51	-	2	Forward contracts are valued using available information from the banks.
<b>Financial Assets at Fair value through other comprehensive income (current)</b>				
Derivative designated as hedge (refer note 17)	61.54	132.89	2	Forward contracts are valued using available information from the banks.

Fair value of cash and cash equivalents, short term loans, trade receivables, trade payables, other financial assets/liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2022.

During the reporting period ended March 31, 2023 and March 31, 2022, there were no transfers between level 1, level 2 and level 3 fair value measurements.

**C) Reconciliation of the opening and closing balances for Level 3 fair value:**

(₹ in lakhs)

Particulars	2022-2023	2021-2022
<b>Investment in Equity shares</b>		
Opening Balance	1,272.21	1,290.87
Fair value changes recognised in profit or loss	106.2	(18.66)
Closing Balance	1,378.41	1,272.21

One percentage point change in the unobservable inputs used in fair valuation of level 3 assets or liabilities does not have significant impact in its value.

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Standalone Financial Statements for the year ended March 31, 2023****53. Ratios:**

The ratios for the years ended March 31, 2023 and March 31, 2022 are as follows:

Sr. No.	Particulars	Numerator	Denominator	As at March 31,		Variance (in %)
				2023	2022	
1	Current Ratio	Current Assets	Current Liabilities	2.64	3.26	(18.86%)
2	Debt-Equity Ratio*	Borrowings	Total Shareholder's Equity	0.224	0.025	802.00%
3	Debt Service Coverage Ratio@	Earnings Available for Debt Services	Debt Service	3.21	10.65	(69.87%)
4	Return on Equity Ratio	Net Profit after Tax	Total Shareholder's Equity	15.92%	17.16%	(1.24%)
5	Inventory Turnover Ratio	Cost of Goods Sold	Average Inventory	2.81	2.37	18.75%
6	Trade Payables Turnover Ratio	Net Credit Purchases	Average Accounts Payables	5.27	4.66	(13.10%)
7	Trade Receivables Turnover Ratio	Net Annual Credit Sales	Average Accounts Receivables	5.54	4.91	12.79%
8	Net Capital Turnover Ratio	Net Annual Credit Sales	Working Capital	3.24	2.79	15.91%
9	Net Profit Ratio	Net Profit after Tax	Net Annual Credit Sales	13.48%	16.49%	(3.01%)
10	Return on Capital Employed	Earnings Before Interest and Tax	Capital Employed	18.15%	21.61%	(3.46%)
11	Return on Investments	Income generated from investments	Time weighted average investments	5.99%	5.68%	0.31%

[\*] Mainly driven by term loan taken for acquisition of brands.

[@] Decrease due to higher repayment of debt during the year.

**54. Reclassification Note:**

The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

**55. Unforeseeable Losses:**

The Company has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Company did not have any long term contracts (including derivative contracts) for which there were any material foreseeable losses.

**56. Impact of Code on Social Security, 2020**

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Company towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13th November, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

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**57. Events after the reporting period:**

**Dividend:**

The Board of Directors has recommended a final dividend of ₹ 9.25 per fully paid-up equity shares (face value of ₹2/- each) amounting to ₹ 7,157.43 lakhs for the financial year 2022-23, which is based on relevant share capital as on March 31, 2023. The actual dividend amount will be dependent on the relevant share capital outstanding as on record date/book closure. The recommended dividend is subject to the approval of shareholders at the ensuing Annual General Meeting of the Company.

**Sub-division of Equity Shares:**

The Board of Directors of the Company at its meeting held on May 24, 2023 have approved sub-division of each equity share of face value of ₹ 2 fully paid up into 2 equity shares of face value of ₹ 1 each fully paid up, subject to approval of the shareholders at the ensuing Annual General meeting of the Company.

**58. Uncertainties relating to the geopolitical situation in Russia and Ukraine**

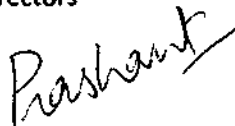
The Company considered the uncertainties relating to the geopolitical situation in Russia and Ukraine, in assessing the recoverability of receivables, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial results. Based on its judgments, estimates and assumptions, including sensitivity analysis, the Company expects to fully recover the carrying amount of receivables, investments and other assets. The Company will continue to closely monitor any material changes to future economic conditions.

59. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

For and on behalf of the Board of Directors



**Nikhil Chopra**  
Chief Executive Officer &  
Whole-Time Director  
DIN: 07220097



**Prashant Kumar**  
Director  
DIN: 08342577



**Lakshay Kataria**  
Chief Financial Officer



**Sandeep Phadnis**  
Company Secretary  
ACS - 11530

Place: Mumbai  
Date: May 24, 2023

## **INDEPENDENT AUDITOR'S REPORT**

### **To The Members of J.B. Chemicals & Pharmaceuticals Limited Report on the Audit of the Consolidated Financial Statements**

#### **Opinion**

We have audited the accompanying consolidated financial statements of J.B. Chemicals & Pharmaceuticals Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2023, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

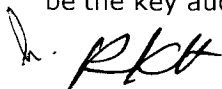
In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2023, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

#### **Basis for Opinion**

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

#### **Key Audit Matters**

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



Key Audit Matter	Auditor's Response
<p>Revenue recognition - Sale of products [Note 31 to the consolidated financial statements]</p> <p>The Parent being a listed entity, revenue is one of the critical component of the financial statements considered by the stakeholders. There may be pressures to meet the expectations that may result in recording revenues for sales for which the revenue recognition criteria may not have been met by the year end. We have therefore specifically focused on the said risk and have considered this to be a key audit matter in so far as it relates to the Parent.</p>	<p>Assessed the appropriateness of the Parent's revenue recognition policy by mapping them with the applicable accounting standards.</p> <p>Performed a walkthrough of the revenue business cycle to obtain an understanding of the relevant risks and controls around the timing of revenue recognition. Tested the design, implementation and operating effectiveness of the relevant controls.</p> <p>From the revenue recorded towards the year end, we tested transactions on a sample basis by, agreeing the recorded balances with the invoices, purchase orders, delivery documents / other documents evidencing transfer of control.</p> <p>On a test check, we reviewed the contracts / purchase orders, as applicable, to assess the terms of sale and ensured that they were recorded in the accounting period in which the control in the goods was transferred to the customer and other revenue recognition criteria as specified under Ind AS 115 'Revenue from contracts with customers' were met.</p> <p>We sought confirmations from customers on a test check basis and performed other alternate procedures, where applicable, to support the assertion that revenue has been recognised in the correct period.</p> <p>We made enquiries of the management and obtained written representations as to whether there exist any side agreements or unusual arrangements which may impact revenue recognition.</p> <p>We also test checked subsequent sales returns to determine whether the initial recognition of revenue was appropriate.</p>

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report, Corporate Governance Report and the Business Responsibility Report but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to those entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, is traced from their financial statements audited by the other auditors.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

**Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements**

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group 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; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

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

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibility for the Audit of the Consolidated Financial Statements**

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



## **Deloitte Haskins & Sells LLP**

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls with reference to consolidated financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the branches, entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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



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

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

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

### **Other Matters**

We did not audit the financial statements of 3 subsidiaries, whose financial statements reflect total assets of Rs. 27,576.55 Lakhs as at March 31, 2023, total revenues of Rs. 42,637.10 Lakhs and net cash inflows amounting to Rs. 419.40 Lakhs for the year ended on that date, 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 and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

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

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries, referred to in the Other Matters section above we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
  - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

*In. PCB*

**Deloitte  
Haskins & Sells LLP**

- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on March 31, 2023 taken on record by the Board of Directors of the Parent, none of the directors of the Parent is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls with reference to consolidated financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls with reference to consolidated financial statements.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
  - ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent.
  - iv) (a) The Management of the Parent, whose financial statements have been audited under the Act, have represented to us, to the best of their knowledge and belief, as disclosed in the note 58 to the consolidated financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Parent to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Parent ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.  
  
(b) The Management of the Parent, whose financial statements have been audited under the Act, have represented to us, to the best of their knowledge and belief, as disclosed in the note 58 to the consolidated financial statements, no funds have been received by the Parent from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Parent shall, directly or indirectly, lend or

*l. RICH*

invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances performed by us, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.
- v) The final dividend proposed in the previous year, declared and paid by the Parent during the year is in accordance with section 123 of the Act, as applicable.

The interim dividend declared and paid by the Parent during the year and until the date of this report is in accordance with section 123 of the Act.

As stated in note 55 to the consolidated financial statements, the Board of Directors of the Parent, have proposed final dividend for the year which is subject to the approval of the members of the Parent at the ensuing Annual General Meetings. Such dividend proposed is in accordance with section 123 of the Act, as applicable.

- vi) Proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 for maintaining books of account using accounting software which has a feature of recording audit trail (edit log) facility is applicable w.e.f. April 1, 2023 to the Parent, and accordingly, reporting under Rule 11(g) of Companies (Audit and Auditors) Rules, 2014 is not applicable for the financial year ended March 31, 2023.
2. With respect to the matters specified in Clause (xxi) of paragraph 3 and paragraph 4 of the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, according to the information and explanations given to us, and based on the audit report under section 143 issued by us and the auditors of respective companies included in the consolidated financial statements, as provided to us by the Management of the Parent, we report that CARO is applicable only to the Parent and not to any other company included in the consolidated financial statements. We have not reported any qualification or adverse remark in the CARO report of the Parent.



For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



Rajesh K. Hiranandani  
Partner  
(Membership No. 036920)  
(UDIN: 23036920BGYMEH3619)

Place: Mumbai  
Date: May 24, 2023

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls with reference to consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2023, we have audited the internal financial controls with reference to consolidated financial statements of J.B. Chemicals & Pharmaceuticals Limited (hereinafter referred to as "the Parent"), as of that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Parent's internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to consolidated financial statements 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 with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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



**Meaning of Internal Financial Controls with reference to consolidated financial statements**

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

**Inherent Limitations of Internal Financial Controls with reference to consolidated financial statements**

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

**Opinion**

In our opinion to the best of our information and according to the explanations given to us, the Parent, has, in all material respects, an adequate internal financial controls with reference to consolidated financial statements and such internal financial controls with reference to consolidated financial statements were operating effectively as at March 31, 2023, based on the internal control with reference to consolidated financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.



For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)



Rajesh K. Hiranandani  
Partner  
(Membership No. 036920)  
(UDIN: 23036920BGYMEH3619)

Place: Mumbai  
Date: May 24, 2023

J. B. Chemicals and Pharmaceuticals Limited		(₹ in lakhs)	
Consolidated Balance Sheet as at March 31, 2023			
Particulars	Note No.	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>(i) Non-current assets</b>			
(a) Property, plant and equipment	5	50,339.03	51,947.17
(b) Right-of-use assets	5a	2,862.27	3,343.85
(c) Capital work-in-progress	6a	4,440.92	1,390.57
(d) Goodwill	5b	5,745.92	5,745.92
(e) Intangible assets	6	1,31,153.81	66,662.50
(f) Intangible assets under development	6b	1,074.29	476.94
<b>(g) Financial assets</b>			
(i) Investments	7	1,378.41	1,272.21
(ii) Loans	8	68.41	74.41
(iii) Other financial assets	9	1,860.61	481.99
(h) Deferred tax assets (net)	23A	651.02	643.10
(i) Current tax assets (net)	10	2,672.10	2,169.34
(j) Other non-current assets	11	336.97	1,216.06
<b>Total non-current assets</b>		<b>2,02,583.76</b>	<b>1,35,424.06</b>
<b>(ii) Current assets</b>			
(a) Inventories	12	43,048.43	40,996.11
<b>(b) Financial assets</b>			
(i) Investments	13	19,218.45	-
(ii) Trade receivables	14	57,580.01	55,568.68
(iii) Cash and cash equivalents	15	7,693.44	5,654.41
(iv) Bank balances other than cash and cash equivalents	15	187.84	198.38
(v) Loans	16	137.35	130.36
(vi) Other financial assets	17	2,186.52	4,332.30
(c) Other current assets	18	22,751.26	18,435.92
<b>Total current assets</b>		<b>1,52,803.30</b>	<b>1,25,316.16</b>
<b>Total assets</b>		<b>3,55,387.06</b>	<b>2,60,740.22</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	19	1,547.55	1,545.64
(b) Other equity	20	2,46,487.67	2,11,866.66
<b>Equity attributable to the owners of the parent</b>		<b>2,48,035.22</b>	<b>2,13,412.30</b>
Non-controlling interest		-	448.99
<b>Total equity</b>		<b>2,48,035.22</b>	<b>2,13,861.29</b>
<b>Liabilities</b>			
<b>(i) Non-current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	21	38,322.03	-
(ii) Lease liabilities	22	1,532.10	2,061.76
(b) Provisions	23	1,521.14	1,373.06
(c) Deferred tax liabilities (net)	23B	10,282.37	4,755.91
(d) Other non-current liabilities	24	249.27	316.64
<b>Total non-current liabilities</b>		<b>51,906.91</b>	<b>8,507.37</b>
<b>(ii) Current liabilities</b>			
<b>(a) Financial liabilities</b>			
(i) Borrowings	25	16,501.80	2,631.50
(ii) Lease liabilities	25A	888.69	762.62
(iii) Trade payables	26		
A) Total outstanding dues of micro enterprises and small enterprises		2,153.40	2,063.86
B) Total outstanding dues of creditors other than micro enterprises and small enterprises		21,711.36	20,384.11
(iv) Other financial liabilities	27	7,079.22	5,884.05
(b) Other current liabilities	28	2,365.05	1,484.17
(c) Provisions	29	4,250.05	4,551.80
(d) Current tax liabilities (net)	30	495.36	609.45
<b>Total current liabilities</b>		<b>55,444.93</b>	<b>38,371.56</b>
<b>Total liabilities</b>		<b>1,07,351.84</b>	<b>46,878.93</b>
<b>Total equity and liabilities</b>		<b>3,55,387.06</b>	<b>2,60,740.22</b>
The accompanying notes form an integral part of these Consolidated Financial Statements	1-58		

As per our report of even date

For Deloitte Haskins and Sells LLP  
Chartered Accountants

Rajesh K. Hiranandani  
Partner

Place : Mumbai  
Date : May 24, 2023

For and on behalf of the Board of Directors

Nikhil Chopra  
Chief Executive Officer and  
Whole-Time Director  
DIN - 07220097

Lakshay Kataria  
Chief Financial Officer

Place : Mumbai  
Date : May 24, 2023

Prashant Kumar  
Director  
DIN - 08342577

Sandeep Phadnis  
Company Secretary  
ACS - 11530

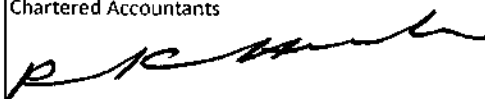
**J. B. Chemicals and Pharmaceuticals Limited**  
**Consolidated Statement of Profit and Loss for the year ended March 31, 2023**

(₹ in lakhs)

Particulars		Note No.	Year ended March 31, 2023	Year ended March 31, 2022
<b>INCOME</b>				
I	Revenue from operations	31	3,14,928.28	2,42,424.38
II	Other income	32	994.01	3,922.63
III	<b>Total income (I+II)</b>		<b>3,15,922.29</b>	<b>2,46,347.01</b>
<b>EXPENSES</b>				
IV	Cost of materials consumed	33A	78,398.08	60,221.64
	Purchases of stock-in-trade		39,522.14	25,816.46
	Changes in inventories of finished goods, work-in-progress and stock-in-trade	33B	(1,100.05)	(1,744.69)
	Employee benefits expense	34	54,345.10	43,924.22
	Finance costs	35	3,605.31	512.05
	Depreciation and amortisation expense	5 & 6	11,440.69	7,265.99
	Other expenses	36	74,187.76	59,861.14
	<b>Total expenses</b>		<b>2,60,399.03</b>	<b>1,95,856.81</b>
V	<b>Profit before tax (III-IV)</b>		<b>55,523.26</b>	<b>50,490.20</b>
VI	<b>Tax expenses:</b>	30		
	a) Current tax- for the year		8,931.02	12,815.34
	b) Current tax - for earlier year		-	(0.01)
	c) Deferred tax [charge/(credit)]		5,591.71	(929.02)
	<b>Total tax expense</b>		<b>14,522.73</b>	<b>11,886.31</b>
VII	<b>Net profit after tax (V-VI)</b>		<b>41,000.53</b>	<b>38,603.89</b>
VIII	<b>Other comprehensive income/(loss)</b>			
	<b>Items that will not be reclassified to profit or loss</b>			
	Re-measurement of defined benefit plan		17.60	9.54
	Income tax relating to these items		(4.44)	(2.40)
	<b>Items that will be reclassified to profit or loss</b>			
	Net (loss)/gain on cash flow hedges		(71.35)	132.89
	Income tax relating to these items		17.95	(33.44)
	Exchange differences on translation of financial statements of foreign subsidiaries		(1,317.80)	294.01
	<b>Total other comprehensive income/(loss) (net of tax)</b>		<b>(1,358.04)</b>	<b>400.60</b>
IX	<b>Total comprehensive income for the year (VII+VIII)</b>		<b>39,642.49</b>	<b>39,004.49</b>
	<b>Net profit after tax for the year attributable to:</b>			
	- owners of the company		40,983.55	38,535.74
	- non-controlling interest		16.98	68.15
	<b>Other comprehensive income/(loss) for the year attributable to:</b>			
	- owners of the company		(1,321.25)	390.27
	- non-controlling interest		(36.79)	10.33
	<b>Total comprehensive income after tax attributable to:</b>			
	- owners of the company		39,662.30	38,926.01
	- non-controlling interest		(19.81)	78.48
X	<b>Earnings per equity share of face value of ₹ 2 each</b>	44		
	Basic (in ₹)		53.00	49.86
	Diluted (in ₹)		52.34	49.82
The accompanying notes form an integral part of these Consolidated Financial Statements		1-58		

As per our report of even date

For Deloitte Haskins & Sells LLP  
Chartered Accountants



Rajesh K. Miranandani  
Partner

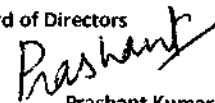
Place : Mumbai  
Date : May 24, 2023

For and on behalf of the Board of Directors

  
Nikhil Chopra  
Chief Executive Officer &  
Whole-Time Director  
DIN - 07220097

  
Lakshay Kataria  
Chief Financial Officer

Place : Mumbai  
Date : May 24, 2023

  
Prashant Kumar  
Director  
DIN - 08342577

  
Sandeep Phadnis  
Company Secretary  
ACS - 11530



**J. B. Chemicals & Pharmaceuticals Limited**  
**Consolidated Statement of Cash Flows for the year ended on March 31, 2023**

(₹ in lakhs)

Particulars	Year Ended March 31, 2023		Year Ended March 31, 2022	
<b>A. Cash flows from operating activities</b>				
Profit before tax		55,523.26		50,490.20
Adjustments for:				
Depreciation and amortisation expense	11,440.69		7,265.99	
Unrealised foreign exchange (gain)/loss (net)	(1,583.27)		352.18	
Finance costs	3,541.22		408.50	
Share based payment expense	6,937.34		6,265.35	
Allowance for credit losses (net) (including credit impaired)	354.70		-	
Net (gain) on sale/disposal of property, plant and equipment	(0.72)		(240.49)	
Net (gain) on sale of current investments carried at fair value through profit or loss	(399.77)		(3,522.97)	
Fair value (gain)/loss on financial instruments at fair value through profit or loss	(290.21)		18.67	
Liabilities no longer required written back	(12.81)		(39.81)	
Interest income	(253.62)		(93.43)	
Dividend received	(0.30)		(0.50)	
Government grant	(155.41)		(171.98)	
Discontinuance of lease assets	-		(14.23)	
		19,577.84		10,227.28
<b>Operating profit before working capital changes</b>		<b>75,101.10</b>		<b>60,717.48</b>
Adjustments for working capital:				
Increase in inventories	(2,052.32)		(6,251.43)	
Increase in trade and other receivables	(4,174.66)		(29,283.95)	
Increase in trade payables, provisions and other liabilities	3,234.96		5,292.99	
		(2,992.02)		(30,242.39)
<b>Cash generated from operations</b>		<b>72,109.08</b>		<b>30,475.09</b>
Income taxes paid (including tax deducted at source)		(9,547.87)		(13,461.64)
<b>Net cash from operating activities</b>		<b>62,561.21</b>		<b>17,013.45</b>
<b>B. Cash flows from investing activities</b>				
Purchase of property, plant and equipment (refer note 2 below)	(7,256.86)		(6,287.00)	
Purchases of intangible assets (including intangible assets under development)	(69,237.84)		(64,391.92)	
Proceeds from sale of property, plant and equipment	83.59		777.54	
Purchase of current investments	(74,335.72)		(50,847.46)	
Proceeds from sale of current investments	55,701.05		1,20,867.91	
Change in other bank balances	(1,351.37)		18.24	
Interest received	218.01		94.18	
Dividend received	0.30		0.50	
<b>Net cash (used in)/from investing activities</b>		<b>(96,178.84)</b>		<b>231.99</b>
<b>C. Cash flows from financing activities</b>				
Proceeds from issue of equity shares (ESOSs) options	848.27		-	
(Repayment of)/proceeds from current borrowings (net)	178.28		(32.73)	
Proceeds from non current borrowings	60,862.68		-	
Repayment of non current borrowings	(8,725.00)		-	
Payment for acquisition of minority stake in a subsidiary	(557.98)		-	
Payment of lease liabilities	(970.27)		(803.75)	
Finance cost	(3,222.92)		(245.73)	
Dividend paid	(12,759.26)		(12,756.30)	
<b>Net cash from/(used in) financing activities</b>		<b>35,653.80</b>		<b>(13,838.51)</b>
<b>Net increase in cash and cash equivalents (A+B+C)</b>		<b>2,036.17</b>		<b>3,406.93</b>
<b>Cash and cash equivalents at the beginning of the year*</b>	5,654.41		2,247.38	
Exchange difference on restatement of foreign currency cash and cash equivalents	2.86		0.10	
<b>Cash and cash equivalents as at the end of the year*</b>	<b>7,693.44</b>		<b>5,654.41</b>	

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\*Cash and cash equivalents comprises the following

(₹ in lakhs)

Particulars	As at	
	March 31, 2023	March 31, 2022
Balances with banks	4,998.34	3,990.34
Cheques on hand	-	5.11
Cash on hand	3.92	9.12
Remittance in transit	-	1,467.84
Fixed deposits with maturity of less than 3 months	2,691.18	182.00
<b>Cash and cash equivalents</b>	<b>7,693.44</b>	<b>5,654.41</b>

**Note:**

1. The above statement of cash flow has been prepared under the 'Indirect method' as set out in Indian Accounting Standard Ind AS 7- "Statement of Cash Flows".

