

DIRECTORS' REPORT

To,
The Members,

Your Directors have pleasure in presenting the 79th Annual Report together with the Audited Accounts for the year ended March 31, 2019.

1. STANDALONE FINANCIAL RESULTS

Particulars	(Rupees in lakhs)	
	2018-2019	2017-2018
Revenue from operations (Net)	1,07,587.40	1,07,021.23
Other income	5,479.98	5,124.75
Total Income	1,13,067.38	1,12,145.98
Profit (before finance costs and depreciation /amortisation)	27,483.97	27,034.83
Finance costs	143.19	140.26
Depreciation and amortisation	3,313.77	3,503.90
Profit Before Exceptional items and Tax	24,027.01	23,390.67
Less: Exceptional items	397.11	-
Profit before tax	23,629.90	23,390.67
Less: Taxation		
- Current Tax	6,660.00	6,780.00
- Deferred Tax	(183.73)	(220.74)
Profit After Tax	17,153.63	16,831.41
Other Comprehensive Income/(Loss) for the year	(89.13)	(27.61)
Total Comprehensive Income/(Loss) for the year	17,064.50	16,803.80
Earnings per equity share (Basic & Diluted) (Face value Re.1)	9.84	9.47

The previous year's figures have been re-grouped/re-classified, wherever necessary to conform to this year's Financial Statements prepared in accordance with IndAS (Indian Accounting Standards).

2. BUYBACK OF SHARES

The Board of Directors of FDC Limited in their meeting held on May 24, 2019 had given their approval for Buy Back of the Company's fully paid-up equity shares of Re. 1/- each from the Tender offer through Stock Exchange route, of upto 3,430,000 (Thirty Four Lakhs Thirty Thousand only) fully paid up equity shares of face value of Re. 1/- each of the Company at a price of Rs. 350/- (Rupees Three Hundred Fifty only) per Share payable in Cash for an aggregate Buyback consideration not exceeding Rs. 120.05 Crores (Rupees One Hundred Twenty Crores Five Lakhs Only) excluding transaction cost, viz. brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty, etc., cost for the intermediaries appointed for the buyback and other incidental costs.

3. DIVIDEND

The Board of Directors of your Company, after considering relevant circumstances in Pharmaceutical industry and keeping in view the Company's Dividend Distribution Policy, has decided that it would be prudent, not to recommend any dividend for the year under review. As per Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, "Listing Regulations", the Company has formulated a Dividend Distribution Policy which is annexed as "Annexure A" and is also uploaded on the website of the Company i.e. www.fdcindia.com.

4. SHARE CAPITAL

During the year under review, the paid up Equity Share Capital of the Company as on March 31, 2019 is as follows:

Subscribed and Paid-up share capital	March 31, 2019	March 31, 2018
174,403,084 (Previous year- 174,403,084) Equity shares of Re. 1 each, fully paid-up	174,403,084	174,403,084
Add: 3,145,000 (Previous year - 3,145,000) Equity shares forfeited	786,250	786,250
Total	175,189,334	175,189,334

Cancellation of Equity Shares Forfeited by the Company

In the past, the Board had forfeited 314,900/- shares of face value of Rs. 10/- each due to non-payment of call money of Rs. 7.5/- each by the shareholders, out of which forfeiture of 400 shares was annulled afterwards on receipt of call money.

After split of the shares in the year 2002, at present there are 3,145,000 forfeited shares of Rs. 0.25/- each containing total amount of Rs. 786,250 of forfeited capital.

While showing details of the equity share capital in the Balance sheet, the details of forfeited shares also needs to be shown till the time these shares are either re-issued or cancelled. Considering very small quantum of the shares, it is proposed to cancel these shares.

The Company decides not to reissue the forfeited shares of the Company. In such a case, the Board will cancel the forfeited shares and transfer the amount received on such shares to capital reserve account or other such accounts as per the applicable provisions of Indian Accounting Standards and Companies Act, 2013, "Act".

5. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

The management of your company presents the analysis of performance of the Company for the financial year ended March 31, 2019 and its outlook for the future. This outlook is based on assessment of the current business environment. It may vary due to future economic and other developments, both in India and abroad.

A. Economic Overview:

When we met year ago economic activity was accelerating in almost all regions of the world and the global economy was projected to grow at 3.9 % in 2018 - 2019. One year later, much has changed: the escalation of US-China trade tensions, macroeconomic stress in Argentina and Turkey, disruptions to the auto sector in Germany, tighter credit policies in China, and financial tightening alongside the normalization of monetary policy in the larger advanced economies have all contributed to a significantly weakened global expansion, especially in the second half of 2018. With this weakness persist into 2019, the World Economic Outlook (WEO) projects a decline in growth in 2019 for 70 % of the global economy. Global growth, which peaked at close to 4 % in 2017, softened to 3.6 % in 2018, and is projected to decline further to 3.3 % in 2019.

(Source : IMF March, 2019)

India continues to be among the few growth economies, growth is projected to pick up to 7.3 % in 2019 and 7.5 % in 2020, supported by the continued recovery of investment and robust consumption amid a more expansionary stance of monetary policy and some expected impetus from fiscal policy. Growth in India is expected to stabilize at just under 7.75 % over the medium term, based on continued implementation of structural reforms and easing of infrastructure bottlenecks.