2. Purchase of property, plant and equipment represents additions to property, plant and equipment, adjusted for movement of capital work in progress, capital advances and capital creditors.

The accompanying notes form an integral part of these Consolidated Financial Statements (Notes 1-58).

As per our report of even date

For Deloitte Haskins and Sells LLP  
Chartered Accountants

  
Rajesh K. Hiranandani  
Partner

Place : Mumbai  
Date : May 24, 2023

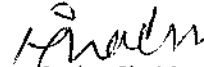
For and on behalf of the Board of Directors

  
Nikhil Chopra  
Chief Executive Officer &  
Whole-Time Director  
DIN - 07220097

  
Lakshay Kataria  
Chief Financial Officer

Place : Mumbai  
Date : May 24, 2023

  
Prashant Kumar  
Director  
DIN - 08342577

  
Sandeep Phadnis  
Company Secretary  
ACS - 11530



J. B. Chemicals & Pharmaceuticals Limited  
Consolidated Statement of Changes in Equity for the year ended March 31, 2023

(₹ in lakhs)

A. Equity share capital (refer note 19)	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	1,545.64	1,545.64
Changes in equity share capital during the year on exercise of employee stock options	1.91	-
Balance at the end of the year	1,547.55	1,545.64

B. Other equity (refer note 20)

(₹ in lakhs)

Particulars	Attributable to equity holders of the Parent											Non-controlling interest	Total	
	Capital reserves (transferred from amalgamating company)		Share application money pending allotment	Reserves and Surplus							Item of OCI			
	Investment allowance reserve (utilised)	Capital reserve		Other reserves							Foreign currency translation reserve			Cash flow hedge reserve
				Capital reserve	Contingency reserve	Securities premium reserve	Capital redemption reserve	General reserve	Retained earnings	Employee stock options reserve				
Balance as on April 1, 2021	34.86	63.53	-	4.21	2,020.00	5,076.82	150.76	13,042.57	1,58,479.35	-	554.74	-	370.51	1,79,797.35
Profit for the year	-	-	-	-	-	-	-	-	38,535.74	-	-	-	68.15	38,603.89
Other comprehensive income for the year	-	-	-	-	-	-	-	-	7.14	-	283.68	99.45	10.33	400.60
Total comprehensive income for the year	-	-	-	-	-	-	-	-	38,542.88	-	283.68	99.45	78.48	39,004.49
Payment of dividend	-	-	-	-	-	-	-	-	(12,751.54)	-	-	-	-	(12,751.54)
Share based payment expense	-	-	-	-	-	-	-	-	-	6,265.35	-	-	-	6,265.35
Balance as on March 31, 2022	34.86	63.53	-	4.21	2,020.00	5,076.82	150.76	13,042.57	1,84,270.69	6,265.35	838.42	99.45	448.99	2,12,315.65
Profit for the year	-	-	-	-	-	-	-	-	40,983.55	-	-	-	16.98	41,000.53
Other comprehensive income for the year	-	-	-	-	-	-	-	-	13.16	-	(1,281.01)	(53.40)	(36.79)	(1,358.04)
Total comprehensive income for the year	-	-	-	-	-	-	-	-	40,996.71	-	(1,281.01)	(53.40)	(19.81)	39,642.49
Payment of dividend	-	-	-	-	-	-	-	-	(12,759.26)	-	-	-	-	(12,759.26)
On acquisition of minority stake	-	-	-	(72.18)	-	-	-	-	-	-	-	-	(429.18)	(501.36)
Share application money received	-	-	2.70	-	-	-	-	-	-	-	-	-	-	2.70
Exercise of employee stock options	-	-	-	-	-	1,893.40	-	-	-	(1,043.29)	-	-	-	850.11
Share based payment expense	-	-	-	-	-	-	-	-	-	6,937.34	-	-	-	6,937.34
Balance as on March 31, 2023	34.86	63.53	2.70	(67.97)	2,020.00	6,976.22	150.76	13,042.57	2,12,508.14	12,159.40	(442.59)	46.05	-	2,46,487.67

The accompanying notes form an integral part of these consolidated financial statements (Notes 1-58).

As per our report of even date

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Rajesh K. Hiranandani

Partner

Place : Mumbai

Date : May 24, 2023

For and on behalf of the Board of Directors

Nikhil Chopra  
Chief Executive Officer &  
Whole-Time Director  
DIN - 07220097

Lakshay Kataria  
Chief Financial Officer

Place : Mumbai

Date : May 24, 2023

Prashant Kumar  
Director  
DIN - 08342577

Sandeep Phadnis  
Company Secretary  
ACS - 11530

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## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

#### 1. GROUP INFORMATION

J. B. Chemicals & Pharmaceuticals Limited ("the Company") is a public limited company incorporated in India (Corporate identity number: L24390MH1976PLC019380) having its registered office at Neelam Centre, B Wing, 4th Floor, Hind Cycle Road, Worli, Mumbai-400030. The Company is engaged in the business of manufacturing and marketing of diverse range of pharmaceutical formulations, herbal remedies and Active Pharmaceutical Ingredients (APIs). These Consolidated Financial Statements for the year ended March 31, 2023, were approved for the issue by the Board of Directors, vide their resolution dated May 24, 2023. Equity Shares of the Company are listed on Bombay Stock Exchange Limited and National Stock Exchange of India Limited.

The Consolidated Financial Statements comprise financial statements of J. B. Chemicals & Pharmaceuticals Limited ("the Company") and its subsidiaries (the Company and its subsidiaries referred to as 'the Group').

#### 2. SIGNIFICANT ACCOUNTING POLICIES AND KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

The following note provides list of the significant accounting policies adopted in the preparation of these financial statements.

##### 2.1. Basis of Preparation:

##### 2.1. a) Statement of Compliance with Indian Accounting Standards (Ind-AS):

The financial statements of the Group as at and for the year ended March 31, 2023, have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 ("the Act"), read with the Companies (Indian Accounting Standards) Rules, 2015, as amended from time to time, and the other relevant provisions of the Act and accounting principles generally accepted in India. The financial statements have been prepared on a historical cost basis, except for certain financial assets and financial liabilities, which have been measured at fair value at the end of each reporting period as explained in the accounting policies stated below.

These financial statements have been prepared by the Group as a going concern on the basis of relevant Ind AS that are effective.

##### 2.1. b) Basis of Measurement:

The financial statements have been prepared on a historical cost basis and on accrual basis, except for the following:

- Financial assets and liabilities are measured at fair value or at amortised cost depending on classification;
- Derivative financial instruments and contingent consideration are measured at fair value;
- Defined Benefits Plans – plan assets measured at fair value;
- Lease Liabilities and Right - of - Use of Assets – measured at fair value; and
- Share-based Payments – measured at fair value.

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## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

#### **2.1. c) Consistency of Accounting Policies:**

The accounting policies are applied consistently to all the periods presented in the financial statements, except where a newly issued accounting standard is initially adopted or a revision to an existing standard requires a change in the accounting policy hitherto used.

#### **2.1.d) Functional and Presentation Currency and Rounding Off of the Amount:**

The functional and presentation currency of the Group is Indian Rupees (₹). Accordingly, all amounts disclosed in the Consolidated Financial Statements and Notes have been shown in Indian Rupees (₹), and all values are shown in lakhs and rounded to two decimals thereof, as per the requirement of Schedule III, except when otherwise indicated.

#### **2.2. Current Versus Non-Current Classification:**

The Group has classified all its assets and liabilities under current and non-current as required by Ind AS 1 - Presentation of the Consolidated Financial Statements.

##### **2.2 a) Assets:**

An asset is current when it satisfies any of the following criteria:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

##### **2.2 b) Liabilities:**

A liability is current when it satisfies any of the following criteria:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or liability for at least twelve months after the reporting period; and
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instrument do not affect its classification.

All other liabilities are classified as non-current.

##### **2.2 c) Principles of Consolidation:**

###### **(i) Business Combinations and Control:**

In accordance with Ind AS-103, the Group accounts for business combinations using the acquisition method when the control is transferred to the Group. The Holding Company determines the basis of control in line with the requirements of Ind AS-110, Consolidated Financial Statements. The financial statements of subsidiaries are included in the Consolidated Financial Statements from the date on which the control commences until the date on which the control ceases.

## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

#### **(ii) Consolidation Procedure:**

The Consolidated Financial Statements comprise of the financial statement of the Holding Company and its subsidiaries referred herein below. The financial statements of the Holding Company and its subsidiaries have been consolidated on a line – by - line basis by adding together the book values of like - items of assets, liabilities, incomes and expenses after eliminating intra-group balances, intra - group transactions and unrealized profits resulting there from and are presented to the extent possible, in the same manner as the Holding Company's independent financial statements.

The difference between the Group costs of investments in the Subsidiaries, over its portion of equity at the time of acquisition of shares, is recognised in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be. The Goodwill recognised in the Consolidated Financial Statements is tested for impairment, if any.

For the purpose of presenting Consolidated Financial Statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in a foreign currency translation reserve (attributed to non-controlling interests as appropriate).

The financial statements of the Holding Company and its subsidiaries have been consolidated using uniform accounting policies for like - transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. The financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date as that of the Holding Company, i.e., the year ended March 31, 2023.

#### **(iii) Non-Controlling Interest:**

Non-controlling interests in the net assets of consolidated subsidiaries are identified and presented in the Consolidated Balance Sheet separately within equity.

Non-controlling interests in the net assets of consolidated subsidiaries consist of:

- a) The amount of equity attributable to non-controlling interests at the date on which investment in a subsidiary is made; and
- b) The non-controlling interests' share of movements in equity since the date holding subsidiary relationship came into existence.

The profit and other comprehensive income attributable to non-controlling interests of subsidiaries are shown separately in the Consolidated Statement of Profit and Loss, and the Consolidated Statement of Changes in Equity.

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## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

The subsidiary companies considered in the Consolidated Financial Statements are:

Name of the Subsidiary	Country of Incorporation	Proportion of Ownership Interest		Accounting Year Ending on
		2022-23	2021-22	
OOO Unique Pharmaceutical Laboratories. *	Russia	100%	100%	March 31
Unique Pharmaceutical Laboratoires FZE *	Dubai	100%	100%	March 31
Biotech Laboratories (PTY) Ltd.(through Unique Pharmaceutical Laboratories FZE)*	South Africa	100%	95.24%	March 31

\* Audited by other Auditors.

During the year, the Group has acquired 100% stake in Biotech Laboratories (PTY) Ltd. (through Unique Pharmaceutical Laboratories FZE)\* by acquiring remaining 4.76% stake of NCI on May 31, 2022.

#### 2.3. Revenue Recognition:

The Group derives revenue primarily from manufacturing and marketing of diverse range of pharmaceutical products.

The Group follows specific recognition criteria as described below before the revenue is recognised.

##### (i) Sale of Goods:

Revenue from contracts with customers is recognised when the control of the goods is transferred to a customer and the entity satisfies a performance obligation by delivering promised goods to customer at an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods. The contract with a customer exists only when: the parties to the contract have approved it and are committed to perform their respective obligations, the Group can identify each party's rights regarding the distinct goods to be transferred ("performance obligations"), the Group can determine the transaction price for the goods to be transferred, the contract has commercial substance, and it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods that will be transferred to the customer.

The majority of customer contracts that the Group enters into consist of a single performance obligation for the delivery of pharmaceutical products. The Group recognises revenue from product sales when control of the product transfers. Control lies with the customer if the customer can independently determine the use of and consume the benefit derived from a product. The Group records product sales net of estimated incentives/discounts, returns and other related charges. These are generally accounted for as variable consideration estimated in the same period the related sales occur. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in the light of contractual and legal obligations, historical trends, past experience and projected market conditions.

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## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract. The revenue for such variable consideration is included in the Group's estimate of the transaction price only if it is highly probable that a significant reversal of revenue will not occur once any uncertainty is resolved. In making this assessment, the Group considers its historical record of performance on similar contracts.

No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Group.

#### **(ii) Product Development Services:**

Revenue from product development services is recognised upon by reference to the stage of completion or on the achievement of agreed milestones and the amount of revenue can be measured reliably.

#### **(iii) Other Operating Revenue:**

Other Operating revenue comprises of the following items:

##### **a) Manufacturing Charges/Service Fees:**

Revenue from services rendered is recognised in the profit or loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period, over which the related services are expected to be performed.

Revenue from manufacturing charges is recognised on completion of contractual obligation of manufacturing and delivery of product manufactured.

##### **b) Export Incentives:**

Export entitlement from government authorities are recognised in the consolidated profit or loss as other operating revenue, when the right to receive credit as per the terms of the scheme is established in respect of the exports made by the Group with no future related cost, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

##### **c) Sale of Scrap:**

Revenue from sale of scrap is recognised on delivery of scrap items.

#### **(iv) Other Income:**

Other income mainly comprises of interest income, dividend from investments, gain on sale of investments and fair value gain/loss on the investment measured at fair value through profit/loss, which are held at the Balance Sheet date.

##### **a) Interest income:**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

#### **b) Dividends:**

Dividend income from investments is recognised when the right to receive payment has been established, provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably.

#### **c) Other Income:**

Other income is recognised when no significant uncertainty as to its determination or realization exists.

#### **2.4. Foreign Currency Transactions:**

Transactions in foreign currencies are translated into functional currency at the exchange rate prevailing on the dates of the transactions. Foreign currency denominated monetary assets and liabilities at the Balance Sheet date are translated into functional currency at the exchange rate prevailing on the date of Balance Sheet.

Exchange rate differences, resulting from foreign currency transactions settled during the period including year-end translation of assets and liabilities, are recognised in the Consolidated Statement of Profit and Loss.

Non-monetary assets, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the initial transaction.

Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss, arising on translation of non-monetary items measured at fair value, is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items, whose fair value gain or loss is recognised in OCI or Consolidated Statement of Profit and Loss, are also recognised in OCI or Consolidated Statement of Profit and Loss, respectively). Non-monetary items, that are measured based on historical cost in a foreign currency, are not translated.

#### **2.5. Government Grants:**

Monetary government grants are recognised where there is reasonable assurance that the grant will be received, and all attached conditions will be complied with.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses, the related costs for which the grants are intended to compensate. The grant related to an asset in the form of EPCG Licence is recognised in the Balance Sheet as deferred income, and is transferred to profit or loss on a systematic basis over the periods during which the obligation attached to the Licence is to be fulfilled.

Grant in the form of cash benefits is recognised in the Balance Sheet as deferred income, and it is transferred to profit or loss over the useful life of the concerned asset.

Export entitlement from government authorities is recognised in the profit or loss as other operating revenue, when the right to receive is established as per the terms of the scheme in respect of the exports made by the Company with no future related cost, and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

**2.6. Employee Benefits:**

**(i) Short - Term Employee Benefits:**

Benefits such as salaries, wages, etc., and the expected cost of ex-gratia are recognised in the period in which the employee renders the related service. A liability is recognised for the amount expected to be paid, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

**(ii) Post - Employment Benefits:**

**a) Defined Contribution Plans:**

Defined contribution plans, such as Provident Fund and Superannuation, in accordance with the 'The Employees' Provident Fund and Miscellaneous Provision Act, 1952, all eligible employees of the Group are entitled to receive benefits under the provident fund plan in which both the employee and employer contribute monthly equal to a specified percentage of the covered employee's salary. Amounts collected under the provident plan are deposited in a government administered provident fund. Payments to defined contributions retirement benefits plans are recognised as an expense when employees have rendered the service entitling them to the contributions. The Group does not have any obligation other than the contribution made.

**b) Defined Benefits Plans:**

The Group operates a defined benefit gratuity plan with contributions to be made to a separately administered fund through Life Insurance Corporation of India through Employees Group Gratuity Plan. For defined retirement benefits plans, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at the end of each annual reporting period. Re-measurements, comprising of actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurements recognised in other comprehensive income is reflected immediately in retained earnings, and will not be reclassified to the Consolidated Statement of Profit and Loss in subsequent periods. Past service cost is recognised in the Consolidated Statement of Profit and Loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefits liabilities or assets. Defined benefits costs are categorised as follows:

- Service costs (including current service cost, past service cost, as well as gains or losses on curtailments and settlements);
- Net interest expense or income; and
- Re-measurement (comprising actuarial gains and losses).

The Group presents the first two components defined benefits cost in the Consolidated Statement of Profit and Loss in the line items "Employee Benefits Expenses" and "Finance Costs", respectively. Curtailment gains and losses are accounted for as past service cost.

The retirement benefits obligation recognised in the Balance Sheet represents the actual deficit or surplus in the Group's defined benefits plan. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plan or reduction in future contributions to the plan.

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## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

#### **(iii) Other Long-Term Employee Benefits Plans:**

Liability, in respect of compensated absences becoming due or expected to be availed within one year from the reporting date, is recognised on the basis of undiscounted value of estimated amount required to be paid, or estimated value of benefits expected to be availed by the employees. Liability, in respect of compensated absences becoming due or expected to be availed more than one year after the reporting date, is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method at the year end. Actuarial gains/losses are immediately taken to the consolidated profit or loss, and are not deferred.

#### **Subsidiary Group: Unique Pharmaceutical Laboratoires FZE**

##### **Staff End-of-Service Benefits:**

Provision is made for end-of-service benefits payable to the non-UAE employees at the reporting date, in accordance with the local labour laws.

#### **2.7. Share-Based Payments:**

##### **Equity-Settled Share-Based Payment Transactions:**

The Group has set up Employee Stock Options Scheme in the nature of equity-settled share-based remuneration for its eligible employees and eligible employee(s) of its wholly owned subsidiaries.

All services received in exchange for the grant of the options are measured at their fair value on the grant date, and is recognised as an employee expense, in the profit or loss, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under "Employee Stock Options Outstanding Reserve". The amount recognised as an expense is adjusted to reflect the actual number of stock options that actually vest. Such employee expense arising on account of grant of options to eligible employees of wholly-owned subsidiaries is recorded as receivable from such subsidiary.

Where employees are rewarded using share-based payments, the fair value of employees' services is determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth). All share-based remuneration is ultimately recognised as an expense in profit or loss. If vesting periods or other vesting conditions apply, the expenses are allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication, that the number of share options expected to vest differs from previous estimates. Any adjustment to cumulative share-based compensation, resulting from a revision, is recognised in the current period.

Upon exercise of stock options, the proceeds received, net of any directly attributable transaction costs, are allocated to share capital up to the nominal (or par) value of the equity shares issued with any excess being recorded as share premium.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### **2.8. Dividends:**

The final dividend on shares is recorded as a liability on the date of approval by the shareholders, and interim dividends are recorded as liability on the date of declaration by the Group's Board of Directors.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

**2.9. Tax Expenses:**

Income tax expenses comprise of current tax expense and deferred tax charge/credit. Current and deferred taxes are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity.

**(i) Current Tax:**

Current tax payable is calculated based on taxable profit for the year in accordance with the provisions of the Income Tax Act, 1961, for Indian entity or provisions of respective countries where the Group operates and generates taxable income. Current tax is recognised based on the amount expected to be paid to or recovered from the tax authorities based on applicable tax laws that have been enacted or substantively enacted by the Balance Sheet date. The Management periodically evaluates positions taken in the tax return with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

**(ii) Deferred Tax:**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements, and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary timing differences. Deferred tax assets are recognised for deductible temporary differences to the extent that they are probable that taxable profit will be available against which the deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to 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 realized or liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted on the reporting date.

Current and deferred tax for the year are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**(iii) Uncertain Tax Positions:**

Accruals for uncertain tax positions require the Management to make judgement of potential exposures. Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount, depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognised unless the tax positions will probably be accepted by the tax authorities. This is based upon the Management's interpretation of applicable laws and regulations, and the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, the Management reviews each material tax benefits and reflects the effect of the uncertainty in determining the related taxable amounts.

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## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

#### 2.10. Property, Plant and Equipment:

##### (i) Recognition and Measurement:

Freehold land is stated at historical cost, and is not depreciated. Premium paid for the leasehold land is amortised over the lease period. All other items of property, plant and equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any. Such cost includes purchase price, borrowing cost and any cost directly attributable to bringing the assets to its working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and the cost can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their estimated useful lives. All other repairs and maintenance costs are recognised as expense in the Consolidated Statement of Profit and Loss, as and when incurred.

The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset, if the recognition criteria for a provision is met.

Expenses incurred relating to project, net of income earned during the project development stage prior to its intended use, are considered as pre-operative expenses and disclosed under Capital Work-in-Progress.

##### (ii) Depreciation:

Depreciation on the property, plant and equipment (other than freehold land) is provided based on useful life of the assets as prescribed in Schedule II of the Act. Depreciation on property, plant and equipment, which are added/disposed-off during the year, is provided on pro-rata basis with reference to the month of addition/deletion, in the profit or loss.

Cost of the assets less its residual value is depreciated over its useful life. Depreciation is calculated on a straight-line basis over the estimated useful life of the assets. prescribed life in Schedule II of the Companies Act, 2013, are as follows.

However, for certain class of assets, based on the technical evaluation and assessment, the Group believes that the useful lives adopted by its best represent the period, over which an asset is expected to be useful for use. Accordingly, for these assets, the useful lives estimated by the Group are different from those prescribed in the Schedule II.

Category	Useful Life
Leasehold Land	Lease term
Buildings	30 to 60 years
Plant and Machinery	3 to 25 years
Furniture and Fixtures	6 to 10 years
Vehicles	5 to 10 years
Office Equipment	3 to 6 years
Air Conditioners	15 years

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## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

The Management believes that the estimated useful lives are realistic and reflects fair approximation of the period, over which the assets are likely to be used. At each financial year end, the Management reviews the residual values, useful lives and method of depreciation of property, plant and equipment, and values of the same are adjusted prospectively, where needed.

Depreciation is not recorded on capital work-in-progress until construction and installation are complete, and the asset is ready for its intended use.

#### (iii) Derecognition:

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset, and is recognised in profit or loss.

#### 2.11. Intangible Assets:

##### (i) Recognition and Measurement:

Intangible assets acquired separately are measured on initial recognition at cost. Initial recognition, intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any.

Internally generated intangibles are not capitalised and the related expenditure is disclosed in the Consolidated Statement of Profit and Loss in the period in which the expenditure is incurred.

##### (ii) Expenditure on Regulatory Approval:

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity, and the cost can be measured reliably.

The useful lives of all other intangible assets are assessed as either finite or indefinite.

##### (iii) Amortisation:

Particulars	Useful Life
Computer Software	2 to 6 years
Marketing Intangibles	4 years
Product dossiers	5 years/ indefinite
Trademarks and Brands	25 years

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed, at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Statement of Profit and Loss.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the intangible asset may be impaired, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

#### **(iv) Derecognition:**

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset, and are recognised in the Consolidated Statement of Profit and Loss, when the asset is derecognised.

#### **2.12. Business Combinations and Goodwill:**

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred at acquisition date fair value.

Judgement is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Group is exposed to, or has rights to variable returns from its involvement with the entity, and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values.

Goodwill is initially measured at the excess of the aggregate of the consideration transferred over the net identifiable assets acquired and liabilities assumed. After initial recognition, Goodwill is not amortised. Goodwill is accordingly recognised at original value less any accumulated impairment.

When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised immediately in the OCI, and accumulates the same in equity as capital reserve, where there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, else the gain is directly recognised in equity as capital reserve.

Consideration transferred does not include amounts related to the settlement of pre-existing relationships and employee service-related payments. Any Goodwill that arises on account of such business combination is tested annually for impairment.

A cash-generating unit, to which Goodwill has been allocated, is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any Goodwill allocated to the unit and then to the other assets of the unit pro-rata based on the carrying amount of each asset in the unit. Any impairment loss for Goodwill is recognised in the Consolidated Statement of Profit and Loss. An impairment loss recognised for Goodwill is not reversed in subsequent periods.

#### **2.13. Borrowing Costs:**

Borrowing costs consist of interest, ancillary costs and other costs in connection with the borrowing of funds and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs directly attributed to the acquisition, construction or production of qualifying assets are capitalised as a part of the cost of asset upto the date the asset is substantially ready for its intended use.

## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

Transaction costs in respect of borrowings are amortised over the tenor of respective loans using effective interest method. Other borrowing costs are charged to the Consolidated Statement of Profit and Loss in the year in which they are incurred.

#### **2.14. Impairment of Non-Financial Assets:**

The Group assesses at each reporting date as to whether there is any indication that any property, plant and equipment and intangible assets (other than Goodwill as stated above) or group of assets, called cash-generating units (CGUs) may be impaired. If any such indication exists, the recoverable amount of an asset or CGU is estimated to determine the extent of impairment, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the CGUs to which the asset belongs.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment, at least annually, and whenever there is an indication that the asset may be impaired.

An impairment loss is recognised in the Consolidated Statement of Profit and Loss to the extent asset's carrying amount exceeds its recoverable amount. The recoverable amount is higher of an asset's fair value less cost of disposal and value in use. Value in use is based on the estimated future cash flows, discounted to their present value using pre-tax discount rate, that reflects current market assessments of the time value of money and risk specific to the assets.

The impairment loss recognised in prior accounting period is reversed, if there has been a change in the estimate of recoverable amount.

#### **2.15. Inventories:**

Inventories are stated at the lower of cost or net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. Cost is determined on the basis of Moving Average Method. Cost includes expenditures incurred in acquiring the inventories and other related costs incurred in bringing them to their existing location. In the case of manufactured finished goods, cost includes appropriate share of overheads based on normal operating capacity.

Raw materials, stores and spare parts, and packing materials are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost of finished goods and work-in-progress includes the cost of conversion based on normal capacity, and other costs incurred in bringing the inventories to their present location and condition. Waste/Scrap is valued at estimated net realisable value. Obsolete, defective, slow moving and unserviceable inventories, if any, are duly provided for. Proceeds, in respect of sale of raw materials/stores, are credited to the respective heads.

#### **2.16. Provisions, Contingent Liabilities and Contingent Assets:**

##### **(i) Provisions:**

Provisions are recognised when the Group has present obligation (legal or constructive) as a result of past event, and it is probable that outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense related to a provision is presented in the Consolidated Statement of Profit and Loss, net of any reimbursement/contribution towards provision made.

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## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

If the effect of the time value of money is material, estimate for the provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks 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. Provisions are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

Claims against the Group, where the possibility of any outflow of resources in settlement is remote, are not disclosed as contingent liabilities.

#### **(ii) Contingent Assets:**

Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset, and is recognised.

#### **(iii) Contingent Liabilities:**

##### **Contingent Liability is Disclosed in the Case:**

- When there is a possible obligation and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- A present obligation that arises from past events but is not recognised as expense, because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

#### **2.17. Provision for Product Expiry Claims:**

Provisions for product expiry related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience. The initial estimate of product expiry claim related costs is reviewed annually.

#### **2.18. Leases:**

The Group has elected not to recognise right-to-use assets and lease liabilities for short-term lease that have a lease term of 12 months or less and leases of low-value assets. The Group recognises the lease payments associated with these leases as an operating expense as per the terms of the lease.

##### **Group as a Lessee:**

The Group's leased assets consist of leases for land, buildings and vehicles. 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. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- (i) the contract involves the use of an identified asset;
- (ii) the Group has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- (iii) the Group has the right to direct the use of the asset.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

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 comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, and an estimate of costs to dismantle or to restore the underlying asset, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property, plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain re-measurements of the lease liability. 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. Generally, the Group uses its incremental borrowing rate as the discount rate. The lease liability is subsequently measured at amortised cost using the effective interest method. It is re-measured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is re-measured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss, if the carrying amount of the right-of-use asset has been reduced to zero.

**2.19. 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.

**I. Financial Assets:**

**a) Classification:**

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

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and
- Those to be measured at amortised cost. The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at FVOCI.

**b) Initial Recognition and Measurement:**

Financial assets are initially measured at its fair value. Transaction costs, that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss), are added to or deducted from the fair value of the concerned financial assets, as appropriate, on initial recognition. Transaction costs directly attributable to acquisition of financial assets at fair value through profit or loss are recognised immediately in profit or loss. However, trade receivables that do not contain a significant financing component is measured at transaction price.

## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

#### **c) Subsequent Measurement:**

For subsequent measurement, the Group classifies financial asset in following broad categories:

##### **(i) Financial Assets at Amortised Cost (net of any write down for impairment, if any):**

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised costs using Effective Interest Rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Consolidated Statement of Profit and Loss. Cash and bank balances, trade receivables, loans and other financial assets of the Group are covered under this category.

Under the EIR method, the future cash receipts are exactly discounted to the initial recognition value using EIR. The cumulative amortization, using the EIR method of the difference between the initial recognition amount and maturity amount, is added to the initial recognition value (net of principal repayments, if any) of the financial asset over the relevant period of the financial asset to arrive at amortised cost at each reporting date. The corresponding effect of the amortisation under EIR method is recognised as interest income over the relevant period of the financial asset. The same is included under "other income" in the Consolidated Statement of Profit and Loss. The amortised cost of the financial asset is also adjusted for loss allowance, if any.

##### **(ii) Debt Instruments and Derivatives at FVTPL:**

Financial asset under this category are measured initially as well as at each reporting date at fair value. Changes in fair value are recognised in the Consolidated Statement of Profit and Loss.

##### **(iii) Other Equity Investments:**

All other equity investments are measured at fair value, with fair value changes recognised in the Consolidated Statement of Profit and Loss.

All equity investments in the scope of Ind AS-109 are measured at fair value. Equity instrument's, which are held for trading, are classified as FVTPL. For all other equity instruments, the Group decides to classify the same either as at FVTOCI or FVTPL. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition, and is irrevocable. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity. Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the profit or loss. Transaction cost of financial assets at FVTPL is expensed in profit or loss.

##### **(iv) De-recognition:**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the contractual rights to receive the cash flows from the asset.

##### **(v) Impairment of Financial Assets:**

In accordance with Ind AS-109, the Group uses 'Expected Credit Loss' (ECL) model, for evaluating impairment of financial assets other than those measured at fair value through profit or loss (FVTPL).

ECL is the difference between all contractual cash flows that are due to the Group, in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate.

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**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

For trade receivables the Group applies 'simplified approach', which requires expected lifetime losses to be recognised from initial recognition of the receivables. The Group uses historical default rates to determine impairment loss on the portfolio of trade receivables. At every reporting date, these historical default rates are reviewed, and changes in the forward looking estimates are analysed.

For other assets, the Group uses 12-month ECL to provide for impairment loss where there is no significant increase in credit risk. If there is significant increase in credit risk full lifetime ECL is used.

ECL impairment loss allowance (or reversal) during the period is recognised as income/ expense in the Consolidated Statement of Profit and Loss, under the head 'Other expenses'.

**II. Financial Liabilities:**

**a) Classification:**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

**b) Initial Recognition and Measurement:**

The Group recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument. The Group classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

All financial liabilities are recognised initially at fair value, and in the case of loans, borrowings and payables, net of directly attributable transaction costs. Financial liabilities include trade and other payables, loans and borrowings, including bank overdrafts and derivative financial instruments.

**c) Subsequent Measurement:**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in the Consolidated Statement of Profit or Loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.

The EIR amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

**d) De-recognition of Financial Liabilities:**

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

The difference in the respective carrying amounts is recognised in the Consolidated Statement of Profit and Loss.

## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

#### **III. Derivative Financial Instruments:**

The Group uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency fluctuation risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into, and are subsequently re-measured at fair value at each reporting date. Gain or loss arising from changes in the fair value is recognised in the Consolidated Statement of Profit and Loss.

Derivatives are carried as financial assets when the fair value is positive, and as financial liabilities when the fair value is negative.

The Group enters into derivative financial instruments, viz., foreign exchange forward contracts, interest rate swaps and cross-currency swaps to manage its exposure to interest rate, foreign exchange rate risks and commodity prices. The Group does not hold derivative financial instruments for speculative purposes.

#### **IV. Hedge Accounting:**

The Group designates certain hedging instruments in respect of foreign currency risk, interest rate risk and commodity price risk as cash flow hedges. At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting, and the risk management objective and strategy for undertaking the hedge. The documentation includes the Group's risk management objective and strategy for undertaking hedge, the hedging/economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows, and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The effective portion of changes in the fair value of the designated portion of derivatives that qualify as cash flow hedges is recognised in Other Comprehensive Income, and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss.

Amounts previously recognised in Other Comprehensive Income and accumulated in other equity relating to (effective portion as described above) are re-classified to the Consolidated Statement of Profit and Loss in the periods when the hedged item affects profit or loss. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in Other Comprehensive Income and accumulated in other equity at that time remains in other equity and is recognised when the forecast transaction is ultimately recognised in the Consolidated Statement of Profit and Loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in other equity is recognised immediately in the Consolidated Statement of Profit and Loss.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

**2.20. Fair Value:**

The Group measures financial instruments at fair value in accordance with the accounting policies mentioned above. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

All assets and liabilities, for which fair value is measured or disclosed in the Consolidated Financial Statements, are categorised within the fair value hierarchy that categorises into three levels, based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 inputs) and the lowest priority to unobservable inputs (Level 3 inputs).

**Level 1** — quoted (unadjusted) market prices in active markets for identical assets or liabilities

**Level 2** — inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

**Level 3** — inputs that are unobservable for the asset or liability

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

**2.21. Research and Development Expenditure:**

Expenditure on research activities is recognised in the Consolidated Statement of Profit and Loss as incurred. Development expenditure is recognised in the Consolidated Statement of Profit and Loss, unless the following criteria are satisfied:

- (i) development costs can be measured reliably;
- (ii) the product or process is technically and commercially feasible;
- (iii) future economic benefits are probable; and
- (iv) the Group intends to and has sufficient resources to complete development and to use the asset.

**2.22. Offsetting Financial Instruments:**

Financial assets and liabilities are offset and the net amount is reported in the Balance Sheet where there is a legally enforceable right to offset the recognised amounts, and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

**2.23. Earnings Per Share:**

Basic earnings per share is computed by dividing the net profit or loss for the period attributable to equity shareholders by the weighted-average number of equity shares outstanding during the period. The weighted-average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

## **J B CHEMICALS & PHARMACEUTICALS LIMITED**

### **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023**

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted-average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### **2.24. Cash and Cash Equivalents:**

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

#### **2.25. Cash Flow Statements:**

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

### **3. RECENT PRONOUNCEMENTS**

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2023, as below:

#### **Ind AS 1 - Presentation of Financial Statements:**

This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and the impact of the amendment is insignificant in the Consolidated Financial Statements.

#### **Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors:**

This amendment has introduced a definition of 'accounting estimates' and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its Consolidated Financial Statements.

#### **Ind AS 12 - Income Taxes:**

This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Group has evaluated the amendment and there is no impact on its Consolidated Financial Statement.

### **4. KEY ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the Group's Consolidated Financial Statements requires the Management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. The Group evaluates these estimates and assumption based on the most recently available information.

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## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below:

**a) Income Taxes and Deferred Tax Assets:**

Significant judgements are involved in estimating budgeted profits for the purpose of paying advance tax, determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available, against which the deductible temporary difference can be utilised. The Management assumes that taxable profit will be available while recognising the deferred tax assets.

**b) Property, Plant and Equipment:**

Property, plant and equipment represent a significant proportion of the asset base of the Group. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of the Group's assets are determined by the Management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

**c) Intangible Assets:**

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

**d) Impairment of Financial Assets:**

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**e) Recognition and Measurement of Defined Benefits Obligations:**

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

**f) Recognition and Measurement of Other Provisions:**

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

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## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

#### g) Contingencies:

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made. Contingent assets are not recognised in the Consolidated Financial Statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

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

#### h) Allowances for Inventories:

The management reviews the inventory age listing on a periodic basis. The purpose is to compare the carrying value of the aged inventory items with the respective net realisable value, and also to identify obsolete and slow-moving items, so as to make adequate allowances for the same. The Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the Consolidated Financial Statements.

#### i) Research and Development Costs:

The management monitors progress of internal research and development projects by using a project management system.

Significant judgement is required in distinguishing research from the development phase. Development costs are recognised as an asset when all the criteria are met, whereas research costs are expensed as incurred. The Management also monitors whether the recognition requirements for development costs continue to be met. This is necessary due to inherent uncertainty in the economic success of any product development.

#### j) Leases:

Ind AS 116 "Leases" requires lessees to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on a lease-by-lease basis, and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of the lease and the importance of the underlying asset to the Group's operations taking into account the location of the underlying asset and the availability of suitable alternatives. The lease term in future periods is re-assessed to ensure that the lease term reflects the current economic circumstances.

#### k) Sales Returns:

The Group accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Group's estimate of expected sales returns. The Group deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Group's historical experience in the markets in which the Group operates. With respect to established products, the Group considers its historical experience of sales returns, levels of

## J B CHEMICALS & PHARMACEUTICALS LIMITED

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED ON MARCH 31, 2023

inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Group's business and markets.