In India, continued implementation of structural and financial sector reforms with efforts to reduce public debt remain essential to secure the economy's growth prospects. In the near term, continued fiscal consolidation is needed to bring down India's elevated public debt. This should be supported by strengthening Goods and Services Tax compliance and further reducing subsidies. Important steps have been taken to strengthen financial sector balance sheets, including through accelerated resolution of non-performing assets under a simplified bankruptcy framework. These efforts should be reinforced by enhancing governance of public sector banks. Reforms to hiring and dismissal regulations would help incentivize job creation and absorb the country's large demographic dividend; efforts should also be enhanced on land reform to facilitate and expedite infrastructure development.

The Indian Pharmaceutical industry continues to enjoy structural advantages which maintains global competitiveness and fuels industry growth.

Cost Efficiency: Low cost of production and R&D boosts efficiency of Indian pharma companies, leading to competitive exports. Indian pharma exports reached

US \$ 17.15 billion in FY19. India's cost of production is approximately 33 % lower than that of the US. India's ability to manufacture high quality, low priced medicines, presents a huge business opportunity for the domestic industry.

Economic Drivers: Increasing penetration of health insurance to drive expenditure on medicine. With increasing penetration of pharmacies, especially in rural India, OTC drugs will be readily available.

Increasing Investments: Increasing private sector investments in R&D and acquisitions are driving the sector's growth. In FY18, Indian pharma companies invested 8.8 % of their sales in R&D. Between 2008-18; the S&P BSE Healthcare Index has grown at 16.72 %. In 2017, Indian pharmaceutical sector witnessed 46 Merger & Acquisition (M&A) deals worth US\$ 1.47 billion.

Policy Support: Pharma Vision 2020 aimed at making India a global leader in end-to-end drug manufacturing. Under Budget 2019-20, allocation to the Ministry of Health and Family Welfare increased by 13.1 % to Rs. 61,398 crore (US\$ 8.98 billion). In this sector, 100 % FDI is allowed under automatic route.

(Source: PwC, McKinsey, Pharmaceuticals Promotion Council of India)

B. Industry Structure & development:

As per AIOCD-AWACS Report, the Indian Pharma market grew by 9.6% in 2018-19, the Total Sales reported where Rs. 130,506 crore from Rs. 119,386 crore in 2017-18. By 2020, India is likely to be among top three pharmaceutical markets by incremental growth and 6th largest market globally in absolute size.

India's domestic pharmaceutical market turnover reached Rs. 119,386 crore in 2017-18, growing 5.7 % year-on-year from Rs. 111,135 crore in 2016-17. In India, medicine spending is projected to grow by 9 % - 12 % over the next five years, India to become leader in one of the top 10 countries in terms of medicine spending. India's cost of production is significantly lower than that of the US and almost half of that of Europe. It gives a competitive edge to India over competitor's countries. The Ayurveda sector in India is expected to reach US \$ 4.4 billion by 2018 end and grow at 16 % CAGR till 2025. Increase in the size of middle class households coupled with the improvement in medical infrastructure and increase in the penetration of health insurance in the country will also influence in the growth of pharmaceuticals sector.

With 70 % of market share (in terms of revenues), generic drugs form the largest segment of the India pharmaceutical sector. Over the Counter (OTC) medicines and patented drugs constitute 21 % and 9 %, respectively. The share of generic drugs is expected to continue increasing; domestic generic drug market is expected to reach US \$27.9 billion in 2020. Due to their competence in generic drugs, growth in this market offers a great opportunity for Indian firms. Based on moving annual turnover, Anti-Infective (13.4%), Cardiac (12.6%), Gastrointestinal (11.4%) had the biggest market share in

the Indian pharma market in 2018-19. The highest growth in sales in 2018-19 were seen in Urology (16.4%), anti-Diabetic (14.8%), and Cardiac (13.2%).

(Source : AIOCD-AWACS March 19)

C. Opportunities in Healthcare:

Public healthcare Infrastructure: There has been strong push by the Government to enhance the quality of accessible high quality healthcare infrastructure. 6 more AIIMS have been proposed Super specialty blocks in 70 Medical Colleges & expansion of inpatient provision at District level are being made.

(Source: National Health Policy 17-18)

Metro healthcare Significant Expansion of cancer & chronic care infrastructure across PHCs, CHCs & District Hospital are being made

Improving Drug Procurement: Along with healthcare infrastructure the Government of India is also taking significant in improving drug accessibility to all sections of the Indian population. The Affordable Medicines & Reliable Implements for Treatment (AMRIT) scheme initiated to improve medical product accessibility for cancer and cardiovascular treatment is being expanded to all State Government Hospitals. The Jan-Aushadhi initiative aimed at making low cost generic medicines available has expanded to 3000 new outlets.

(Source: National Health Policy 17-18)

Clinical Trial Market: India is among the leaders in the clinical trial market. Due to a genetically diverse population and availability of skilled doctors, India has the potential to attract huge investments to its clinical trial market. Number of clinical trials in India increased by 400 % to 97 trials in 2017, compared with 13 trials approved in 2013.

(Source: PwC, McKinsey, Pharmaceuticals Promotion Council of India)

High-end drug: Due to increasing population and income levels, demand for high-end drugs is expected to rise. Growing demand could open up the market for production of high-end drugs in India.

(Source: PwC, McKinsey, Pharmaceuticals Promotion Council of India)

Penetration in Rural Market: With 70 % of India's population residing in rural areas, pharma companies have immense opportunities to tap this market. Demand for generic medicines in rural markets has seen a sharp growth. Various companies are investing in the distribution network in rural areas.

(Source: PwC, McKinsey, Pharmaceuticals Promotion Council of India)

CRAMS: The Contract Research and Manufacturing Services industry (CRAMS) – estimated at US \$ 17.27 billion in 2017-18, is expected to reach US \$ 20 billion by 2020. The market has more than 1,000 players.

(Source: PwC, McKinsey, Pharmaceuticals Promotion Council of India)

D. Outlook & Risks and concerns:

For past three years, Indian Pharma Companies have been going through a tough phase due to significant competitive intensity and pricing pressure in the US and regulatory hurdles in India in terms of demonetisation, GST implementation and lower prices.

(Source : ET Market – Outlook 2019)

Regulatory environment will continue to be unfavorable with Ban on Fixed Dose Combination & Pricing capping on essential drugs. Trade Generics gaining ground in Class III and IV towns. Small Propaganda Companies capturing regional shares. Increasing push for generics by the regulatory authorities.

(Source : AIOCD-AWACS SWOT of IPM Presentation)

Diagnostics Industry shows sluggish growth due to severe price competition & home-base diagnosis is increasingly important.

(Source : ET Market – Outlook 2019)

E. Financial performance and Operations review

During the year under review, your Company registered a standalone total income of Rs. 1,13,067.38 Lakhs as against Rs. 1,12,145.98 Lakhs in the previous year, thereby registering a growth of 0.83%.

The Earnings before Interest and Depreciation amounted to Rs. 27,483.97 Lakhs as against Rs. 27,034.83 Lakhs in the previous year. The Net Profit After Taxation stood at Rs. 17,153.63 Lakhs as against Rs. 16,831.41 Lakhs in the previous year.

During the year under review, your Company registered a consolidated total income of Rs. 113,416.59 Lakhs as against Rs. 113,405.02 Lakhs in the previous year, thereby registering a growth of 0.01 %.

F. Segment wise / Product wise performance

(i) Marketing:

In Therapy growth matrices, Cardiac, Anti-Diabetics, Neurological doing well with volume growth. Whereas Dermatological. Vitamins/ Minerals/ Nutritional & Anti Infective doing well with new product growth.

Acute remain the dominant therapy mainly driven by Value; whereas Chronic receives contribution from Volume as well. In last 5 year contribution of Anti Infective contribution reduce from 15 % to 13%. Where Anti Diabetics increase from 7 % to 9%. SGLT2 (Sodium Glucose Co-Transport-2) & Gliptins drive the Anti Diabetics growth & Telmisertan Combination & Sacubitril + Valsartan drive the growth of Cardiac therapy.

(Source : AIOCD-AWACS SWOT of IPM Presentation)

In FDC Ltd therapy growth metrics is doing well with new introduction in Ophthalmological & Dermatological. Dermatological & Pain / Analgesic doing well with volume growth 10.5 % & 35.9 % respectively. Dependency on Anti Infective is again increased. Maximum share gain with Gastro, Derma, Gynaec Therapy Areas. In 2018-19 Incremental value only from Anti Infective, Gastro-Intestinal, rest Therapy Areas steady or negative is a concern.

(Source : AIOCD-AWACS Mar 19)

(ii). Research and Development

The prime objective of the formulation R & D team at FDC is to develop quality products at affordable prices. A dedicated team of scientists is engaged in focused research for the development of diverse dosage forms. The team is continuously engaged and committed to develop and successfully introduce new products and newer technologies at the commercial scale. The new product development initiatives range from conventional orals to more complex and advanced dosage forms. For a sustainable future R & D efforts are have been steadily expanding the footprint of the organization across various key markets into ROW and regulated geographies of Europe and US.

The Research & Development (R & D) Centres located at Jogeshwari & Kandivali (Mumbai) are duly recognised by the Department of Science and Technology. Your Company carries out its various R & D activities in the following areas:

• Formulations

The R & D Formulation team at FDC comprises of dedicated scientists engaged in focused research for the development of finished dosage forms. The team has been designing strategies to develop quality products at affordable prices. The group is committed to develop and has successfully introduced products employing newer technologies at the commercial scale. Also in the foray and designing, challenging complex generics for the regulated markets of US. Exhibit batches of ophthalmic products have been manufactured for registration in the US and UK. Several ophthalmic and solid oral products are in various stages of development for the US and UK markets.