#### l) **Expected Credit Loss:**

The Group applies expected credit losses (ECL) model for measurement and recognition of loss allowances on the following:

- Trade receivables ;
- Financial assets measured at amortised cost (other than trade receivables ); and
- Financial assets measured at fair value through other comprehensive income (FVTOCI).

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that results from transactions that are within the scope of Ind AS 115. For this purpose, the Group follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of simplified approach does not require the Group to track changes in credit risk.

As a practical expedient, the Group uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables, and is adjusted for forward- looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

In the case of other assets, the Group determines if there has been a significant increase in credit risk of the financial asset since initial recognition. If the credit risk of such assets has not increased significantly, an amount equal to twelve-month ECL is measured and recognised as loss allowance. However, if credit risk has increased significantly, an amount equal to lifetime ECL is measured and recognised as loss allowance.

#### m) **Impact of Geopolitical Developments:**

The Group considered the uncertainties relating to the geopolitical situation in Russia and Ukraine, in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Group considered internal and external sources of information upto the date of approval of these financial results. Based on its judgements, estimates and assumptions, including sensitivity analysis, the Group expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets.

The Group will continue to closely monitor any material changes to future economic conditions.

h.

Particulars	Gross Block					Accumulated Depreciation					Net Block	
	As at April 01, 2022	Additions	Disposals	Foreign currency translation reserve	As at March 31, 2023	As at April 01, 2022	Depreciation charge for the year	On disposals	Foreign currency translation reserve	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
	Freehold land	57.16	-	-	-	57.16	-	-	-	-	-	57.16
Factory buildings	21,612.78	633.31	-	-	22,246.09	7,363.35	675.70	-	-	8,039.05	14,207.04	14,249.43
Other buildings (note 1)	6,714.66	284.73	-	-	6,999.39	744.96	109.92	-	-	854.88	6,144.51	5,969.70
Plant and equipment	62,323.71	2,032.79	340.47	-	64,016.03	38,606.41	3,522.22	314.68	-	41,813.95	22,202.08	23,717.30
Furniture and fixtures	4,056.70	159.62	20.84	(9.63)	4,125.85	2,364.80	287.65	19.61	(9.02)	2,623.82	1,562.03	1,691.90
Vehicles	1,020.23	-	204.55	90.73	906.41	502.55	148.20	172.05	20.39	499.09	407.32	517.67
Office equipment	5,408.10	838.63	124.51	21.90	6,144.12	3,953.74	663.28	114.15	17.97	4,520.84	1,623.28	1,454.36
Air conditioners	8,142.65	299.26	65.42	-	8,376.49	3,853.01	440.31	52.44	-	4,240.89	4,135.61	4,289.64
<b>Total</b>	<b>1,09,335.99</b>	<b>4,248.34</b>	<b>755.79</b>	<b>103.00</b>	<b>1,12,931.54</b>	<b>57,388.82</b>	<b>5,847.28</b>	<b>672.93</b>	<b>29.34</b>	<b>62,592.51</b>	<b>50,339.03</b>	<b>51,947.17</b>

Particulars	Gross Block					Accumulated Depreciation					Net Block	
	As at April 01, 2021	Additions	Disposals	Foreign currency translation reserve	As at March 31, 2022	As at April 01, 2021	Depreciation charge for the year	On disposals	Foreign currency translation reserve	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
	Freehold land	57.16	-	-	-	57.16	-	-	-	-	-	57.16
Factory buildings	21,277.47	337.60	2.29	-	21,612.78	6,708.08	657.56	2.29	-	7,363.35	14,249.43	14,569.39
Other buildings (note 1)	5,682.05	1,032.61	-	-	6,714.66	643.20	101.76	-	-	744.96	5,969.70	5,038.85
Plant and equipment	60,210.89	3,387.87	1,275.05	-	62,323.71	36,138.59	3,726.63	1,258.81	-	38,606.41	23,717.30	24,072.30
Furniture and fixtures	3,975.14	104.17	25.40	2.79	4,056.70	2,099.58	289.49	28.94	4.67	2,364.80	1,691.90	1,875.56
Vehicles	953.78	282.85	188.96	(27.44)	1,020.23	576.15	119.31	178.47	(14.43)	502.55	517.67	377.63
Office equipment	4,918.98	629.10	135.33	(4.65)	5,408.10	3,482.54	604.46	129.70	(3.56)	3,953.74	1,454.36	1,436.44
Air conditioners	7,945.80	219.81	22.96	-	8,142.65	3,432.07	443.90	22.96	-	3,853.01	4,289.64	4,513.73
<b>Total</b>	<b>1,05,021.27</b>	<b>5,994.01</b>	<b>1,649.99</b>	<b>(29.30)</b>	<b>1,09,335.99</b>	<b>53,080.21</b>	<b>5,943.11</b>	<b>1,621.17</b>	<b>(13.32)</b>	<b>57,388.82</b>	<b>51,947.17</b>	<b>51,941.06</b>

5a. Right-of-Use Asset

Particulars	Gross Block					Accumulated Depreciation					Net Block	
	As at April 01, 2022	Additions	Disposals	Foreign currency translation reserve	As at March 31, 2023	As at April 01, 2022	Depreciation charge for the year	On disposals	Foreign currency translation reserve	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
	Right-of-use assets - Leasehold land (note 2)	650.45	-	-	-	650.45	99.31	1.51	-	-	100.82	549.63
Right-of-use assets - Other buildings (note 2)	3,596.61	320.03	27.73	(1.22)	3,887.69	803.90	882.58	27.73	(11.78)	1,646.97	2,240.72	2,792.71
Right-of-use assets - Other vehicles (note 2)	80.82	-	-	-	80.82	-	8.90	-	-	8.90	71.92	-
<b>Total</b>	<b>4,247.06</b>	<b>400.85</b>	<b>27.73</b>	<b>(1.22)</b>	<b>4,618.96</b>	<b>903.21</b>	<b>892.99</b>	<b>27.73</b>	<b>(11.78)</b>	<b>1,756.69</b>	<b>2,862.27</b>	<b>3,343.85</b>

Particulars	Gross Block					Accumulated Depreciation					Net Block	
	As at April 01, 2021	Additions	Disposals	Foreign currency translation reserve	As at March 31, 2022	As at April 01, 2021	Depreciation charge for the year	On disposals	Foreign currency translation reserve	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
	Right-of-use assets - Leasehold land (note 2)	1,358.95	-	708.50	-	650.45	129.93	7.65	38.27	-	99.31	551.14
Right-of-use assets - Other buildings (note 2)	1,840.93	3,082.30	1,355.90	29.28	3,596.61	602.19	761.98	593.21	32.94	803.90	2,792.71	1,238.74
<b>Total</b>	<b>3,199.88</b>	<b>3,082.30</b>	<b>2,064.40</b>	<b>29.28</b>	<b>4,247.06</b>	<b>732.12</b>	<b>769.63</b>	<b>631.48</b>	<b>32.94</b>	<b>903.21</b>	<b>3,343.85</b>	<b>2,467.76</b>

Note 1. Value of buildings includes a sum of ₹ 3,600/- being the cost of shares in the co-operative housing societies.

Note 2. Refer note 46.

Note 3. No depreciation has been provided on the assets to the extent of GST claimed.

5b. Goodwill

Goodwill on consolidation mainly represents the excess of cost of acquisition over the carrying value of the Group's share of the identifiable assets and liabilities of a step-down subsidiary (Biotech Laboratories (Pty) Ltd., South Africa).

Annual impairment testing for goodwill has been carried out by the management at March 31, 2023. The impairment testing was done using cash flow projections based on actual operating results and future expected performance. The growth rate is considered on the basis of the nature of the industry and the general growth in economic activity, being witnessed in the location/region where the entity operates, as appropriate.

## 6. Intangible assets

('₹ in lakhs)

Particulars	Gross Block				Accumulated Amortisation					Net Block		
	As at April 01, 2022	Additions	Disposals	Foreign currency translation reserve	As at March 31, 2023	As at April 01, 2022	Amortisation for the year	Deductions	Foreign currency translation reserve	As at March 31, 2023	As at March 31, 2023	As at March 31, 2022
Trademarks	64,627.48	+ 68,135.68	-	-	1,32,763.16	512.35	4,574.70	-	-	5,087.05	1,27,676.11	64,115.13
Marketing intangibles	-	250.00	-	-	250.00	-	59.59	-	-	59.59	190.41	-
Computer software	1,182.39	103.70	0.87	(3.23)	1,281.99	1,114.02	55.15	0.87	(1.77)	1,166.53	115.45	68.37
Product dossiers	2,481.31	901.10	-	(197.29)	3,185.12	2.31	10.98	-	-	13.29	3,171.84	2,479.00
Total	68,291.18	69,390.48	0.87	(200.52)	1,37,480.27	1,628.68	4,700.42	0.87	(1.77)	6,326.46	1,31,153.81	66,662.50

\* Related to acquisition of trademarks - Azmarda, Z&amp;D, Pedicloryl, Pecef, Ezinapi and Razel (refer note 43)

Particulars	Gross Block				Accumulated Amortisation					Net Block		
	As at April 01, 2021	Additions	Disposals	Foreign currency translation reserve	As at March 31, 2022	As at April 01, 2021	Amortisation for the year	Deductions	Foreign currency translation reserve	As at March 31, 2022	As at March 31, 2022	As at March 31, 2021
Trademarks	845.09	+ 63,782.45	-	-	64,627.48	3.66	508.69	-	-	512.35	64,115.13	841.37
Computer software	1,134.44	47.33	-	0.62	1,182.39	1,074.23	41.91	-	(2.12)	1,114.02	68.37	60.21
Product dossiers	2,308.84	91.93	-	80.44	2,481.31	-	2.65	-	(0.34)	2.31	2,479.00	2,308.94
Total	4,288.41	63,921.71	-	81.06	68,291.18	1,077.89	553.25	-	(2.46)	1,628.68	66,662.50	3,210.52

\* Related to acquisition of trademarks - Sporlac, Lobun, Pubergen, Nano-Leo and Gynogen (refer note 43)

## 6a. Capital Work-in-Progress

As on March 31, 2023

('₹ in lakhs)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	4,230.24	202.56	8.12	-	4,440.92

As on March 31, 2022

('₹ in lakhs)

Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	1,345.73	24.53	20.31	-	1,390.57

## 6b. Intangible Assets Under Development

('₹ in lakhs)

As at March 31, 2023	Amount in intangible assets under development for a period of		
	Particulars	Less than 1 year	1-2 years
Projects in progress	843.95	230.34	1,074.29
Total	843.95	230.34	1,074.29

('₹ in lakhs)

As at March 31, 2022	Amount in intangible assets under development for a period of		
	Particulars	Less than 1 year	1-2 years
Projects in progress	476.94	-	476.94
Total	476.94	-	476.94

## 7. Non-Current Financial Assets - Investments

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Investments in equity instruments (unquoted) (fully paid) (carried at fair value through profit or loss (FVTPL)) (fully paid)</b>		
3,866 (Previous year 3,866) Equity Shares of ₹ 10 each of BEIL Infrastructure Ltd.	32.42	26.45
612,032 (Previous year 612,032) Equity Shares of ₹ 10 each of Narmada Clean Tech.	124.40	113.64
20,000 (Previous year 20,000) Equity Shares of ₹ 10 each of Enviro Technology Ltd.	46.61	38.19
60,000 (Previous year 60,000) Equity Shares of ₹ 10 each of Panoli Enviro Technology Ltd.	42.74	33.74
50,000 (Previous year 50,000) Equity Shares of ₹ 10 each of Ankleshwar Research & Analytical Infrastructure Limited	4.22	3.85
2,000,000 (Previous year 2,000,000) Equity Shares of ₹ 10 each of Asian Heart Institute & Research Centre Pvt. Limited	1,128.02	1,056.34
<b>Total Non-current investments in equity instruments</b>	<b>1,378.41</b>	<b>1,272.21</b>
<b>Category-wise Non-current investments</b>		
Financial assets measured at fair value through profit or loss	1,378.41	1,272.21
<b>Total Non-current investments - Unquoted</b>	<b>1,378.41</b>	<b>1,272.21</b>

## 8. Non-Current Financial Assets - Loans

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, Considered Good (Carried at amortised cost)</b>		
Loans to employees	68.41	74.41
<b>Total</b>	<b>68.41</b>	<b>74.41</b>

## 9. Non-Current Financial Assets - Others

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, Considered Good, except otherwise stated (Carried at amortised cost)</b>		
Security deposits for leased premises	332.97	309.72
Fixed deposits having remaining maturity more than 12 months #	1,362.03	8.53
Other security deposits	165.61	163.74
	<b>1,860.61</b>	<b>481.99</b>
Other security deposits - credit impaired	75.65	75.65
Less: Allowance for credit loss	(75.65)	(75.65)
<b>Total</b>	<b>1,860.61</b>	<b>481.99</b>

#These fixed deposits are marked as lien with various government authorities/institutions/banks.

## 10. Current Tax Assets (net)

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Taxes paid	50,619.31	41,838.90
Less: Provision for taxes	47,947.21	39,669.56
<b>Total</b>	<b>2,672.10</b>	<b>2,169.34</b>

## 11. Other Non-Current Assets

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Unsecured, Considered Good</b>		
Capital advances	246.27	1,120.67
Prepaid expenses	88.75	95.39
Advance for gratuity (refer note 40)	1.95	-
<b>Total</b>	<b>336.97</b>	<b>1,216.06</b>

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12. Inventories

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(Lower of cost and net realisable value)</b>		
Raw materials (stock in transit ₹ 0.01 lakh, previous year ₹ 0.20 lakh)	16,602.19	15,236.77
Packing materials (stock in transit ₹ 0.15 lakh, previous year ₹ 0.27 lakh)	4,584.35	4,998.65
Work-in-progress	3,609.45	1,887.26
Finished goods (stock in transit ₹ 235.23 lakhs, previous year ₹ 357.81 lakhs)	12,569.96	13,523.43
Stock-in-trade	5,603.61	5,272.28
Stores and spares	78.87	77.72
<b>Total</b>	<b>43,048.43</b>	<b>40,996.11</b>

The write-down of inventories to net realisable value during the year amounted to ₹ 80.71 lakhs (previous year ₹ 18.93 lakhs). The write downs are included in changes in inventories of finished goods.

The cost of inventories recognised as an expenses during the year is disclosed in Notes 33A, 33B and 36, and as purchases of stock-in-trade in the Statement of Profit and Loss.

13. Current Financial Assets - Investments

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(Carried at fair value through profit and loss)</b>		
Investments in mutual funds - (quoted)	19,218.45	-
<b>Total</b>	<b>19,218.45</b>	<b>-</b>
Aggregate market value of quoted investments	19,218.45	-

14. Current Financial Assets - Trade Receivables

(Unsecured, Considered Good, unless otherwise stated)

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(Carried at amortised cost)</b>		
Considered Good	58,025.14	55,943.37
Less: Allowance for expected credit losses	445.13	374.69
	<b>57,580.01</b>	<b>55,568.68</b>
Credit impaired	12.25	12.52
Less: Allowance for expected credit losses	12.25	12.52
<b>Total</b>	<b>57,580.01</b>	<b>55,568.68</b>

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J. B. Chemicals and Pharmaceuticals Limited

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

March 2023

(₹ in lakhs)

Particulars	Not due	Outstanding for the following periods from the due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables - considered good	47,730.03	8,052.03	835.06	385.31	692.03	330.68	58,025.14
ii. Undisputed trade receivables - credit impaired	-	-	-	-	-	12.25	12.25
iii. Disputed trade receivables - considered good	-	-	-	-	-	-	-
iv. Disputed trade receivables - credit impaired	-	-	-	-	-	-	-

March 2022

(₹ in lakhs)

Particulars	Not due	Outstanding for the following periods from the due date of payment					Total
		Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
i. Undisputed trade receivables - considered good	38,350.60	14,025.05	1,151.54	1,956.20	446.55	13.43	55,943.37
ii. Undisputed trade receivables - credit impaired	-	-	-	-	-	12.52	12.52
iii. Disputed trade receivables - considered good	-	-	-	-	-	-	-
iv. Disputed trade receivables - credit impaired	-	-	-	-	-	-	-

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15. Current Financial Assets - Cash And Bank Balances

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Cash and cash equivalents</b>		
Balances with banks	4,998.34	3,990.34
Cheques on hand	-	5.11
Cash on hand	3.92	9.12
Remittance in transit ^	-	1,467.84
Fixed deposits (having original maturity of less than 3 months)@	2,691.18	182.00
	<b>7,693.44</b>	<b>5,654.41</b>
<b>Other bank balances</b>		
Unclaimed dividend a/cs *	187.84	198.38
<b>Total</b>	<b>7,881.28</b>	<b>5,852.79</b>

^ Remittance in transit from Biotech Laboratories Pty. Ltd., a step-down subsidiary.

\*The above balances are restricted for specific use. There are no amounts due and outstanding to be credited to the Investor Education and Protection Fund.

@ These fixed deposits are marked as lien with various government authorities/institutions/banks.

16. Current Financial Assets - Loans

(Unsecured, Considered Good)

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(Carried at amortised cost)</b>		
Loans to employees	137.35	130.36
<b>Total</b>	<b>137.35</b>	<b>130.36</b>

17. Current Financial Assets - Others

(Unsecured, Considered Good, unless otherwise stated)

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(Carried at amortised cost, except otherwise stated)</b>		
Accrued interest on deposits	39.20	3.59
Export incentive receivables	1,437.10	3,285.28
Claim receivables	95.00	92.57
Derivative designate as hedge - carried at fair value through profit or loss (refer note 48)	-	293.23
Tender deposits	63.22	45.18
Fixed deposits having remaining maturity less than 12 months	8.49	10.62
Other security deposits	8.57	148.08
Other receivables	473.40	120.86
Derivative designate as hedge - carried at fair value through OCI (refer note 48)	61.54	132.89
	<b>2,186.52</b>	<b>4,132.30</b>
Receivables for sale of land	239.47	239.47
Less: Allowance for credit impaired	239.47	39.47
	-	<b>200.00</b>
Tender deposits - credit impaired	6.45	6.45
Less: Allowance for credit impaired	6.45	6.45
	-	-
<b>Total</b>	<b>2,186.52</b>	<b>4,332.30</b>

18. Other Current Assets

Unsecured Considered Good

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Advances to suppliers	1,359.14	3,108.96
Prepaid expenses	1,670.45	1,204.03
Balances/Recoverables with/from government authorities		
Considered good	19,007.18	13,712.50
Considered doubtful	23.99	-
Less: Impairment loss allowances	(23.99)	-
Other receivables	714.49	410.43
<b>Total</b>	<b>22,751.26</b>	<b>18,435.92</b>

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**J. B. Chemicals and Pharmaceuticals Limited**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

**19. Equity share capital**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Authorised</b> 101,500,000 (Previous year 101,500,000) Equity Shares of ₹ 2/- each	2,030.00	2,030.00
<b>Issued, subscribed and fully paid-up</b> 77,377,584 (Previous year 77,282,097) Equity Shares of ₹ 2/- each	1,547.55	1,545.64
<b>Total</b>	<b>1,547.55</b>	<b>1,545.64</b>

**Reconciliation of the shares outstanding and amount of share capital**

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	₹ in lakhs	Number	₹ in lakhs
Number of shares outstanding at the beginning of the year	7,72,82,097	1,545.64	7,72,82,097	1,545.64
Add: Shares issued during the year on exercise of options under employee stock options	95,487	1.91	-	-
Number of shares outstanding at the end of the year	<b>7,73,77,584</b>	<b>1,547.55</b>	<b>7,72,82,097</b>	<b>1,545.64</b>

**Details of shares held by ultimate holding company and holding company**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Ultimate Holding Company</b> KKR Asian Fund III L.P.	-	-
<b>Holding Company</b> Tau Investment Holdings Pte. Ltd.	77,377,584	77,282,097

**Details of shareholders holding more than 5% shares**

Name of the Shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares	% of Holding	No. of Shares	% of Holding
Tau Investment Holdings Pte. Ltd. (Holding Company)	4,17,32,332	53.93	4,17,32,332	54.00

**Percentage computed with respect to numbers at the beginning of the year**

Shares held by the promoter	No. of shares	% of total shares	% change during the year
Tau Investment Holdings Pte. Ltd. (Holding Company)	4,17,32,332	53.93	(0.07)

Change in shareholding of Promoter/Promoter Group is on account of allotment of equity shares by the Company under its Employee Stock Option Scheme 2021.