• Synthetics

The Research and development centers located at Kandivali (Mumbai) is engaged in process development of niche products, particularly in area of Ophthalmic, Antihypertensive, Antifungal, Ant diabetic , Antihistaminic, Bronchodilator and New Chemical entity (NCE). The work on life cycle management of existing drug Substances is also being carried out with the aim of Cost effectiveness, backward integration and meeting regulatory requirement from drug authorities, which enables to attain accreditation from various World Regulatory Authorities. The other highlights of the process developments of new molecules are Non infringing processes, Usage of environment

friendly chemicals, Green chemistry, Development of desired polymorphs, Usage of classical chemistry for development of chiral drugs, and to minimise effluents etc.

• Nutraceuticals

During the year, your Company has launched the Enerzal 500 ml in pet bottle as well as 1 Litre in Tetrapak with Orange and Apple flavour. To extend the product categories of Infant Milk Substitute (IMS), the division is working on advanced range of Simyl MCT with some added micro nutrients like Nucleotides, Amino Acids and Omega3, O6 and also has developed MUM MUM 2 as a follow up formula with complete stability study & MUM MUM 3 which is under stability study. Trials and validation of IMS at Sinnar Plant is successfully completed, which completes the commissioning activity at Sinnar Plant. With this, we will be ready to supply current market requirement of IMS with spare capacity, which shall help us in launching new range of products under IMS and complimentary foods for infants.

• Biotechnology

a. G-CSF Project

Your company has received a test license (Test Licence No : 201515686 dated 19-06-18) under Form 29 for product Filgrastim. This licence is to manufacture the product for purpose of examination, test or analysis. For the manufacture of Filgrastim batches for purpose of clinical trial we have submitted the Audit Compliance report to DCGI office, New Delhi against the last CDSCO Audit observation. We hope to receive the NOC to manufacture Clinical Trial batches for product Filgrastim (G-CSF) in due course of time.

As a part of compliance to the CDSO audit observation we have implemented the Quality Management System in R & D Biotechnology Department to meet the cGMP requirement. Standard Operating Procedures for - Process activities, Analytical Testing & Quality Control, Equipment operations, Quality Assurance and Miscellaneous activities have been prepared and made effective. All the Equipments have been shifted from the fifth floor facility to the new Bioprocess and Bioanalytical lab on ground floor and these have been installed and qualified accordingly. Area Qualification activity of R & D Bioprocess Area has been completed successfully. The new water system installed in the bioprocess area was subjected to validation and Phase I / Phase II validation activity for the same is completed whereas Phase III validation activity is underway.

b. Third Generation Thrombolyte Project

The external party M/s Premas has been successful in developing a refolding and purification strategy to provide purified product. The trials for the upstream processing have efficiently been executed at lab scale at our Bioprocess facility and are found to be effective. We have successfully taken fermentation trials (10L capacity) and downstream processing trial (lab scale) for Reteplase molecule in our Bioprocess facility.

We are in process of initiating the technology transfer of the developed downstream process. Furthermore standardization and validation studies will be conducted on the developed process before finalization.

c. Conversion of Non-sterile to sterile API (Lab scale):

Brinzolamide API was successfully sterilized In-house (Lab-scale) using strict aseptic techniques as per the synthesis process provided by R & D Synthesis lab. The above Brinzolamide samples were then subjected to Sterility testing by Corporate Microbiology and complete testing by R & D Synthesis lab. The sterility test result of sample complies with the test and the product meets the specifications of Brinzolamide API except the particle size.

For further aseptic process scale up and particle size reduction we need to procure equipment's suiting our requirement and meeting GMP norms.

d. Microbial Testing Lab

R & D Microbial Testing lab (MTL) is working in collaboration with R & D Organic Synthesis lab for development of new salt forms (Sodium, Potassium, acid, tetrazoles, Dimethylamine etc) of the existing NCE molecules with better water solubility and synthesizing higher quantities of the shortlisted molecules for further studies.

R & D MTL lab has performed primary screening of more than 90 molecules for their water solubility and antifungal activity. Three new molecules showing promising antifungal activity have been shortlisted and synthesized in higher quantities for testing. These molecules have been sent to external party for Animal toxicity studies. Based on the outcome of this study we plan to initiate pre-formulation work and future strategy for these NCE's.

(iii). Exports

Your Company's Annual Export turnover of Active Pharmaceutical Ingredients (API) and Finished Formulations for the financial year ending March 31, 2019 was Rs. 17,118.15 Lakhs as compared to Rs. 13,269.26 Lakhs in the last financial year 2017-18. The API business has registered Sales of Rs. 5,108.21 Lakhs in the current financial year. Your Company has filed new USDMF for Dorzolamide Hydrochloride USP (Process II). For Europe region, we have received Certificate of Suitability (CEP) Certification for API Fluconazole. We have also received approval for Olopatadine Hydrochloride from the New Zealand Health agency (MEDSAFE).

The Roha Plant was successfully audited by USFDA with no any 483 observations. Based on this inspection, this facility is considered to be in an acceptable state of compliance with regards to current good manufacturing practice (cGMP).

API Cinnarizine EP Drug Master File (DMF) has been submitted to Russian Agency. About 10 submissions for 3 APIs have been made to ROW markets. Existing 4 APIs DMFs were resubmitted in e-CTD format as a complete DMF, to Health Agencies.