**Terms and rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each holder of equity shares is entitled to one vote per share and carries identical right as to dividend. These shares are not subject to any restrictions. The Company declares and pays dividend in Indian Rupees. 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 of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by each of the shareholders.

**Aggregate number of bonus shares issued, shares issued for consideration other than cash during the period of five years immediately preceding the reporting date**

The Company has not issued any bonus shares, shares for consideration other than cash during the five years immediately preceding the reporting date.

**Buy-back of equity shares**

For the period of five years, immediately preceding the date as at which the Balance Sheet is prepared, the Company has bought back, in aggregate 7,537,878 (as at previous year 7,537,878) equity shares of ₹ 2 each.

**Equity shares reserved for issue under employee stock options schemes**

For number of stock options against which equity shares to be issued by the Company upon vesting and exercise of those stock options by the option holders as per the relevant schemes - refer note 45.

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**J. B. Chemicals & Pharmaceuticals Limited**

Notes to the Consolidated Financial Statements for the year ended March 31, 2023

**20. Other Equity**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Capital reserves (transferred from amalgamating company)</b>		
Investment allowance reserve (utilised)	34.86	34.86
Capital reserve	63.53	63.53
Share application money pending allotment	2.70	-
Capital reserve	(67.97)	4.21
Contingency reserve	2,020.00	2,020.00
Securities premium reserve	6,970.22	5,076.82
Capital redemption reserve	150.76	150.76
General reserve	13,042.57	13,042.57
Retained earnings *	2,12,508.14	1,84,270.69
Employee stock options reserve	12,159.40	6,265.35
Foreign currency translation reserve	(442.59)	838.42
Cash flow hedge reserve	46.05	99.45
<b>Total</b>	<b>2,46,487.67</b>	<b>2,11,866.66</b>

\* including re-measurement of defined benefits plans in the current year ₹ 13.16 lakhs (previous year ₹ 7.14 lakhs).

For movement from the beginning of the reporting period to the end of the reporting period, please refer "Consolidated Statement of Changes in Equity".

**Nature and Purpose of Reserves****A. Investment Allowance Reserve (utilised) and Capital Reserve (transferred from Amalgamating Company)**

This reserve was created on amalgamation of J. B. Chemicals and Pharmaceuticals P. Ltd. with this company w.e.f. April 1, 1984 (appointed date).

**B. Share Application Money Pending Allotment**

Share application money pending allotment means the amount received on the application (exercise of ESOP scheme) on which the allotment is not yet made.

**C. Capital Reserve**

Arose pursuant to forfeiture and reissue of shares.

**D. Contingency Reserve**

This reserve has been created out of retained earnings, as a matter of prudence, to take care of any unforeseen adverse contingencies.

**E. Securities Premium Reserve**

The amount received in excess of face value of the equity shares is recognised in Securities Premium. In the 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. This reserve is utilised in accordance with the provisions of the Companies Act, 2013.

**F. Capital Redemption Reserve**

Transferred from general reserve on account of buy-back of shares as per Section 69 of the Companies Act, 2013.

h.

**G. General Reserve**

The Company has transferred a portion of the net profit of the Company before declaring dividend to General Reserve, pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to General Reserve is not required under the Companies Act, 2013. The reserve can be distributed/utilised by the Company in accordance with the Companies Act, 2013.

**H. Retained Earnings**

Retained Earnings are the profits that the Company has earned till date, less any transfer to General Reserve, dividends or other distribution paid to shareholders.

**I. Employee Stock Options Reserve**

Employee Stock Options Reserve is used to record the share-based payments, expenses under various ESOS schemes as per SEBI regulations. The reserve is used for the settlement of ESOS (refer note 45).

**J. Foreign Currency Translation Reserve**

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e., ₹) are recognised directly in the other comprehensive income and accumulated in Foreign Currency Translation Reserve.

**K. Cash Flow Hedge Reserve**

For the forward contracts designated as cash flow hedges, the effective portion of the fair value of forward contracts are recognised in cash flow hedging reserve under other equity. Upon derecognition, amounts accumulated in other comprehensive income are taken to profit or loss at the same time as the related cash flow (refer note 48C).

h.

21. Non-Current Financial Liabilities- Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Secured:</b>		
Term loans from banks	38,322.03	-
<b>Total</b>	<b>38,322.03</b>	<b>-</b>

22. Non-Current Financial Liabilities - Lease

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liabilities (refer note 46B)	1,532.10	2,061.76
<b>Total</b>	<b>1,532.10</b>	<b>2,061.76</b>

23. Non-Current Liabilities - Provisions

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Provision for employee benefits</b>		
Gratuity	60.13	51.20
Compensated absences (refer note 40)	1,461.01	1,321.86
<b>Total</b>	<b>1,521.14</b>	<b>1,373.06</b>

23A. Deferred Tax Assets

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Brought forward losses	441.53	431.39
Others	209.49	211.71
<b>Total</b>	<b>651.02</b>	<b>643.10</b>

23B. Deferred Tax Liabilities (net)

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Deferred tax liabilities</b>		
Property, plant and equipment including intangible assets	11,304.01	5,957.46
Fair valuation of investments measured at FVTPL	73.05	-
Others	33.54	73.37
	<b>11,410.60</b>	<b>6,030.83</b>
<b>Deferred tax assets</b>		
Retirement benefits	519.73	712.50
Others	608.50	562.42
	<b>1,128.23</b>	<b>1,274.92</b>
<b>Deferred Tax Liabilities (net)</b>	<b>10,282.37</b>	<b>4,755.91</b>

24. Non-Current Liabilities - Others

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Deferred government grants	249.27	316.64
<b>Total</b>	<b>249.27</b>	<b>316.64</b>

Government grant has been received for the purpose of purchase of certain items of property, plant and equipment. The condition against which the grant is received is the export obligation to be fulfilled within certain specified period.

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**25. Current Financial Liabilities - Borrowings****(₹ in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Secured (Carried at amortised cost)</b>		
<b>Loans repayable on demand - from banks</b>		
Export packing credit in Rupees	-	2,000.00
Export packing credit in foreign currency #	671.00	631.50
Working capital demand loan *	2,130.80	-
	2,801.80	2,631.50
Term loans - Current maturities of long - term borrowings	13,700.00	-
<b>Total</b>	<b>16,501.80</b>	<b>2,631.50</b>

# Working capital borrowings from banks at an interest rate of 4.36%, and are secured by first pari passu charge on the inventories and trade receivables of the Company.

\* Working capital demand loan from bank at an interest rate of 10.00% and secured by the bank guarantee given on behalf of the Holding Company.

**Secured Working capital borrowing comprises of following:**

1) ₹ 671 lakhs borrowed by holding company is secured by first pari passu charge on inventories and trade receivables of the holding company.

**Collateral against the working capital borrowings**

**(₹ in lakhs)**

Particulars	As at March 31, 2023	As at March 31, 2022
Inventories	38,695.17	34,978.44
Trade receivables	52,357.74	51,804.80
<b>Total</b>	<b>91,052.91</b>	<b>86,783.24</b>

The quarterly returns or statements filed by the Company for working capital limits and term loan limits with banks are in agreement with the books of account of the Company.

2) ₹ 2,130.80 lakhs borrowed by OOO Unique Pharmaceutical Laboratories (Subsidiary Company) against bank guarantee provided by the Holding Company.

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## NOTES:

## LONG - TERM BORROWINGS

## (A) Long-term loans from banks (Secured)

(₹ in lakhs)

Term loans taken from banks for Brand Acquisition	Amount included in long-term borrowings	Amount included in Current Maturities of long-term borrowings	Collateral, interest rates, effective interest rates and maturity
Azmarda	12,335.84	10,000.00	The term loan from Axis Bank Ltd. is due for repayment from 26.07.22 to 26.04.25, along with a simple interest of 6.90% p.a. and effective interest rate of 7.15% p.a. The loan is secured by a charge over the Company's moveable Property, plant and equipment's and Azmarda Brand.
Z&D, Pedidoryl, Pecef and Ezinapi	4,192.10	1,200.00	The term loan from Axis Bank Ltd. is due for repayment from 16.10.22 to 16.07.27, with a simple interest of 8.10% p.a. (effective rate of interest 8.19%) for first 3 years, and thereafter will adjusted based on MCLR rates provided by the bank. The loan is secured by creating charge over the Company's moveable Property, plant and equipment's and Azmarda Brand as well as current brand acquired.
Razel	21,794.09	2,500.00	The term loan from Axis Bank Ltd. is due for repayment from 21.03.23 to 21.12.28, with a simple interest of 8.65% p.a. (effective rate of interest 8.78%) for first 3 years and thereafter will adjusted based on 1 year MCLR rates provided by bank. The loan is secured by a charge over Company's moveable Property, plant and equipment's and Azmarda Brand, Pediatric Brand and also Razel Brand.
<b>Total</b>	<b>38,322.03</b>	<b>13,700.00</b>	

## (B) Reconciliation of movements of liabilities to cash flows arising from financing activities

(₹ In lakhs)

Particulars	Working capital demand loan	Short-term borrowings	Long-term borrowings	Total
Balance at April 1, 2021	-	2,643.28	-	2,643.28
Proceeds from borrowings	-	6,288.83	-	6,288.83
Repayment of borrowings	-	(6,301.95)	-	(6,301.95)
Foreign exchange loss/(gain)	-	1.34	-	1.34
Balance at March 31, 2022	-	2,631.50	-	2,631.50
Proceeds from borrowings	2,569.02	4,480.66	60,862.68	67,912.36
Repayment of borrowings	(108.12)	(6,481.07)	(8,725.00)	(15,314.19)
Current portion reclassification to short - term borrowings	-	13,700.00	(13,700.00)	-
Foreign exchange loss/(gain)	(330.10)	39.91	-	(290.19)
Amortisation/EIR adjustment of prepaid borrowing costs (net)	-	-	(115.65)	(115.65)
Balance at March 31, 2023	2,130.80	14,371.00	38,322.03	54,823.83

## 25A. Current Financial Liabilities - Lease

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Lease liabilities (refer note 46B)	888.69	762.62
<b>Total</b>	<b>888.69</b>	<b>762.62</b>

## 26. Current Financial Liabilities - Trade payables

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>(Carried at amortised cost, except otherwise stated)</b>		
Total outstanding dues of micro enterprises and small enterprises	2,153.40	2,063.86
Total outstanding dues of creditors other than micro enterprises and small enterprises	21,711.36	20,384.11
<b>Total</b>	<b>23,864.76</b>	<b>22,447.97</b>

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year, which are unpaid. The amounts are unsecured, and are usually paid within 0-90 days of recognition based on the credit terms. Trade and other payables are presented as current liabilities, unless payment is not due within 12 months after the reporting period.

## Transactions with struck - off Companies

The following table summarises the transactions with the companies struck off under Section 248 of the Companies Act, 2013 as at March 31, 2023:

(₹ in lakhs)

Name of the struck - off company	Nature of transactions with struck - off company	Amount of transactions	Balance outstanding	Relationship with the struck - off company
Maize Products Limited (Unlisted)	Material Purchase	6.21	-	External Vendor

h.

**J. B. Chemicals & Pharmaceuticals Limited**

**Notes to the Consolidated Financial Statements for the year Ended March 31, 2023**

**March 2023**

**(₹ in lakhs)**

Particulars	Not due	Outstanding for the following periods from the due date of payment			Total
		Less than 1 year	1-3 year	More than 3 year	
i. MSME*	2,130.84	22.56	-	-	2,153.40
ii. Others	16,475.50	5,159.37	73.24	3.25	21,711.36
iii. Disputed dues - MSME	-	-	-	-	-
iv. Disputed dues - Others	-	-	-	-	-

**March 2022**

**(₹ in lakhs)**

Particulars	Not due	Outstanding for the following periods from the due date of payment			Total
		Less than 1 year	1-3 years	More than 3 years	
i. MSME*	2,063.86	-	-	-	2,063.86
ii. Others	17,259.72	2,647.44	258.01	218.94	20,384.11
iii. Disputed dues - MSME	-	-	-	-	-
iv. Disputed dues - Others	-	-	-	-	-

*h.*

**J. B. Chemicals & Pharmaceuticals Limited****Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

\*The details of amount outstanding to micro enterprise and small enterprise based on available information with the Company are as under:

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal	2,090.80	2,003.27
Interest due thereon	62.60	60.59
b) The amount of interest paid by the buyer in terms of Section 16 of Micro, Small and Medium Enterprise Development Act, 2006	-	-
c) The amount of payment made to supplier beyond the appointed day during the accounting year	95.93	2.18
d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding interest specified under the Micro, Small and Medium Enterprise Development Act, 2006	2.01	0.03
e) The amount of interest accrued and remaining unpaid at the end of each accounting year	62.60	60.59
f) The amount of further interest remaining due and payable even in succeeding years, until such date when interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under Section 23 of Micro, Small and Medium Enterprise Development Act, 2006	62.60	60.59

The above information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. The delayed payment has been computed having regard to specified credit period for 45 days under Micro, Small and Medium Enterprise Development Act, 2006.

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**27. Current Financial Liabilities - Others**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Interest accrued and due on borrowings	2.60	0.56
Unclaimed dividends*	187.84	198.38
Creditors for capital expenditure	431.82	351.73
Derivative designated as hedge	27.51	-
Other payables (mainly, payable to employees)	6,084.10	4,572.13
Deposits	345.35	761.25
<b>Total</b>	<b>7,079.22</b>	<b>5,884.05</b>

\*There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

**28. Other Current Liabilities**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Advances from customers	1,209.13	431.52
Deferred government grants	118.30	170.64
Statutory dues	1,037.62	882.01
<b>Total</b>	<b>2,365.05</b>	<b>1,484.17</b>

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## 29. Current Liabilities - Provisions

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Gratuity (refer note 40b)	-	928.49
Compensated absences (refer note 40d)	721.24	663.22
Expected sales returns	3,528.81	2,960.09
<b>Total</b>	<b>4,250.05</b>	<b>4,551.80</b>

## 30. Current Tax Liabilities (net)

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Provision for taxes	7,620.59	7,754.21
Less: Taxes paid	7,125.23	7,144.76
<b>Total</b>	<b>495.36</b>	<b>609.45</b>

## A. The components of income tax expenses are as under

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>i. Income tax recognized in the Statement of Profit and Loss</b>		
<b>Current tax:</b>		
On profits for the year	8,931.02	12,815.34
Adjustments in respect of prior years	-	(0.01)
<b>Deferred tax:</b>		
Charge/(Credit)	5,591.71	(929.02)
<b>Total income tax recognised in the Statement of Profit and Loss</b>	<b>14,522.73</b>	<b>11,886.31</b>
<b>ii. Income tax recognised in other comprehensive income</b>		
<b>Deferred tax :</b>		
On re-measurement of the defined benefits plan	(4.44)	(2.40)
On gain of cash flow hedge reserve	17.95	(33.44)
<b>Total income tax recognised in other comprehensive income</b>	<b>13.51</b>	<b>(35.84)</b>

## B. Reconciliation of tax expenses and the accounting profit is under

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Accounting profit before tax</b>	<b>55,523.26</b>	<b>50,490.20</b>
Enacted tax rate in India (%)	25.17	25.17
<b>Expected income tax expenses</b>	<b>13,974.09</b>	<b>12,707.37</b>
<b>Tax effect of:</b>		
-Expenses not deductible	629.43	435.77
-Income chargeable at different tax rate and on which indexation benefit is availed	-	(1,990.55)
-Others	(38.16)	767.73
-Differential tax rate in subsidiary companies	(42.63)	(34.00)
<b>Tax expenses</b>	<b>14,522.73</b>	<b>11,886.32</b>
-Adjustments recognised in the current year in relation to the current tax of earlier years	-	(0.01)
<b>Tax expenses recognised in the Statement of Profit and Loss</b>	<b>14,522.73</b>	<b>11,886.31</b>

## 31. Revenue From Operations

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Sales of products and services :</b>		
Sale of pharmaceuticals products	3,11,372.01	2,38,411.35
Product development services	278.55	365.89
Realised exchange differences on sale of products and services	440.50	984.32
	3,12,091.06	2,39,761.56
<b>Other operating revenues :</b>		
Export incentives	997.17	848.33
Sale of scrap	288.40	347.29
Government grants #	155.41	171.98
Insurance claims	53.90	144.82
Miscellaneous income	1,342.34	1,150.40
	2,837.22	2,662.82
<b>Total</b>	<b>3,14,928.28</b>	<b>2,42,424.38</b>

# Government grants pertain to subsidy on property, plant and equipment of manufacturing set-up. There are no unfulfilled conditions or contingencies attached to these grants.

## Ind AS 115 Disclosure

## (i) Disaggregation of revenue

The Company's revenue disaggregated by business unit is as follows:

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Domestic formulation	1,63,964.59	1,18,827.79
Export formulation	1,01,026.29	89,249.13
Contract manufacturing	40,578.20	25,270.95
Active pharmaceutical ingredients	9,359.20	9,076.51
<b>Total</b>	<b>3,14,928.28</b>	<b>2,42,424.38</b>

## (ii) Information about major customers

One external customer represents 10% or more of the Company's total revenue for the year ended March 31, 2022:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Thing Pharma-Cro Pvt. Ltd.	24,672.81	21,475.91

## (iii) Reconciliation of revenue from sale of products and services with the contracted price

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Contracted price	3,26,945.14	2,48,819.26
Less: Trade discounts, sales and expiry returns	(12,016.86)	(6,394.88)
<b>Sale of products and services</b>	<b>3,14,928.28</b>	<b>2,42,424.38</b>

## 32. Other Income

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Interest income on financial instruments measured at amortised cost</b>		
Fixed deposits	97.24	27.78
Others	156.38	65.65
Dividend from current investments	0.30	0.50
<b>Net gain on financial assets measured at FVTPL</b>		
Net gain on sale of investments	399.77	3,522.97
Fair value gain/(loss) on investments measured at FVTPL	290.21	(18.67)
Profit on sale of property, plant and equipment (net)	0.72	240.49
Liabilities no longer required written back	12.81	39.81
Miscellaneous income	36.58	44.10
<b>Total</b>	<b>994.01</b>	<b>3,922.63</b>

## 33A. Cost of Materials Consumed

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Raw materials and packing materials</b>		
Opening inventories	20,235.42	15,765.06
Purchases	79,349.20	64,692.00
	99,584.62	80,457.06
Less: Closing inventories	21,186.54	20,235.42
<b>Total</b>	<b>78,398.08</b>	<b>60,221.64</b>

**33B. Changes in Inventories of Finished Goods, Work-In-Progress and Stock-in-Trade**

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Inventories at the beginning</b>		
Work-in-progress	1,887.26	2,413.77
Finished goods	13,523.43	14,786.81
Stock-in-trade	5,272.28	1,737.70
	20,682.97	18,938.28
<b>Less: Inventories at the end</b>		
Work-in-progress	3,609.45	1,887.26
Finished goods	12,569.96	13,523.43
Stock-in-trade	5,603.61	5,272.28
	21,783.02	20,682.97
<b>(Increase)</b>	<b>(1,100.05)</b>	<b>(1,744.69)</b>

**34. Employee Benefits Expenses**

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Salaries and other benefits	44,114.11	34,759.95
Contribution to provident fund and other funds	2,293.12	1,910.67
Share - based payment expenses (refer note 45) *	6,937.34	6,265.52
Gratuity expenses (refer note 40)	443.81	428.76
Staff welfare expenses	556.72	559.32
<b>Total</b>	<b>54,345.10</b>	<b>43,924.22</b>

\* Share-based payment expenses include charges in the current year of ₹ 247.18 lakhs on account of employees of Subsidiaries. (Previous year ₹ 172.44 lakhs) (refer note 45)

**35. Finance costs**

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
<b>Interest expenses</b>		
Interest on secured loans	2,850.73	102.22
Lease liabilities	201.01	162.38
Security deposits	40.88	21.83
Others	384.15	122.06
<b>Other borrowing costs</b>		
Net interest on defined benefits obligation	64.07	70.04
Loan processing charges	37.02	10.50
Guarantee charges	27.45	23.02
<b>Total</b>	<b>3,605.31</b>	<b>512.05</b>

**36. Other expenses**

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Processing charges	1,090.48	1,477.21
Consumption of stores and spares	546.49	533.59
Power and fuel	9,154.39	7,147.29
Lease rent (refer note 46C)	295.08	134.03
Rates and taxes	471.22	83.15
Insurance	805.78	846.48
Freight and transport charges	10,454.01	9,630.63
Repairs and maintenance		
Buildings	310.48	181.91
Plant and equipment	1,670.97	1,577.41
Others	825.60	492.58
Sales promotion and publicity expenses	18,077.78	12,495.87
Commission on sales	5,318.00	3,684.38
Travelling and conveyance	6,333.53	3,919.71
Labour hire charges	2,977.15	2,563.07
Laboratory expenses	3,193.28	2,910.70
Professional and legal fees	2,786.84	4,834.16
Directors' fees	230.00	140.00
Royalty	22.60	33.24
Payment to statutory auditors (excluding GST) :		
Audit fees	78.00	78.00
Other services	7.31	7.80
Reimbursement of expenses	1.25	2.57
Corporate social responsibility expenditure (CSR) (refer note 47)	819.36	695.09
Donations	34.84	2.61
Net (gain)/loss on foreign currency transactions and translation	1,108.72	380.07
Allowance for credit losses (net) (including credit impaired) (refer notes 14,17 and 18)	354.70	(66.04)
Miscellaneous expenses <sup>^</sup>	7,219.90	6,075.63
<b>Total</b>	<b>74,187.76</b>	<b>59,861.14</b>

<sup>^</sup> expenses below 1% of revenue from operation are aggregated in accordance with Schedule III of the Companies Act, 2013.