On the finished dosage forms side, USA and UK markets continued to be the major contributors to the export turnover with sales of Rs. 2,954.86 Lakhs and Rs. 1,163.68 Lakhs respectively despite continued headwinds & pressure on pricing in the US Generics business from supply chain consolidation.

The Company's product portfolios of Ophthalmics and Oral Rehydration Salts drove export sales in FY19. Finished Formulations of the Company are now exported to about 33 countries.

The company received the Abbreviated New Drug Application (ANDA) Approval for Dorzolamide 2% Ophthalmic Solution 5 ml & 10 ml this year. The company plans to launch this product in the US market in the 3rd Quarter of financial year 2019-20 through its strategic marketing partner.

The company continues to export its Anti-Diarrheal product range to reputed global NGOs like UNICEF-Denmark & MSF-France/Belgium, thus maintaining its reputation of being one of their preferred suppliers for emergency supplies worldwide.

The company continues to work on filing additional ANDAs in the US market to support the existing basket of ophthalmic products to pursue its growth objectives in the Regulated markets. In the less Regulated markets, the Company is associated with leading regional companies in Asia, Africa, Latin America, CIS, and Middle East to expand its branded formulations business and continue efforts to open new markets for its range of formulations as well as APIs.

FDC International Ltd - UK, the 100% Subsidiary of FDC Limited-India registered a sales turnover of GBP 18.44 Lakhs by selling its products in the United Kingdom and the Netherlands.

G. Internal Financial Controls and their adequacy

Your Company has in place a robust Internal Financial Control commensurate with the size, scale and complexity of its operations. These controls ensure that the transactions are recorded and reported diligently, adhere to the Company's policies & systems, safeguard the assets, prevent and detect the frauds and errors, accuracy and completeness of the accounting records and timely preparation of reliable financial information.

Your Company has an internal audit department which carries out audits throughout the year and appropriate actions are taken by the management based on their recommendations.

H. Human Resources

Your Company believes that the employees are the most valuable assets and key drivers of business success and sustained growth. The Company believes in quality process, systems and compliance. Our Human Resource policies and practices are well aligned to meet our business objectives.

Your Company operates in a highly competitive environment. The Human resources attracts and retains the best talent for its operations across all locations. The company encourages and provides the platform to the individual to excel in their professional and personal goals along with the focus on a healthy work life balance. Your Company has in place a variety of initiatives to engage its employees including fitness programme.

Being future ready is one of the key processes for sustainable growth and Company is building synergy and cultural integration through coherent Leadership program for top leaders as a part of its core initiative. The Company has in-house Training and Development to help the sales team on products, scientific knowledge, selling techniques. Company has also conducted various programs on Managerial effectiveness to improve the individual competencies and leadership abilities for sales leadership. Your Company understands the importance of newer training technique and would be migrating from class room training to an e-learning platform for its sales team in the next financial year. The web based training will provide self paced learning through interactive ways.

In line with the requirement of SEBI listing regulations, your company has adopted a "Code of Conduct and work ethics policy and Whistle Blower Policy". The policy on Whistle Blower are uploaded on the company's website. i.e. www.fdcindia.com

I. Cautionary Statement

Certain statements in respect to Management Discussion and Analysis Report may be forward looking and are stated as required by the applicable laws and regulations. The future results of the Company may be affected by many factors, which could be different from what the Directors envisage in the terms of future performance and outlook.

6. MATERIAL CHANGES AND COMMITMENTS AFTER THE END OF THE FINANCIAL YEAR

No material changes and commitments affecting the financial position of the Company have occurred between the end of the financial year to which financial statements in this report relates and the date of this report.

7. AUDITORS REPORT

The Report given by B S R and Co LLP Statutory Auditors on the Financial Statements of the Company for the year ended March 31, 2019 is a part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in the said audit Report.

8. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company form part of this Annual Report. These statements have been prepared on the basis of Audited Financial Statements received from the subsidiary companies as approved by their respective Board of Directors.

9. SUBSIDIARIES / JOINT VENTURE AND ITS OPERATIONS

Your Company has 2 (Two) wholly owned Subsidiaries namely FDC Inc., USA and FDC International Ltd, UK and 1 (One) Joint Venture business, namely Fair Deal Corporation Pharmaceutical SA (Pty) Ltd. at South Africa. The Financials of the Subsidiaries and Joint Venture Company are disclosed in the Consolidated Financial Statements, which forms a part of this Annual Report.

A statement containing salient features of the Financial Statements of Subsidiary Companies/ Joint Ventures is annexed to this Report as "Annexure B" pursuant to the provisions of Section 129 of the Companies Act, 2013 and the Rules made thereunder in the prescribed Form No. AOC-1 and hence, the same is not repeated for the sake of brevity.

In accordance with the provisions of Section 136 (1) of the Companies Act, 2013, the following information has been uploaded on the website of the Company i.e. www.fdcindia.com:

- (a) Annual Report of the Company, containing therein its Standalone and the Consolidated Financial Statement; and**
- (b) Audited Annual Accounts of each of the Subsidiary companies and Joint venture.**

10. BUSINESS RESPONSIBILITY REPORT

As per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Business Responsibility Report is annexed as "Annexure C".

11. DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) of the Companies Act, 2013, your Directors state that:

- (a) In the preparation of Annual Accounts for the year ended March 31, 2019, the applicable Accounting Standards have been followed along with proper explanations relating to material departures, if any;
- (b) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2019 and of the profit of the Company for the year ended on that date;
- (c) 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;
- (d) They have prepared the Annual Accounts on a going concern basis;

- (e) They have laid down proper Internal Financial Controls to be followed by the Company and they were adequate and operating effectively; and
- (f) They have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems were adequate and operating effectively.

12. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, Guarantees and Investments made by the Company are given in the notes to the Financial Statements.

Your Company has not given any Loans or Guarantees or Investments in contravention of the provisions of Section 186 of the Companies Act, 2013.

13. PUBLIC DEPOSITS

During the year under review, your Company has not accepted any deposits from the Public and as such no amount of principal or interest on deposits from Public was outstanding as on the date of the Balance Sheet.

14. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to energy conservation, technology absorption, foreign exchange earnings and outgo, pursuant to Section 134 of the Companies Act, 2013 and the Rules made thereunder, is annexed as "Annexure D" to this Report.

15. DIRECTORS AND KEY MANAGERIAL PERSONNEL

Resignation of Directors:

Pursuant to the SEBI (Listing Obligations & Disclosure Requirements) (Amendment) Regulation, 2018, Dr. Rahim Muljani, Dr. Satish Ugrankar and CA. Vinod Yennemadi, Independent Directors of the Company, ceased to be Directors of the Company with effect from April 01, 2019. The Board placed on record its deep appreciation for contributions on key issues. Further the Board has confirmed that there were no other reasons attributable or connected with the Company.

Appointment of Chairman of the Board:

Mr. Mohan A. Chandavarkar stepped down from the position of Chairman of the Board and CA. Uday Kumar Gurkar was appointed as Chairman of the Board w.e.f. April 01, 2019.

Appointment of Directors:

Upon recommendation of Nomination and Remuneration Committee, Mr. Melarkode Ganesan Parameswaran (DIN: 00792123), Ms. Usha Athreya Chandrasekhar (DIN: 06517876), and Dr. Mahesh Bijlani (DIN: 0008447258) were appointed by the Board of Directors as an Additional Non-Executive Independent

Director of the Company for a consecutive period of 5 (five) years w.e.f. May 10, 2019 subject to approval of the shareholders at the ensuing Annual General Meeting.

Above Independent Directors were appointed as an Independent Director ("ID") on May 10, 2019 upto the conclusion of Seventy Ninth Annual General Meeting in the calendar year 2019. Based on the recommendation of Nomination and Remuneration Committee, the Board of Directors at their meeting held on May 24, 2019 approved their appointment as an ID of the Company, subject to approval of the shareholders at ensuing Annual General Meeting.

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulation 16 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Based on disclosures provided by Directors, none of them are disqualified from being appointed as Directors under Section 164 of the Companies Act, 2013.

Retirement by rotation:

In accordance with provisions of the Companies Act, 2013 and the Articles of Association of the Company, Ms. Nomita R. Chandavarkar, Whole time Director, retires by rotation at the 79th Annual General Meeting and being eligible, has offered herself for re-appointment. The Profile of Director seeking reappointment pursuant to Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is included in the Notice of the 79th Annual General Meeting and the statement annexed thereto.

Re-appointment of Directors:

The Board of Directors on recommendation of the Nomination and Remuneration Committee, have approved re-appointment of:

1. Mr. Nandan M. Chandavarkar as a Joint Managing Director of the Company for a period of five years with effect from March 01, 2019, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.
2. Ms. Nomita R. Chandavarkar as an Executive Director, for a period of 5 (five) years with effect from June 02, 2019, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.
3. Mrs. Swati S. Mayekar as an Independent Director, for the second term for a period of 5 (five) years with effect from September 06, 2019, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.
4. Mr. Ameya A. Chandavarkar as an Executive Director of the Company, designated as Chief Executive Officer (CEO) - International Business - Executive Director for a period of 5 (five) years w.e.f. November 01, 2019, subject to the approval of the shareholders at the ensuing Annual General Meeting of the Company.

Profile of Directors seeking appointment / re-appointment:

As required under regulation 36(3) of the Listing Regulations, particulars of Directors seeking appointment / re-appointment at the ensuing Annual General Meeting are annexed to the notice convening Seventy Ninth Annual General Meeting.

Key Managerial Personnel:

In terms of Section 203 of the Act, the following are the Key Managerial Personnel (KMP) of the Company as on March 31, 2019:

1. Mr. Mohan A. Chandavarkar, Managing Director *
2. Mr. Sanjay B. Jain, Chief Financial Officer
3. Ms. Varsharani Katre, Company Secretary

During the year, no KMP has been appointed or has retired or resigned.

* With effect from April 01, 2019 Mr. Mohan A. Chandavarkar has ceased to be the Chairman of the Company.

16. PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

Information pursuant to Rule 5(1), (2) and (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is annexed to this report as "Annexure E".

17. CORPORATE GOVERNANCE

In terms of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance along with a Compliance Certificate issued by the Statutory Auditors of the Company, forms part of the Annual Report.