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## J. B. Chemicals & Pharmaceuticals Limited.

### Notes to the Consolidated Financial Statements for the year ended March 31, 2023

#### 37. A. Commitments and Contingencies:

##### Commitments

- Capital Commitments:

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Estimated amount of contracts remaining to be executed on capital account and not provided (net of advances)	4,055.96	1,493.75

- Other Commitments:

The Holding Company has imported capital goods including spares under the Export Promotion Capital Goods Scheme (EPCG) utilising the benefit of zero rate or concessional rate of Customs duty. These benefits are subject to the fulfilment of certain export obligation within the stipulated period of time under the EPCG Scheme. Such export obligation remaining to be fulfilled at the year-end is as follows:

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Export obligation under EPCG Scheme	356.23	405.85

##### Contingencies

- Claim against the Holding Company not acknowledged as debts include claim relating to pricing, commission, etc.
- It is not practicable for the Group to estimate the timing of cash outflow, if any, in respect of the Group pending resolution of the respective proceedings as it is determined only on receipt of judgements/decisions pending with various forum/authorities.
- The Group pending litigations comprise of proceedings pending with various direct tax, indirect tax and other authorities. The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial statements.
- Pharmaceutical Division of Unique Pharmaceutical Laboratories Ltd. (UPLL), which was acquired by the Holding Company on a going concern basis, had received demand notices from Department of Chemicals & Fertilizers, Govt. of India, New Delhi demanding a sum of ₹461.47 lakhs in respect of the Bulk Drug Metronidazole and a further sum of ₹591.05 lakhs in respect of the Bulk Drug Oxyphenbutazone. These amounts were claimed on hypothetical basis in 1996, under para 7(2) of DPCO 79 read with para 14 of DPCO 87 and para 12 of DPCO 95, long after repeal of DPCO 79 and DPCO 87 and gains allegedly notionally made by it by procuring the Bulk Drugs at alleged lower cost. The Holding Company has filed Writ Petitions bearing No 446 of 2008 in respect of demand for Oxyphenbutazone and Writ Petition No. 2623 of 2007 in respect of demand for Metronidazole in Bombay High Court. These Writ Petitions have been admitted and the Hon. High Court has restrained the Government from adopting coercive steps to recover the amount till the disposal of the Writ Petition on the Holding Company furnishing security as per the Orders. The Holding Company has already furnished the Bank Guarantee of ₹402.35 lakhs as Security. As per the legal advice received by the Holding Company, there is no liability and, accordingly no provision is being made in the consolidated financial statements for these claims and demands.

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

- Details of contingent liabilities are as under:

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
• Central Excise, Service tax & GST demands/show causes (against which the company has made pre-deposit of ₹ 5.84 lakhs, Previous year ₹ 6.24 lakhs)	447.85	493.31
• Income Tax (against which the company has made pre-deposit of ₹7.63 lakhs, Previous year ₹7.63 lakhs)	2,370.95	2,204.93
• Sales Tax (against which the company has made pre-deposit of ₹ 0.43 lakhs, Previous year ₹0.43 lakhs)	4.22	4.22

The Company does not expect the outcome of the matters stated above to have a material adverse impact on the Group's financial condition, results of operations or cash flows.

Future cash outflows in respect of the above matters are dependent on outcome of certain event and/or decisions of the relevant authorities for the matters under dispute.

- The Group does not expect any reimbursements in respect of the above contingent liabilities.

**37.B. Outstanding Letter of Credit and Guarantees:**

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Letters of Credit by the banks	1,688.49	854.08
Guarantees issued by banks on behalf of the Holding Company	5,961.90	1,356.84

**37.C. Research and Development Expenditure:**

The aggregate amount of revenue expenditure incurred during the year on Research & Development and shown in the respective heads of account is ₹ 3,558.30 lakhs (Previous year ₹ 3,048.09 lakhs).

**38. Disclosure pursuant to Ind AS 112 "Disclosure of interest in other entities": Subsidiaries****Change in the Group's ownership interest in a subsidiary**

During the year, the Group has acquired 100% stake in Biotech Laboratories (PTY) Ltd. (Through Unique Pharmaceutical Laboratories FZE) by acquiring remaining 4.76% stake of NCI on May 31, 2022.

**On account of acquisition of NCI stake:**

Name of company	(₹ in lakhs)		
	2022-23		
	NCI Share (%)	Payment made	Fair value of the NCI acquired
Biotech Laboratories (PTY) Ltd.(Through Unique Pharmaceutical Laboratories FZE)	4.76%	557.98	(485.80)

**Calculation of Capital reserve**

Particulars	(₹ in lakhs)
Fair value of the NCI acquired (A)	485.80
Less: Purchase consideration (B)	557.98
<b>Capital Reserve (A)-(B)</b>	<b>(72.18)</b>

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Consolidated Financial Statements for the year ended March 31, 2023****39. Acquisition of Trademarks:**

The Holding Company has acquired the following trademarks. The said acquisitions are recognised as intangible assets.

Particulars	(₹ in lakhs)	
	2022-23	2021-22
<b>Specified Intangibles Assets (trademarks including stamp duty)</b>		
Sporlac, Lobun, Pubergen, Nano-Leo and Gynogen	-	63,782.45
Azmarda	25,370.98	-
Z&D, Pedicloryl, Pecef and Ezinapi	10,389.22	-
Razel	32,375.48	-
<b>Total</b>	<b>68,135.68</b>	<b>63,782.45</b>

The Holding Company has recorded the above acquired assets as intangible assets under Ind AS 38 "Intangible Assets" on the assessment that fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar identifiable assets, which is controlled by the Company and future economic benefits are probable.

**40. Employee Benefits:****a. Defined Contribution Plans:**

Contribution to defined contribution plan, recognised as expense for the year is as under:

Particulars	(₹ in lakhs)	
	2022-23	2021-22
Employer's Contribution to Provident Fund and Family Pension Fund	2,013.89	1,644.19
Employer's Contribution to Superannuation Fund	28.17	38.75
Employer's Contribution to various Insurance Schemes	122.95	118.81
Employer's Contribution under various Government Schemes	128.11	108.92

**b. Defined Benefits Plan- Gratuity – Holding Company:**

Gratuity is payable to all eligible employees of the Holding Company on retirement, death, permanent disablement and resignation in terms of the provision of the Payment of Gratuity Act, 1972. The benefits would be paid at the time of separation.

**i. Changes in Present Value of Defined Benefits Obligation during the Year:**

Particulars	(₹ in lakhs)	
	2022-23	2021-22
<b>Present value of Defined Benefits Obligation at the beginning of the year</b>	<b>5,289.29</b>	<b>5,198.98</b>
Interest Cost	364.96	329.10
Current Service Cost	439.38	427.95
Benefits paid from the Fund	(534.84)	(635.02)
Actuarial (Gains)/Losses on Obligations - Due to Change in Demographic Assumptions	-	2.13
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(123.58)	(377.81)
Actuarial (Gains)/Losses on Obligations - Due to Experience	78.09	343.96
<b>Present value of Defined Benefits Obligation at the end of the year</b>	<b>5,513.30</b>	<b>5,289.29</b>

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

**ii. Changes in Fair Value of Plan Assets during the Year:**

(₹ in lakhs)

Particulars	2022-23	2021-22
<b>Fair Value of Plan Assets at the Beginning of the year</b>	<b>4,360.80</b>	<b>4,092.53</b>
Interest Income	300.89	259.06
Contributions by the Employer	1,416.29	666.40
Benefit paid from the Fund	(534.84)	(635.02)
Return on Plan Assets, excluding Interest Income	(27.89)	(22.17)
<b>Fair Value of Plan Assets at the end of the year</b>	<b>5,515.25</b>	<b>4,360.80</b>

**iii. Net (Asset)/Liability Recognised in the Balance Sheet:**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Present Value of Benefit Obligation at the end of the year</b>	<b>5,513.30</b>	<b>5,289.29</b>
Fair Value of Plan Assets at the end of the year	(5,515.25)	(4,360.80)
<b>Net (asset)/liability recognised in the Balance Sheet</b>	<b>(1.95)</b>	<b>928.49</b>
Net liabilities current (refer note no. 29)	-	928.49
Net (assets) non-current (refer note no. 11)	(1.95)	-

**iv. Expenses Recognised in the Statement of Profit and Loss for the Year:**

(₹ in lakhs)

Particulars	2022-23	2021-22
Current Service Cost	439.38	427.95
Net Interest	64.07	70.04
Expenses recognised	503.45	497.99

**v. Expenses Recognised in Other Comprehensive Income for the Year:**

(₹ in lakhs)

Particulars	2022-23	2021-22
Actuarial Losses on Obligations - Due to Change in Demographic Assumptions	-	2.13
Actuarial (Gains)/Losses on Obligations - Due to Change in Financial Assumptions	(123.58)	(377.81)
Actuarial (Gains)/Losses on Obligations - Due to Experience	78.09	343.96
Return on Plan Assets, Excluding Interest Income	27.89	22.17
<b>Net (Income)/Expense for the Period Recognised in OCI</b>	<b>(17.60)</b>	<b>(9.54)</b>

**vi. Principal Actuarial Assumptions Used:**

Particulars	2022-23	2021-22
Expected Return on Plan Assets	7.41%	6.90%
Rate of Discounting	7.41%	6.90%
Rate of Salary Increase	-9.00% p.a. for the next 3 years -7.00% p.a. thereafter, starting from the 4 <sup>th</sup> year	-9.00% p.a. for the next 3 years -7.00% p.a. thereafter, starting from the 4 <sup>th</sup> year
Rate of Employee Turnover		
- For service 2 years and below	35.00%	35.00%
- For service 3 years to 4 years	20.00%	20.00%
- For service 5 years and above	5.00%	5.00%
Mortality Rate during employment	Indian Assured Lives Mortality 2012-14 (Urban)	Indian Assured Lives Mortality(2006-08)

vii. **Maturity profile of Defined Benefits Obligation :**

Particulars	₹ in lakhs)	
	2022-23	2021-22
Within 1 year	751.77	788.51
1-2 Years	417.48	379.72
2-3 Years	430.67	504.12
3-4 Years	525.36	387.63
4-5 Years	550.96	520.97
5-10 Years	2,370.50	2,162.46
11 years and above	5,722.84	5,066.41

viii. **Sensitivity Analysis for Significant Assumptions is as below:**

Particulars	₹ In lakhs)	
	As at March 31, 2023	As at March 31, 2022
Projected Benefits Obligation on Current Assumptions	5,513.30	5,289.29
Delta Effect of +1% Change in Rate of Discounting	(355.30)	(340.93)
Delta Effect of -1% Change in Rate of Discounting	407.11	391.64
Delta Effect of +1% Change in Rate of Salary Increase	402.30	385.07
Delta Effect of -1% Change in Rate of Salary Increase	(357.62)	(341.67)
Delta Effect of +1% Change in Rate of Employee Turnover	(0.31)	(14.68)
Delta Effect of -1% Change in Rate of Employee Turnover	1.93	15.21

The sensitivity analysis above has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

The sensitivity analysis presented above may not be representative of the actual change in the defined benefits obligation as it is unlikely that the changes in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

The method used for deriving sensitivity information and significant assumptions made did not change from the previous period.

ix. **Investment Details:**

The Holding Company made annual contribution to the LIC of an amount advised by the LIC. The Holding Company was not informed by LIC of the investments made or the break-down of the plan assets by investment type.

The Holding Company expects to make a contribution of ₹480.96 lakhs (March 31, 2022: ₹ 1,147.67 lakhs) to the defined benefits plans during the next financial year.

x. **Risk Exposure:**

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

**Interest Rate Risk** — The defined benefits obligation calculated uses a discount rate based on Government bonds. If bond yields fall, the defined benefit obligation will tend to increase.

**Salary Inflation Risk** — Higher than expected increase in salary will increase the defined benefits obligation.

**Longevity Risk** — The present value of the defined benefits 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.

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

**Investment Return Risk** — Lower the expected investment return, higher will be the defined benefits obligation.

**c. Defined Benefits Plan- Staff End-of-Service Benefits– Unique Pharmaceutical Laboratories FZE**

The Company made provision for the year of ₹ 4.43 lakh (Previous year ₹ 0.81 lakh) in respect of staff end-of-service benefits and accumulated liability in respect of staff end-of-service benefits is ₹ 4.54 lakh (Previous year ₹ 0.83 lakh) as of March 31, 2023 assuming that all the employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on actuarial basis, as salary inflation and discount rate are likely to have approximately equal and opposite effect.

**d. Compensated Absences:**

The Holding Company's employees are entitled for compensated absences, which are allowed to be accumulated and encashed as per the Company's rule. The liability of compensated absences, which is non-funded, has been provided based on report of independent actuary using "Projected Unit Credit Method". Accordingly, the Holding company has made provision for compensated absences for the year of ₹ 511.03 lakhs (Previous Year ₹382.01 lakhs) and accumulated liability is ₹ 1,766.38 lakhs as of March 31, 2023 (Previous Year ₹1,562.25 lakhs).

In respect of subsidiary companies, employees are entitled for compensated absences, which are allowed to be accumulated and encashed as per the respective Company's rule. The liability of compensated absences has been provided on undiscounted basis. Accordingly, these subsidiary companies have made provision for compensated absences for the year ₹ 208.67 lakhs (Previous Year ₹339.46 lakhs) and accumulated liability is ₹ 415.86 lakhs (Previous Year ₹ 422.83 lakhs) as of March 31, 2023.

Particulars	(₹ in lakhs)	
	2022-23	2021-22
Current	721.24	663.22
Non-current	1,461.01	1,321.86
<b>Total</b>	<b>2,182.25</b>	<b>1,985.08</b>

**41. Segment Reporting:****a) Operating Segment:**

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the decision maker's at respective entity level in assessing the performance and deciding on allocation of resources. The Group, accordingly has only one reportable business segment, i.e., 'Pharmaceuticals'.

**b) Geographical Segment:**

The geographic information analyses the Group's revenues and non-current assets by the Holding Company's country of domicile and other countries. In presenting geographic information, segment revenue has been based on the location of the customers, and segment assets are based on geographical location of assets.

Particulars	(₹ in lakhs)	
	2022-23	2021-22
<b>a) Revenue from External Customers</b>		
In India	163,964.59	118,817.79
Outside India	150,963.69	123,596.59
<b>b) Non-current Assets</b>		
In India	1,93,887.91	125,278.76
Outside India	8,044.83	7,332.86
<b>c) Information about major customers</b>		
Consolidated Revenue – exceeding 10% from each single external customer.	24,672.81	21,475.91
Name : THINQ PHARMA-CRO PVT. LTD.		

**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

**42. Deferred Tax:**

The major components of deferred tax liabilities and assets arising on account of timing differences are as follows:

**As at March 31, 2023**

Particulars	(₹ in lakhs)				
	As at April 1, 2022	Recognised in profit or loss	Recognised in other comprehensive income	FCTR	As at March 31, 2023
Tax effect of items constituting deferred tax liabilities					
i. Property, plant and equipment including intangible assets	5,957.46	5,346.55	-	-	11,304.01
ii. Investments measured at FVTPL	-	73.05	-	-	73.05
iii. Others	73.36	(44.26)	4.44	-	33.54
	<b>6,030.82</b>	<b>5,375.34</b>	<b>4.44</b>	<b>-</b>	<b>11,410.60</b>
Tax effect of items constituting deferred tax assets					
i. Employee benefits	712.51	(192.78)	-	-	519.73
ii. Brought forward loss	431.39	-	-	10.14	441.53
iii. Others	774.12	(23.60)	17.95	49.52	817.99
	<b>1,918.02</b>	<b>(216.38)</b>	<b>17.95</b>	<b>59.66</b>	<b>1,779.25</b>
Net deferred tax liability	<b>4,112.80</b>	<b>5,591.72</b>	<b>(13.51)</b>	<b>(59.66)</b>	<b>9,631.35</b>

**As at March 31, 2022**

Particulars	(₹ in lakhs)				
	As at April 1, 2021	Recognised in profit or loss	Recognised in other comprehensive income	FCTR	As at March 31, 2022
Tax effect of items constituting deferred tax liabilities					
i. Property, plant and equipment including intangible assets	3,796.80	2,160.66	-	-	5,957.46
ii. Investments measured at FVTPL	3,415.79	(3,415.79)	-	-	-
iii. Others	-	39.93	33.44	-	173.37
	<b>7,212.59</b>	<b>(1,215.20)</b>	<b>33.44</b>	<b>-</b>	<b>6,030.83</b>
Tax effect of items constituting deferred tax assets					
i. Employee benefits	629.80	85.10	(2.40)	-	712.50
ii. Brought forward loss	510.16	(78.77)	-	-	431.39
iii. Others	1,090.27	(292.50)	-	(23.64)	774.13
	<b>2,230.23</b>	<b>(286.17)</b>	<b>(2.40)</b>	<b>(23.64)</b>	<b>1,918.02</b>
Net deferred tax liability	<b>4,982.36</b>	<b>(929.01)</b>	<b>35.84</b>	<b>23.64</b>	<b>4,112.81</b>

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## **J. B. Chemicals & Pharmaceuticals Limited.**

### **Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

No deferred tax liability is recognised on temporary differences relating to the unremitted earnings of overseas subsidiaries as the Group is able to control the timings of the reversal of these temporary differences, and it is probable that they will not reverse in the foreseeable future.

#### **43. Related Party Disclosures:**

Information on related party transaction as required by Ind AS-24: Related Party Disclosure is given below:

##### **Names and Relationships of the Related Parties:**

###### **I Ultimate Holding Company**

KKR Asian Fund III L.P.

###### **II Holding Company**

Tau Investment Holdings Pte. Ltd.

###### **III Key Management Personnel (KMP)**

- a. Mr. Nikhil Chopra (Chief Executive Officer & Whole-time Director)
- b. Mr. Lakshay Kataria (from October 04, 2021) (Chief Financial Officer)
- c. Mr. Vijay Bhatt (upto August 31, 2021) (Chief Financial Officer)
- d. Mr. Sandeep Phadnis (from July 15, 2021) (Company Secretary)
- e. Mr. Mayur Mehta (upto July 14, 2021) (Company Secretary)

###### **IV Non-executive Directors**

- a. Mr. Ranjit Shahani (Non-Executive Director-Independent, Chairman)
- b. Ms. Padmini Khare Kaciker (Non-Executive Director-Independent)
- c. Mr. Sumit Bose (Non-Executive Director-Independent)
- d. Mr. Gaurav Trehan (Non-Executive Director)
- e. Mr. Prashant Kumar (Non-Executive Director)
- f. Mr. Sanjay Nayar (upto January 25, 2022) (Non-Executive Director)
- g. Ms. Ananya Tripathi (upto March 11, 2022) (Non-Executive Director)

h.

Following transactions were carried out with related parties:

			(₹ in lakhs)	
	Name of Related Party	Nature of Transaction	2022-23	2021-22
(I)	<b>Holding Company</b>			
	Tau Investment Holdings Pte. Ltd.	Dividend Paid	6,885.83	6,885.83
(II)	<b>Key Management Personnel:</b>	<b>Remuneration:</b>		
		Short-term employee benefits	931.66	967.64
		Post-employment benefits	50.99	44.43
		Share based perquisites value	541.81	-
		Other long-term benefits#	-	57.46
(III)	<b>Key Management Personnel:</b>	Share option exercise price received	385.15	-
(IV)	<b>Remuneration to Non-Executive and Independent Director</b>	Sitting Fees	57.00	79.00
		Commission	173.00	61.00

# Gratuity and leave encashment provisions determined on basis of actuarial valuation on an overall Company basis have not been considered in the above information. Further expenses pertaining to ESOP plan are not included above. 1,697,234 number of share options have been granted during the previous year to the KMPs.

**Note:** Figures are inclusive of GST wherever applicable.

#### 44. Earnings Per Share:

Particulars	2022-23	2021-22
Net Profit attributable to Equity Shareholders (₹ in lakhs)	40,983.55	38,535.74
Weighted Average No. of Equity shares (Nos.)		
Basic	77,324,995	77,282,097
Add: Effect of Employee Stock Options	983,803	73,127
Diluted	78,308,798	77,355,224
Nominal value of equity shares (₹)	2.00	2.00
<b>Earnings per share (₹)</b>		
Basic (₹)	53.00	49.86
Diluted (₹)	52.34	49.82

#### 45. Employee Stock Options Scheme ('ESOP'):

- a) Pursuant to approval of the shareholders on July 31, 2021, the Holding Company, has set up the Employee Stock Option Scheme titled "JBCPL Employee Stock Option Scheme, 2021" ("Scheme") with the objects, inter-alia, to create sense of ownership among the employees, attract and retain needed talent and to incentivize them to achieve growth objectives. The Scheme covers eligible employees/directors of the Group. The Scheme provides for settlement in Equity and number of equity shares presently reserved under the Scheme are 3,091,284 equity shares of Face Value of ₹2 representing 4% of the paid-up equity share capital as at March 31, 2021. Details of the options granted under the Scheme are as given below:

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

Grant date	No. of options granted*	Exercise price (range) per option (₹)
August 10, 2021	2,512,291	745-1,200
October 4, 2021	206,463	1,200
August 04, 2022	99,962	1,200

\*The options granted represents the original grants as reduced by the lapsed due to resignations.

The above options include total of 1,545,483 performance based option. Each vested option entitles the option grantee to apply for and be allotted one (1) equity share of Rs. 2 each in the Holding Company and the exercise period in respect of all the options is a period of ten (10) years from the date of grant.

The Scheme is compliant with the provisions of Securities and Exchange Board of India (Share-Based Employee Benefits) Regulations, 2014, Companies Act, 2013 and other applicable rules and regulations. The options granted, exercise price, vesting period and other terms and conditions applicable to the grants made are in compliance with the Scheme and applicable regulations.

b) The movement of share options and weighted average exercise prices thereof is as under:

Particulars	2022-23			2021-22		
	No. of options	Range of exercise price per option (₹)	Weighted-average exercise price per option (₹)	No. of options	Range of exercise price per option (₹)	Weighted-average exercise price per option (₹)
Outstanding at the beginning of the year	2,806,084	745 to 1,200	892	Not applicable		
Granted during the year	99,962		1,200	2,810,721	745 to 1,200	893
Forfeited/cancelled during the year	Nil			Nil		
Lapsed during the year	87,330		1,200	4,637		
Expired during the year	Nil			Nil		
Exercised during the year	95,487		888	Nil		
Outstanding at the end of the year	2,723,229		894	2,806,084	745 to 1,200	892
Exercisable at the end of the year	336,009		877.66	Nil		

c) The exercise price and weighted average remaining contractual life in respect of the options outstanding at the end of the year are as under:

Particulars	2022-23		2021-22	
Number of Options outstanding	1,831,102*	892,127**	1,896,502*	909,582**
Exercise price per share (₹)	745	1,200	745	1,200
Weighted-average remaining contractual life (in years)	8.36	8.74	9.36	9.44
Includes Performance based options	*1,137,901	**407,582	*1,137,901	**434,860

**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

- d) The Holding company has measured the fair values of the services received/to be received as consideration for options granted indirectly, by reference to the fair value of such options. The weighted average fair values of the options granted during the year and relevant disclosures in relation to are as under:

Particulars	2022-23	2021-22	
	Grant-3	Grant-1	Grant-2
Grant Date	August 04, 2022	August 10, 2021	October 04, 2021
Performance-based options granted (Nos.)	16,000	1,451,666	121,095
Weighted-average fair value at the measurement date (₹)	599	692	693
Time-based options granted (Nos.)	83,962	1,147,955	85,368
Weighted-average fair value at the measurement date (₹)	930	1,090	1,006

Option Pricing Model used for measurement of fair value wherein a combination of Monte-Carlo Simulation and Black-Scholes Merton model for performance based options is used and Black-Scholes Merton model for time-based options is used.

Particulars	2022-23	
	Time-based options	Performance-based options
Option Pricing Model used for measurement of fair value	Black-Scholes Merton model	A combination of Monte-Carlo Simulation and Black-Scholes Merton model
Expected Volatility	32.5% to 33.7%	35%
Weighted-average share price Grant 3	₹ 1,794.20	₹ 1,794.20
Exercise Price per share	₹ 1,200	₹ 1,200
Option life*	5.5 years to 7 years*	2.5 years
Expected dividends	1.5%	1.5%
Risk free interest rate		
Grant 3	7% to 7.1%**	7.0%
Method used and the assumptions made to incorporate the effects of expected early exercise.	We have assumed that the option grantees can exercise their right to option any time after the expiry of vesting period and before the end of exercise period. Accordingly, mid-period convention has been used to incorporate the effects of expected early exercise of the options.	
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility.	Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of the Company's publicly traded equity shares during a period equivalent to the expected term of the options.	
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Performance based options include market and non-market conditions. The non-market related condition has not been taken into account in estimating fair-value of options, however, to include the impact of the	

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

	market related performance conditions, the Geometric Brownian Motion (GBM) has been performed to model stock price behavior. The model was set up in a Monte Carlo fashion with each trial following a single path through the value matrix. The combination of Monte Carlo and Black Scholes Merton model is used to value the performance based options.	
	<b>2021-22</b>	
<b>Particulars</b>	<b>Time-based options</b>	<b>Performance-based options</b>
Expected Volatility	33% to 36%*	36%
Weighted-average share price		
Grant 1	₹1,809	₹1,809
Grant 2	₹ 1,886.20	₹ 1,886.20
Exercise Price per share	₹ 745 and ₹ 1,200	₹ 745 and ₹ 1,200
Option life <sup>#</sup>	5.5 years to 7.5 years*	2 years
Expected dividends	1.5%	1.5%
Risk free interest rate		
Grant 1	5.5% to 6.5%**	7.80%
Grant 2	5.8% to 6.3%**	7.66%
Method used and the assumptions made to incorporate the effects of expected early exercise	We have assumed that the option grantees can exercise their right to option any time after the expiry of vesting period and before the end of exercise period. Accordingly, mid-period convention has been used to incorporate the effects of expected early exercise of the options.	
How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility	Expected volatility during the expected term of the options is based on historical volatility of the observed market prices of the Company's publicly traded equity shares during a period equivalent to the expected term of the options.	
Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	Performance based options include market and non-market conditions. The non-market related condition has not been taken into account in estimating fair-value of options, however, to include the impact of the market related performance conditions, the Geometric Brownian Motion (GBM) has been performed to model stock price behavior. The model was set up in a Monte Carlo fashion with each trial following a single path through the value matrix. The combination of Monte Carlo and Black Scholes Merton model is used to value the performance based options.	

\* The range has been expressed as expected volatility for time-based options is varying for each tranche over the vesting period

\*\* The range has been expressed as risk free interest rate is varying for the period involved in each tranche over the vesting period.

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

# Option life for the performance based options has been computed based on assumed vesting at the end of FY 27.

- (e) The effect of share-based payment transactions on the Group's profit for the period, on its financial position and earnings per share is presented below. No option was vested by the end of the year.

Particulars	(₹ in lakhs)	
	2022-23	2021-22
Profit after tax as reported	41,000.53	38,603.89
Employee compensation cost recognised during the period	6,937.34	6,265.35
Total carrying amount in Employee Stock Option Outstanding Reserve	12,159.40	6,265.35
Earnings per share (₹)		
Basic (₹) :	59.74	56.02
Diluted (₹):	58.99	55.97

46. The Group has adopted Ind AS 116, effective annual reporting period beginning April 1, 2019 and applied the Standard to its leases, retrospectively, with the cumulative effect of initially applying the Standard, recognised on the date of initial application, that is, April 1, 2019.

On initial application, the Group measure lease liability at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application, and measure that right-of-use asset 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 balance sheet immediately before the date of initial application.

- A) Following are the changes in the carrying amount of Right-of-Use Assets:

Particulars	(₹ in lakhs)					
	2022-23	2021-22	2022-23	2021-22	2022-23	2021-22
	Leasehold Land		Other Buildings		Other Vehicles	
Gross Block as at beginning of the year	650.45	1,358.95	3,596.61	1,840.93	-	-
Additions	-	-	320.03	3,082.30	80.82	-
Deletion	-	(708.50)	27.73	(1,355.90)	-	-
Foreign Currency Translation Reserve	-	-	(1.22)	29.28	-	-
Balance as at the end of the year (A)	650.45	650.45	3,887.69	3,596.61	80.82	-
Cumulative Depreciation as at the beginning of the year	99.31	129.93	803.90	602.19	-	-
Depreciation for the year	1.51	7.65	882.58	761.98	8.90	-
Depreciation on deletion	-	(38.27)	27.73	(593.21)	-	-
Foreign Currency Translation Reserve	-	-	(11.78)	32.94	-	-
Cumulative Depreciation as at the end of the year (B)	100.82	99.31	1,646.97	803.90	8.90	-
Balance as at the end of the year (A-B)	549.63	551.14	2,240.72	2,792.71	71.92	-

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

B) The following is the movement in Lease Liabilities during the year:

(₹ In lakhs)

Particulars	2022 -2023	2021 -2022	2022 -2023	2021 -2022
	Other Buildings		Other Vehicles	
Balance as at beginning of the year	2,824.38	1,234.33	-	-
Additions during the year	284.84	3,000.24	80.83	-
Finance Cost incurred during the year	198.34	162.38	2.67	-
Deletion on Cancellation of lease	-	(768.80)	-	-
Payment of lease liabilities	(959.24)	(803.77)	(11.03)	-
Balance as at end of the year	<b>2,348.32</b>	<b>2,824.38</b>	<b>72.47</b>	-

The table below provides details regarding the contractual maturities of lease liabilities as at the Year-end on an undiscounted basis:

(₹ In lakhs)

Particulars	2022 -23	2021 -22
Due within one year	1,033.00	879.29
Due within One year to five years	1,628.43	2310.10
<b>Total undiscounted Lease Liabilities</b>	<b>2,661.43</b>	<b>3189.39</b>
<b>Lease Liabilities included in the Statement of Consolidated Financial Position</b>		
Non-current Liabilities	1,532.10	2,061.76
Current Liabilities	888.69	762.62
<b>Total</b>	<b>2,420.79</b>	<b>2,824.38</b>

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

C) The following amounts are recognised in the Consolidated Statement of Profit and Loss:

(₹ in lakhs)

Particulars	2022 -23	2021-22
Interest Expenses on Financial Liabilities	201.01	162.38
Depreciation	892.99	769.63
Expenses relating to Short Term Lease	295.08	134.03

D) The following amounts are recognised in the Consolidated Statements of Cash Flows:

(₹ In lakhs)

Particulars	2022-23	2021 -22
Total Cash Outflows for leases	970.27	803.75

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Consolidated Financial Statements for the year ended March 31, 2023****47. CSR Expenditure:**

Gross amount required to be spent during the year ₹ 815.10 lakhs (previous year ₹ 693.62 lakhs).

Amount spent during the year ₹ 819.36 lakhs (previous year ₹ 695.09 lakhs) as detailed hereunder:

Nature of activity	(₹ in lakhs)	
	2022-23	2021-22
Disaster Management	-	161.92
Promoting Healthcare including preventive healthcare	469.75	347.83
Promotion of Education	173.50	82.47
Eradication of Hunger and Malnutrition	128.11	68.87
Administrative Overhead for General Management & Administration of CSR Function	40.00	34.00
Animal Welfare	8.00	-
Total	819.36	695.09

**48. Financial Risk Management Objectives and Policies:**

The Group's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Group's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

Group has exposure to following risks arising from financial instruments:

- a) Credit risk
- b) Liquidity risk
- c) Market risk

**Risk Management Framework:**

Group's senior management ("Management") has overall responsibility for establishment of the Group's risk management framework. Management is responsible for developing and monitoring the Group's risk management policies, under the guidance of the Audit Committee. Management identifies, evaluates and analyses the risks to which the Group is exposed to and set appropriate risk limits and controls to monitor risks and adherence to limits.

The Management periodically reviews its risk policy and systems to assess need for changes in the policies to adapt to the changes in market conditions and align the same to the business of the Group. Management through its interaction and training to concerned employees aims to maintain a disciplined and constructive control environment in which concerned employees understand their roles and obligations. The Audit committee oversees how management monitors compliance with Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks to which Group is exposed. The Audit committee is assisted in its role by the internal auditor wherever required. Internal auditor undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Audit committee.

**a) Credit Risk:**

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, mutual funds and financial institutions, foreign exchange transactions and other financial instruments.

The Group has adopted a policy of only dealing with counterparties that have sufficiently high credit standards and financial strength. The Group's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the several counterparties.

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## J. B. Chemicals & Pharmaceuticals Limited.

### Notes to the Consolidated Financial Statements for the year ended March 31, 2023

Credit risk arising from derivative financial instruments and other balances with banks is limited and there is no collateral held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the reputed credit rating agencies.

As regards credit risk for investment in mutual funds, the Group limits its exposure to credit risk by investing mainly in debt securities issued by mutual funds which are of high credit ranking from rating agency like CRISIL or the equivalent rating agency. The Group monitors changes in credit risk by tracking published external credit ranking. Based on its on-going assessment of counterparty risk, the Group adjusts its exposure to various counterparties from time to time.

Credit risk from Trade receivables is managed by the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables are mainly from stockist, distributors and direct customers and are mostly non-interest bearing. Trade receivables generally ranges from 30 - days to 180- days credit term. Credit limits are established for customers based on internal criteria and any deviation in credit limit require approval of Head of the department and/or Directors depending upon the quantum and overall business risk. Majority of the customers have been doing business with the Group for more than 3 years and they are being monitored by individual business managers who deals with those customers. Management monitors trade receivables on regular basis and take suitable action where needed to control the receivables crossing set criteria/limits. Also, in case of international business, particularly new customers, management reviews the business risk by evaluating economic situation of the country and the customers and generally starts the relation either on advance payment or on the basis of confirmed irrevocable letter of credit.

The Management does an impairment analysis at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. Further, the Group's customers base is widely distributed both economically as well as geographically and in view of the same, the quantum risk also gets spread across wide base and hence management considers risk with respect to trade receivable as low. Of the trade receivables balance at the end of the year, ₹ 6,210.79 lakhs (March 31, 2022: ₹ 6,845.93 lakhs) is due from a single counter party which is in excess of 10% of total trade receivables.

For trade receivables, as a practical expedient, the Group determines credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates.

Expected credit loss for trade receivables under simplified approach as at the end of each reporting period is as follows:

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Expected credit loss as at the beginning of the year	374.69	480.34
Allowances for credit loss	82.69	-
Credit impaired	(12.25)	(105.65)
Expected credit loss as at the end of the year	445.13	374.69

#### b) Liquidity Risk:

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system.

The Group has an established liquidity risk management framework for managing its short term, medium term and long term funding and liquidity management requirements. The Group manages the liquidity risk by maintaining adequate funds in cash and cash equivalents. The Group also has adequate credit facilities agreed with banks to ensure that there is sufficient cash or cash equivalent available to meet all its normal operating commitments in a timely and cost-effective manner. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels. The Group aims to maintain the level of its cash and cash equivalents and other highly marketable

**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

debt investments at an amount in excess of expected cash outflows on financial liabilities over the next three to six months.

**Exposure to Liquidity Risk:**

The following are the remaining contractual maturities of undiscounted financial liabilities at the reporting date.

Particulars	(₹ in lakhs)							
	As at March 31, 2023				As at March 31, 2022			
	Carrying amount	Less than 1 Year	More than 1 Year	Total	Carrying amount	Less than 1 Year	More than 1 Year	Total
<b>Non-Derivatives</b>								
Borrowings	54,823.83	16,501.80	38,437.68	54,939.48	2,631.50	2,631.50	-	2,631.50
Trade Payable	23,864.76	23,864.76	-	23,864.76	22,447.97	22,447.97	-	22,447.97
Lease liabilities	2,661.43	1,033	1,628.43	2,661.43	3,189.39	879.29	2,310.10	3,189.39
Other Financial Liabilities	7,079.22	7,079.22	-	7,079.22	5,884.05	5,884.05	-	5,884.05

**c) Market Risk:**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market conditions. Market risk comprises three types of risks;

- i. Interest rate Risk
- ii. Currency Risk and
- iii. Equity Price Risk.

Financial instruments affected by market risk includes borrowings, investments, trade payables, trade receivables, loans and derivative financial instruments.

The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

**i) Interest Rate Risk:**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has not used any interest rate derivatives.

The Group's interest-bearing financial instruments mainly includes:

Particulars	(₹ in lakhs)	
	As at March 31, 2023	As at March 31, 2022
Export Packing Credit in Rupees	-	2,000.00
Export Packing Credit in Foreign Currency	671.00	631.50
Term loans from Bank	52,022.03	-
Working Capital Demand Loan	2,130.80	-
<b>Total</b>	<b>54,823.83</b>	<b>2,631.50</b>

The Group's exposure to changes in interest rates relates mainly to outstanding long term debt. Interest rate for these debts are fixed for initial 3 years and thereafter, 1 year MCLR Rate prevailing at that point of time. As present, group does not have any interest rate risk for these debts for period of around more than 2 years.

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## J. B. Chemicals & Pharmaceuticals Limited.