18. RISK MANAGEMENT

The Risk Management Committee identifies and evaluates the business risks, in addition to overseeing the Risk Management Policy of the Company, from time to time. The details of the Risk Management Committee are included in the Corporate Governance Report.

19. NOMINATION AND REMUNERATION POLICY

Your Company has in place, a Nomination and Remuneration Policy for selection, appointment and remuneration of Directors, Key Managerial Personnel and Senior Management Team. The details of this Policy are provided in the Corporate Governance Report.

20. MEETINGS OF THE BOARD AND COMMITTEES THEREOF

The information has been furnished in the Corporate Governance Report.

21. AUDIT COMMITTEE

The Audit committee reviews all the information that is required to be mandatorily reviewed by it under the Corporate Governance and other matters as per terms of reference to Audit Committee, inter-alia, covers all the matters specified under Section 177 of the Companies Act, 2013 and also all the matters listed under Part C of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Audit Committee of the Board as on March 31, 2019 comprises of 4 (Four) Non-Executive Independent Directors and 1 (One) Executive Director. CA. Swati S. Mayekar is the Chairperson of the Committee. Dr. Rahim H. Muljiani, CA. Vinod G. Yennemadi, CA. Uday Kumar Gurkar and Mr. Mohan A. Chandavarkar are the other members of the committee. The Company Secretary acts as the Secretary to the Committee. The CFO is the permanent invitee to the Committee meeting. The Internal Auditor and the concerned partners/ authorised representatives of Statutory Auditors are regular invitees of the Committee meetings.

However with effect from May 10, 2019 Composition of Audit Committee has been changed, Dr. Rahim Muljiani and CA. Vinod Yennemadi ceased to be member of Audit Committee pursuant to their resignations from the Board.

The Powers and Role of the Audit Committee are provided in the Corporate Governance Report. All recommendations made by the Audit Committee were accepted by the Board of Directors.

22. BOARD & DIRECTORS EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the Annual Performance, Evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and Compliance Committees, based on the evaluation parameters formulated by the Nomination and Remuneration Committee. The manner in which the evaluation was carried out has been explained in the Corporate Governance Report.

23. FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS

The Independent Directors are familiarized with their roles, rights, responsibilities of the Company, the business model of the Company, etc., through various programmes on a continuous basis. Details of the familiarization program of independent directors are disclosed on the website of the Company. i.e. http://www.fdcindia.com/admin/images/Familiarisation_Programme_2018-19.pdf

24. VIGIL MECHANISM/WHISTLE BLOWER POLICY

Your Company has in place a Whistle Blower Policy for reporting genuine concerns or grievances on fraud and mismanagement. The said Policy is explained in detail in the Corporate Governance Report.

The Company has not denied any person from accessing the Audit Committee. There were no allegations/disclosures/ concerns received during the year under review, in terms of the vigil mechanism established by the Company. The said Policy is also uploaded on the website of the Company i.e. http://www.fdcindia.com/admin/images/Whistler_Blower_Policy.pdf

25. CODE OF CONDUCT

Your Company has in place a Code of Conduct for Board Members and Senior Management Personnel of the Company. The Code of Conduct lays down the standard of conduct which is expected to be followed by the Directors and the Senior Management Personnel and the duties of Independent Directors towards the Company.

The Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct applicable to them, during the year ended March 31, 2019. A Certificate duly signed by the Managing Director, on the compliance with the Code of Conduct is given in the Corporate Governance Report. The said Code is available on the website of the company i.e. http://www.fdcindia.com/admin/images/Code_of_Conduct_of_FDC_Limited.pdf

26. PREVENTION OF INSIDER TRADING

Your Company has in place a Policy on the Code of Conduct for Prevention of Insider Trading with a view to regulate the trading in securities by the Promoters, Directors and the Designated Employees of the Company.

The same has also been uploaded on the website of the Company i.e. http://www.fdcindia.com/admin/images/Code_of_Conduct_For_Prevention_of_Insider_Trading.pdf

The Promoters, Directors and the Designated Employees have affirmed compliance with the Company's Code of Conduct for Prevention of Insider Trading.

27. RELATED PARTY TRANSACTIONS

During the year under review, all Related Party Transactions entered into by the Company were on an arm's length basis and in the ordinary course of business. Your Company has not entered into any contract, arrangement or transaction with any Related Party which would be considered as the material under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Board has also approved a policy on Related Party Transactions and the same has been uploaded on the Website of the Company i.e. http://www.fdcindia.com/admin/images/Policy_on_Related_Party_Transactions.pdf

A statement giving details of all Related Party Transactions is placed before the Audit Committee and the Board of Directors on a quarterly basis. Omnibus prior approval was also obtained from the Audit Committee and the Board on an annual basis for repetitive transactions.

Related Party Transactions as required under Accounting Standard are reported in the notes to financial statement. The particulars as required under Section 134(3)(h) of the Companies Act, 2013 are furnished as "Annexure - F" to this report.

28. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN OF WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy on the Prevention, Prohibition and Redressal of Sexual harassment at workplace in line with the requirements of The Sexual Harassment of Women of Workplace (Prevention, Prohibition and Redressal) Act, 2013.

The said Policy is available on the website of the Company i.e. http://www.fdcindia.com/admin/images/Sexual_Harassment_Policy.pdf

An internal Sexual Harassment Committee has also been set up to redress the complaints received regarding sexual harassment. The Company has not received any complaints during the year under review.

29. AUDITORS AND AUDIT REPORTS**a. STATUTORY AUDITORS**

Auditor's Report for the year under review does not contain any qualifications, reservations or adverse remarks.

b. COST AUDITORS

Pursuant to Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audits) Rules, 2014, the Board of Directors on the recommendation of the Audit Committee have re-appointed M/s. Sevekari Khare & Associates (Firm Registration No. 000084) Cost Accountants, Mumbai, as Cost Auditors of the Company, to carry out the audit of cost records of the Company. The said Auditors have confirmed their eligibility for appointment as Cost Auditors.

As required under the Companies Act, 2013 and Rules made thereunder, the requisite resolution for ratification of remuneration of Cost Auditors by the Members has been set out in the Item No. 10 of Notice of the 79th Annual General Meeting of your Company.

The Cost Audit Report for the year ended March 31, 2018 was filed with the Ministry of Corporate Affairs on August 30, 2018 within the prescribed time.

c. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Rules made thereunder, the

Company has appointed M/s. Sanjay Dholakia and Associates (PCS No.1798), (Company Secretaries in Practice) undertaken the Secretarial Audit of the Company for the year ended March 31, 2019. The Secretarial Audit Report is annexed as "Annexure G" to this Report. There is no qualification, reservation, adverse remark or disclaimer in the said Report.

30. DETAILS OF FRAUD REPORTED BY THE AUDITORS

During the year under review, the Statutory Auditors, Secretarial Auditors and Cost Auditors have not reported any instances of fraud committed in the Company by its officers or employees to the Audit Committee under section 143(12) and Rule 13 of the Companies (Audit and Auditors) Rules, 2014 of the Companies Act, 2013.

31. CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has always been a socially responsible corporate citizen who is well aware and sensitive to the needs of the underprivileged people around it. During the year under review, the Company has undertaken various socio-economic activities such as Nutritional Programmes, environmental awareness, improving water resources/ structure in the villages surrounding our Plants, Construction of Toilets at Schools/ Backward regions, etc. through Trust, Non-Governmental Organisation and directly by the Company.

Your Company is doing its best to undertake various needs based activities in compliance with Schedule VII to the Companies Act, 2013.

The CSR policy is available on the website of the Company i.e. http://www.fdcindia.com/admin/images/Corporate_Social_Responsibility_Policy.pdf

In accordance with the provisions of Section 135 of the Companies Act, 2013, an abstract on the Company's CSR activities is appended as "Annexure H" to this report.

32. EXTRACT OF ANNUAL RETURN

Pursuant to the provisions of Section 92 of the Companies Act, 2013 and the Amendment made thereunder, the Form MGT 9 providing an extract of the Annual Return is annexed as an Annexure - I and also available on the website of the Company i.e. <http://www.fdcindia.com>

33. TRANSFER OF UNPAID AND UNCLAIMED DIVIDEND AMOUNTS AND SHARES TO INVESTOR EDUCATION AND PROTECTION FUND (IEPF)

- a. Pursuant to the provisions of the Companies Act, 2013, read with IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended, declared dividends which remained unpaid or unclaimed for a period of 7 (Seven) years have been transferred by the Company to the IEPF, which has been established by the Central Government.

Your Company has been sending reminders to those Members having unpaid/unclaimed dividends before transfer of such dividend(s) to IEPF. Details of the unpaid/unclaimed dividend are also uploaded on the Company's website i.e. www.fdcindia.com.

Members, who have not encashed their dividend pertaining to Final Dividend 2011-2012 and onwards, are advised to write to the Company immediately for claiming dividends declared by the Company.

- b. In view thereof, after complying with the prescribed procedure, 47,714 shares on which dividend remained unclaimed for 7 (Seven) consecutive years, were transferred to IEPF account in the year 2018. Your Company has uploaded the details of such Shareholders whose shares are transferred to IEPF account on the website of the Company i.e. www.fdcindia.com. The procedure to claim the shares transferred to IEPF account has also been uploaded on the website.

34. ENVIRONMENT, HEALTH AND SAFETY

Environment, Health and Safety are a part of the Management responsibilities and concerns. Your Company has been providing various kinds of medical assistance to the families of its employees. Periodic health checkups are also carried out for all the employees. Employees are also educated on safety and precautionary measures to be undertaken on their job.

35. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant or material orders passed by any regulatory, tribunal or court that would impact the going concern status of the Company and its future operations.

36. ACKNOWLEDGEMENTS

Your Directors would like to express and place on record their sincere appreciation for the continued co-operation and support received from the Medical fraternity, Government Authorities and Agencies, Stock Exchanges, Financial Institutions, Investors, Bankers, Consumers, Vendors and Members, during the year under review. Your Directors also place on record their appreciation for the hard work and contribution of all the employees of the Company.

For and on behalf of the Board

Place: Mumbai
Date : May 24, 2019

CA. UDAY KUMAR GURKAR
Chairman of the Board