### Notes to the Consolidated Financial Statements for the year ended March 31, 2023

#### ii) Foreign Currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. Primarily, the exposure in foreign currencies are denominated in USD, EURO, AED, AUD, RUBLE and ZAR. At any point in time, the Group covers foreign currency risk by taking appropriate percentage of its net foreign currency exposure by entering into forward exchange contracts on anticipated exposure basis mostly with a maturity of less than one year from the reporting date. In respect of monetary assets and liabilities denominated other than in USD, EURO, AED, RUBLE and ZAR, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

All such hedged transactions are carried out within the guidelines set by the risk management committee. The Group does not enter into any derivative instruments for trading or speculative purposes.

The carrying amounts of the Group's foreign currency denominated monetary items are as follows:

Currency	Liabilities		Assets	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
USD	4,626.17	2,021.67	22,879.58	22,116.59
EURO	982.81	985.52	6,308.12	6,904.72
AED	775.84	606.45	1,101.40	1,772.42
AUD	521.01	198.55	2,098.59	2,531.71
GBP	-	-	52.39	86.46
RUB	-	-	7.11	8.18
UAH	-	-	2.20	5.47

(₹ in lakhs)

#### Details of Hedged Exposure in Foreign Currency Denominated Monetary Items

The Group enters into forward exchange contracts to hedge against its foreign currency exposure relating to the underlying transactions based on anticipated exposure. The Group does not enter into any derivative instruments for trading or speculative purpose.

The foreign exchange forward contracts used for hedging foreign currency exposure and outstanding as at reporting date are as under:

Currency	As at March 31, 2023		As at March 31, 2022	
	Foreign Currency (in Mn.)	₹ in Lakhs*	Foreign Currency (in Mn.)	₹ in Lakhs*
Forward contract to sell USD	23.53	19,337.09	34.35	26,033.01
Forward contract to sell Euro	4.70	4,204.90	4.98	4,189.06
Forward contract to sell Ruble	100.00	1,065.40	380.53	3,462.82
Forward contract to sell AUD	2.51	1,383.47	3.50	1,985.81
Forward contract to buy USD	5.40	4,433.87	4.54	3,438.21

\* Translated at year end exchange rates.

#### Impact of Hedging Activities

The Group uses foreign exchange forward and currency option contracts to hedge against the foreign currency risk of highly probable USD and ZAR sales. Such derivative financial instruments are governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Group risk management strategy. As the value of the derivative instrument generally changes in response to the value of the hedged item, the economic relationship is established.

a) Disclosure of effects of hedge accounting in the Company's balance sheet

(₹ in lakhs)

Type of hedge	Carrying amount			Maturity Date	Hedge ratio	Weighted average strike price/rate
	Nominal Amount (₹ in lakhs)	Assets Amount (₹ in lakhs)	Liabilities Amount (₹ in lakhs)			
<b>March 31, 2023 Cash Flow Hedge Foreign exchange risk</b>						
i) Foreign exchange forward contracts (refer note 17)	17,370.45	61.54	-	April, 2023- Dec, 2023	1:1	1 USD= 83.51
<b>March 31, 2023 Fair value hedge Foreign exchange risk</b>						
i) Foreign exchange forward contracts (refer note 27)	26,034.31	-	27.51	April, 2023- July, 2023	1:1	1 USD= 82.03 1 EUR= 89.80 1 RUB= 1.11 1 AUD= 55.80

(₹ in lakhs)

Type of hedge	Carrying amount			Maturity Date	Hedge ratio	Weighted average strike price/rate
	Nominal Amount (₹ in lakhs)	Assets Amount (₹ in lakhs)	Liabilities Amount (₹ in lakhs)			
<b>March 31, 2022 Cash Flow Hedge -Foreign exchange risk</b>						
i) Foreign exchange forward contracts (refer note 17)	23,642.76	132.89	-	April 2022- March 2023	1:1	1 USD=77.99 1 EUR=87.82
<b>March 31, 2022 Fair value hedge -Foreign exchange risk</b>						
i) Foreign exchange forward contracts (refer note 17)	35,940.49	293.23	-	April 2022- March 2023	1:1	1 USD=76.62 1 EUR=85.73 1 RUB=0.89 1 AUD=56.30

b) Disclosure of effects of hedge accounting in the Company's profit or loss and other comprehensive income.

(₹ in lakhs)

Type of hedge	Change in the value of the hedging instrument recognised in other comprehensive Income	Hedge ineffectiveness recognised in profit or loss	Amount reclassified from cash flow hedging reserve to profit or loss (recognised as component of revenue)	Amount recognised in profit or loss
<b>March 31, 2023 -Foreign exchange risk</b>				
i) Cash flow hedge	(71.35)	-	-	-
ii) Fair value hedge	-	-	-	(320.74)
<b>March 31, 2022 -Foreign exchange risk</b>				
i) Cash flow hedge	132.89	-	-	-
ii) Fair value hedge	-	-	-	293.23

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

Hedge effectiveness is determined at the inception of hedge relationship, and through periodic prospective effectiveness assessment to ensure that an economic relationship exists between the hedged item and hedging instruments. It is calculated by comparing changes in fair value of the hedged item, with the changes in fair value of the hedging instrument.

If the hedge ratio for risk management purposes is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedge ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of the hedge relationship rebalancing.

**c) Movement in cash flow hedging reserve and costs of hedging reserve**

	(₹ in lakhs)	
	As at 31st March, 2023	As at 31st March, 2022
Opening balance	99.45	-
Add: Changes in fair value	(71.35)	132.89
Add: Deferred tax relating to above	17.95	(33.44)
Closing balance	46.05	99.45

**Details of Unhedged exposure in foreign currency denominated monetary items:**

Currency	As at March 31, 2023		As at March 31, 2022	
	Foreign Currency (in Mn.)	₹ in Lakhs	Foreign Currency (in Mn.)	₹ in Lakhs
<b>RECEIVABLE:</b>				
USD	4.31	3,542.50	-	-
EURO	2.37	2,103.22	3.21	2,715.66
AED	4.92	1,101.40	8.60	1,772.42
AUD	1.30	715.11	0.96	545.90
GBP	0.05	52.39	0.09	86.46
UAH	0.10	2.20	0.22	5.47
<b>PAYABLE:</b>				
USD	0.23	192.30	-	-
EURO	1.11	982.81	1.19	985.52
AED	3.47	775.84	2.94	606.45
AUD	0.95	521.01	0.35	198.55

The Group is mainly exposed to changes in USD, EURO, AED and AUD. The below table demonstrates the sensitivity to a 1% increase or decrease in the USD, EURO, AED and AUD against INR, with all other variables held constant. The sensitivity analysis is prepared on the net unhedged exposure of the Group as at the reporting date. 1% represents management's assessment of reasonably possible change in foreign exchange rate.

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**J. B. Chemicals & Pharmaceuticals Limited.****Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

A positive number below indicates an increase in profit and other equity and a negative number would indicate a corresponding decrease.

(₹ in lakhs)

Particulars	Currency	As at March 31, 2023	As at March 31, 2022
1% Depreciation in INR	USD	33.50	-
1% Appreciation in INR	USD	(33.50)	-
1% Depreciation in INR	EURO	11.20	17.30
1% Appreciation in INR	EURO	(11.20)	(17.30)
1% Depreciation in INR	AED	3.26	11.66
1% Appreciation in INR	AED	(3.26)	(11.66)
1% Depreciation in INR	AUD	1.94	3.47
1% Appreciation in INR	AUD	(1.94)	(3.47)

**iii) Equity Price risk:**

The Group does not have any material exposure to equity price risk, as there is no major investment in equity and accordingly, exposure to risk of changes in price is very low.

**49. Capital Management:**

For the purpose of the Group's capital management, capital includes issued equity share capital, share premium and all other equity reserves attributable to the equity holders of the Group. The primary objective of the Group's capital management is to safeguard the Group's ability to remain as a going concern and to maintain an optimal capital structure so as to maximise shareholder's value.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions, annual operating plans and long term and other strategic investment plan. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or buy back of shares. The current capital structure of the Group is equity based with low financing through borrowings. The Group is not subject to any externally imposed capital requirement.

Particulars	As at March 31, 2023	As at March 31, 2022
Gross debt	54,823.83	2,631.50
Less: Cash and cash equivalents	7,693.44	5,654.41
<b>Net debts (A)</b>	<b>47,130.39</b>	-
Equity	2,48,035.22	2,13,412.30
<b>Total Equity (B)</b>	<b>2,48,035.22</b>	<b>2,13,412.30</b>
<b>Net gearing ratio (A)/(B)</b>	<b>0.19</b>	-

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2023 and March 31, 2022.

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

**50. Fair Value Measurement**

**A) The Carrying value and Fair value of financial assets and liabilities by categories are as follows:**

(₹ in lakhs)

Particulars	Carrying value of the financial assets/liabilities		Fair value of the financial assets/liabilities	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Financial Assets at amortized cost (non-current)</b>				
Loans and other security deposits	566.99	547.87	566.99	547.87
Other financial assets	1,362.03	8.53	1,362.03	8.53
<b>Financial Assets at amortized cost (current)</b>				
Trade receivables	57,580.01	55,568.68	57,580.01	55,568.68
Cash and bank balance	7,881.28	5,852.79	7,881.28	5,852.79
Loans and deposits	217.63	323.62	217.63	323.62
Other financial assets	2,044.70	3,712.92	2,044.70	3,712.92
<b>Financial liabilities at amortized cost ( non-current)</b>				
Borrowings	38,322.03	-	38,322.03	-
Lease Liability	1,532.10	2,061.76	1,532.10	2,061.76
<b>Financial liabilities at amortized cost ( current)</b>				
Borrowings	16,501.80	2,631.50	16,501.80	2,631.50
Trade payables	23,864.76	22,447.97	23,864.76	22,447.97
Lease liability	888.69	762.62	888.69	762.62
Others	7,051.71	5,884.05	7,051.71	5,884.05
<b>Financial Liabilities at Fair Value Through Profit and Loss (current)</b>				
Derivative designated as hedge (refer note 27)	27.51	-	27.51	-
<b>Financial Assets at Fair value through profit &amp; loss (non-current)</b>				
Investments in units of mutual funds and in equity instruments of entities other than subsidiaries	1,378.41	1,272.21	1,378.41	1,272.21
<b>Financial Assets at Fair value through profit &amp; loss (current)</b>				
Investment in mutual funds	19,218.45	-	19,218.45	-
Forward contract (refer note 17)	-	293.23	-	293.23
<b>Financial Assets at Fair value through profit &amp; loss (current)</b>				
Derivative designated as hedge (refer note 17)	61.54	132.89	61.54	132.89

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**C) Reconciliation of the opening and closing balances for Level 3 fair value:**

(₹ in lakhs)

Particulars	2022-23	2021-22
<b>Investment in Equity shares</b>		
Opening Balance	1,272.21	1,290.87
Fair value changes of Investment designated as FVTPL	106.2	(18.67)
Closing Balance	1,378.41	1,272.20

One percentage point change in the unobservable inputs used in fair valuation of level 3 assets or liabilities does not have significant impact in its value.

**51. Ratios**

The ratios for the years ended March 31, 2023 and March 31, 2022 are as follows:

Sr. No.	Particulars	Numerator	Denominator	As at March 31,		Variance (in %)
				2023	2022	
1	Current ratio	Current Assets	Current Liabilities	2.65	3.27	(18.74%)
2	Debt-Equity ratio*	Borrowings	Total Shareholder's Equity	0.231	0.026	776.28%
3	Debt service coverage ratio@	Earnings Available for Debt Services	Debt Service	2.97	12.81	(76.82%)
4	Return on Equity ratio	Net Profit after Tax	Total Shareholder's Equity	16.53%	18.09%	(1.56%)
5	Inventory turnover ratio	Cost of Goods Sold	Average Inventory	2.78	2.23	24.66%
6	Trade payables turnover ratio	Net Credit Purchase	Average Accounts Payables	5.18	4.49	(15.39%)
7	Trade receivables turnover ratio	Net Annual Credit Sales	Average Accounts Receivable	5.57	5.13	8.51%
8	Net capital turnover ratio	Net Annual Credit Sales	Working Capital	3.23	2.79	16.01%
9	Net profit ratio	Net Profit after Tax	Net Annual Credit Sales	13.02%	15.92%	(2.90%)
10	Return on Capital Employed	Earnings Before Interest and Tax	Capital Employed	19.09%	23.36%	(4.28%)
11	Return on Investments	Income generated from investment	Time weighted average investments	5.99%	5.68%	0.31%

[\*] Mainly driven by term loan taken for acquisition of brands.

[@] Decrease due to higher repayment of debt during the year.

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

**B) Level-wise disclosures of financial assets and liabilities by categories are as follows:**

(₹ in lakhs)				
Particulars	As at March 31, 2023	As at March 31, 2022	Level	Valuation techniques and key inputs
<b>Financial Assets at amortized cost (non-current)</b>				
Security Deposits	498.58	473.46	3	Discounted cash flow method using interest rate for similar financial instrument
<b>Financial Assets at Fair value through profit &amp; loss (non-current)</b>				
Investment in Equity shares	1,378.41	1,272.21	3	Value based on the NAV as per latest audited financial statement available which in view of the Management fairly represents fair value.
<b>Financial Assets at amortized cost (current)</b>				
Other Security Deposits	71.79	148.08	3	Discounted cash flow method using interest rate for similar financial instrument
<b>Financial Assets at Fair value through profit &amp; loss (current)</b>				
Investment in mutual funds	19,218.45	-	1	Quoted NAV in active markets
Forward contract(refer note 17)	-	293.23	2	Forward contracts are valued using available information from the banks.
<b>Financial Liabilities at Fair value through profit and loss (current)</b>				
Derivative designated as hedge (refer note 27)	27.51	-	2	Forward contracts are valued using available information from the banks.
<b>Financial Assets at Fair value through other comprehensive income (current)</b>				
Derivative designated as hedge(refer note 17)	61.54	132.89	2	Forward contracts are valued using available information from the banks.

Fair value of cash and cash equivalents, short term loans, trade receivables, trade payables, other financial assets/liabilities approximate their carrying amounts largely due to the short term maturities of these instruments. Methods and assumptions used to estimate the fair values are consistent with those used for the year ended March 31, 2022.

During the reporting period ended March 31, 2023 and March 31, 2022, there were no transfers between level 1, level 2 and level 3 fair value measurements.

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**52. Reclassification Note:**

The figures for the corresponding previous year have been regrouped/reclassified wherever necessary, to make them comparable.

**53. Unforeseeable Losses:**

The Group has a process whereby periodically all long term contracts (including derivative contracts) are assessed for material foreseeable losses. At the year end, the Group did not have any long term contracts (including derivative contracts) for which there were any material foreseeable losses.

**54. Impact of Code on Social Security, 2020**

The Indian Parliament has approved the Code on Social Security, 2020 which would impact the contributions by the Group towards Provident Fund and Gratuity. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on 13th November, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Group will assess the impact and its evaluation once the subject rules are notified and will give appropriate impact in its financial statements in the period in which, the Code becomes effective and the related rules to determine the financial impact are published.

**55. Events After the Reporting Period:**

**Dividend:**

The board of directors of the Holding Company have recommended a final dividend of ₹ 9.25 per fully paid up equity shares (face value of ₹ 2/- each) amounting to ₹ 7,157.43 lakhs for the financial year 2022-23, which is based on relevant share capital as on March 31, 2023. The actual dividend amount will be dependent on the relevant share capital outstanding as on record date/book closure. The recommended dividend is subject to the approval of shareholders at the ensuing Annual General Meeting of the Holding Company.

**Sub-division of Equity Shares:**

The Board of Directors of the Company at its meeting held on May 24, 2023 have approved sub-division of each equity share of face value of ₹ 2 fully paid up into 2 equity shares of face value of ₹ 1 each fully paid up, subject to approval of the shareholders at the ensuing Annual General meeting of the Company.

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**J. B. Chemicals & Pharmaceuticals Limited.**

**Notes to the Consolidated Financial Statements for the year ended March 31, 2023**

**56. Additional information pertaining to Holding and Subsidiary Companies**

(₹ in lakhs)

Name of Entity in the Group	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	Amount	As % of consolidated profit or loss	Amount	As % of consolidated comprehensive income	Amount	As % of total comprehensive income	Amount
<b>HOLDING COMPANY</b>								
J. B. Chemicals & Pharmaceuticals Ltd	98.47	2,44,247.92	94.85	38,888.67	2.96	(40.24)	98.00	38,848.43
<b>FOREIGN SUBSIDIARIES</b>								
OOO Unique Pharmaceutical Laboratories, Russia	0.88	2,175.68	(0.08)	(31.93)	-	-	(0.08)	(31.93)
Unique Pharmaceutical Laboratories FZE, Dubai	4.38	10,862.81	(0.38)	(155.62)	-	-	(0.39)	(155.62)
Biotech Laboratories (Pty) Ltd, South Africa	4.40	10,920.40	4.25	1,742.42	-	-	4.40	1,742.42
Non-controlling Interest	-	-	0.04	16.98	-	-	0.04	16.98
Total Eliminations	(8.13)	(20,171.57)	1.32	540.01	97.04	(1,317.80)	(1.96)	(777.80)
<b>TOTAL</b>	<b>100.00</b>	<b>2,48,035.24</b>	<b>100.00</b>	<b>41,000.53</b>	<b>100.00</b>	<b>(1,358.04)</b>	<b>100.00</b>	<b>39,642.49</b>

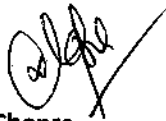
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**57. Uncertainties relating to the geopolitical situation in Russia and Ukraine**

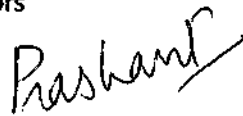
The group considered the uncertainties relating to the geopolitical situation in Russia and Ukraine, in assessing the recoverability of receivables, investments and other assets. For this purpose, the Group considered internal and external sources of information up to the date of approval of these financial results. Based on its judgments, estimates and assumptions, including sensitivity analysis, the group expects to fully recover the carrying amount of receivables, investments and other assets. The Group will continue to closely monitor any material changes to future economic conditions

58. No funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries") with the understanding that the Intermediary shall lend or invest in party identified by or on behalf of the Company (Ultimate Beneficiaries). The Company has not received any fund from any party(s) (Funding Party) with the understanding that the Company shall whether, directly or indirectly lend or invest in other persons or entities identified by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

**For and on behalf of the Board of Directors**



**Nikhil Chopra**  
Chief Executive Officer &  
Whole-Time Director  
DIN: 07220097



**Prashant Kumar**  
Director  
DIN: 08342577



**Lakshay Kataria**  
Chief Financial Officer



**Sandeep Phadnis**  
Company Secretary  
ACS - 11530

Place: Mumbai  
Date: May 24, 2023

Ashish C. Bhatt

B.Com., F.C.S.

**ASHISH BHATT & ASSOCIATES**

Company Secretaries

227, 2nd Floor, Devashree Commercial Complex, Devashree Garden, R. W. Sawant Marg, Near Rutu Park, Majiwada, Thane (W) - 400601.  
Tel : 2172 3134 Telefax : 2172 3302 E-mail : csashishbhatt@gmail.com / amisi99.ashish@gmail.com

To,  
The Board of Directors of  
J. B. Chemicals & Pharmaceuticals Limited  
Mumbai

We, Ashish Bhatt & Associates Company Secretaries, Secretarial Auditors of the J. B. Chemicals & Pharmaceuticals Limited (herein after refer to as the 'Company') have verified the relevant records and documents in respect of Employee Stock Option Scheme of the Company and with reference to the same, we here by certify that, during the financial year ended March 31, 2023, the Company has implemented "JBCPL Employee Stock Option Scheme 2021" ("Scheme") as approved by the shareholders on July 31, 2021. The Scheme is in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 and there has been no change in the Scheme since the shareholders' approval date.

This certificate has been issued to the Board of Directors of the Company at their request for placing the said certificate at the forthcoming Annual General Meeting 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 Ashish Bhatt & Associates  
Company Secretaries

*Bhatt kc*  
Ashish Bhatt  
Membership NO F4650  
CP No 2956  
UDIN: F004650E000707880

Place: Thane  
Date: July 31, 2023

