

**INDEPENDENT AUDITOR'S REPORT**

To The Members of **Naxpar Pharma Private Limited**

**Report on the Standalone Financial Statements**

1. We have audited the accompanying Standalone financial statements of **Naxpar Pharma Private Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (Including Other Comprehensive Income), the Cash Flow Statement and the Statement of Change in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("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 Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its Loss, total comprehensive income, its cash flows and the Statement of Change in Equity for the year ended on that date

**Basis of Opinion**

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

**Key Audit Matters**

4. 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.
5. We have determined that there are no key audit matters to communicate in our report.



## **Information other than the financial statements and auditors' report thereon**

6. The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon. The Annual report is expected to be made available to us after the date of this auditor's report.
7. Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. 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. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

## **Management's Responsibility for the Standalone Financial Statements**

9. The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and the Statement of Change in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.
10. In preparing the standalone financial statements, management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. The Board of Directors is also responsible for overseeing the Company's financial reporting process.



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

11. 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.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by 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.

13. 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.



14. 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.
15. 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

### **Report on other Legal and Regulatory Requirements**

16. As required by section 197(16) of the Act, we report that the Company has paid remuneration to its directors during the year in accordance with the provisions of and limits laid down under section 197 read with Schedule V to the Act.
17. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
18. As required by section 143(3) of the Act, we report that:
- 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.
  - 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.
  - The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Change in Equity dealt with by this Report are in agreement with the books of account.
  - In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - On the basis of written representations received from the directors as on 31<sup>st</sup> March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2020, from being appointed as a director in terms of Section 164(2) of the Act.
  - With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".



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

- i) The Company has disclosed the impact of pending litigations on its financial position in note no. 33 of its standalone financial statements;
- ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses; and
- iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Ladha Singhal & Associates**  
Chartered Accountants  
(Firm Registration No. 120241W)

*Vinod Ladha*

**Vinod Ladha**  
(Partner)

M. No. 104151

Place: Mumbai

Dated: 31<sup>st</sup> July, 2020

UDIN : 20104151AAAABY4885



## Annexure A to Independent Auditor's Report

Referred to as 'Annexure A' in paragraph 17 of the Independent Auditors' Report of even date to the members of **Naxpar Pharma Private Limited** on the standalone financial statements for the year ended on 31<sup>st</sup> March, 2020, we report that:

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year under a regular program of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No discrepancies were noticed on such verification.
- (c) According to the information and the explanation given to us and the records examined by us, we report that the title deeds of immovable properties are held in the name of the Company as at the Balance Sheet date.
- (ii) As explained to us, the inventories were physically verified during the year by the management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any secured or unsecured loan to Companies, Firms, Limited Liability Partnerships, or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) In our opinion and according to the information given to us, the company has not accepted deposits and hence, compliance with the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under with regard to the deposits accepted is not applicable.
- (vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records u/s 148(1) of the Act in respect of Company's products/services and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company is regular in depositing with appropriate authorities applicable undisputed statutory dues including employee state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess.
- (b) According to the information and explanation given to us, no undisputed amounts payable in respect of employee state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax or cess were in arrears as at 31<sup>st</sup> March, 2020 for a period of more than six months from the date they became payable.
- (c) According to the information and explanation given to us, there are no dues on account sales tax / income tax / custom tax/ wealth tax / excise duty /cess which have not been deposited as on 31<sup>st</sup> March, 2020 on account of any dispute.
- (viii) In our opinion and according to the information and explanation given to us, the company has not defaulted in the repayment of loans or borrowings to banks or financial institutions. The Company does not have any borrowings from government and has not issued any debentures.



- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) or term loans during the year; hence clause 3(ix) of the Companies (Auditors' Report) Order, 2016 are not applicable to the Company.
- (x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.
- (xi) According to the information and explanation given to us and based on our examination of the records of the Company, the company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with the Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company; hence clause 3(xii) of the Companies (Auditors' Report) Order, 2016 is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements in note no 41 as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosure specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rule, 2014.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with the directors or the persons connected to its directors; hence clause 3(xv) of the Companies (Auditors' Report) Order, 2016 is not applicable to the Company.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Ladha Singhal & Associates**

Chartered Accountants

(Firm Registration No. 120241W)

*Vinod Ladha*

**(Vinod Ladha)**

Partner

**M. No. 104151**

Place: Mumbai

Dated: 31<sup>st</sup> July, 2020

UDIN : 20104151AAAABY4885



## Annexure B to Independent Auditor's Report

Referred to as 'Annexure B' in paragraph 18(f) of the Independent Auditors' Report of even date to the members of **Naxpar Pharma Private Limited** on the standalone financial statements for the year ended on 31<sup>st</sup> March, 2020.

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. We have audited the internal financial controls over financial reporting of **Naxpar Pharma Private Limited** ("the Company") as on 31<sup>st</sup> March, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended and as on that date.

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

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

### **Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls over financial reporting. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.
4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.



5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls over Financial Reporting**

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

### **Inherent Limitations of Internal Financial Controls over Financial Reporting**

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

### **Opinion**

8. In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **For Ladha Singhal & Associates**

Chartered Accountants

Firm Registration No.: 120241W

*Vinod Ladha*  
(Vinod Ladha)

Partner

M. No.: 104151

Place: Mumbai

Dated: 31<sup>st</sup> July, 2020

UDIN : 20104151AAAABY4885



**NAXPAR PHARMA PRIVATE LIMITED**

**Balance Sheet as at 31st March, 2020**

(Amount in Rs)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
<b>I ASSETS</b>			
<b>1. Non - Current Assets</b>			
(a) Property, plant and equipment	2	56,20,41,572	50,20,91,342
(b) Capital work in progress		2,91,40,063	14,15,000
(c) Intangible assets	3	20,54,522	27,17,816
(d) Right-of-use-asset	42	73,76,813	-
(e) Financial assets			
(i) Investments	4	13,51,000	12,51,000
(ii) Other financial assets	5	43,11,195	36,03,617
(e) Other non-current assets	6	22,95,000	5,96,00,000
		60,85,70,165	57,06,78,775
<b>2. Current Assets</b>			
(a) Inventories	7	11,00,06,803	8,05,26,181
(b) Financial assets			
(i) Trade receivables	8	21,03,19,275	16,68,08,094
(ii) Cash and cash equivalents	9	27,89,120	47,79,849
(iii) Bank balances other than (ii) above	10	89,74,983	63,61,717
(iv) Loans	11	57,59,207	62,58,169
(c) Current tax assets	12	1,83,64,829	71,31,306
(d) Other current assets	13	3,06,56,432	2,59,16,853
		38,68,70,649	29,77,82,169
<b>TOTAL ASSETS</b>		<b>99,54,40,814</b>	<b>86,84,60,945</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>1. Equity</b>			
(a) Share capital	14	5,00,00,000	5,00,00,000
(b) Other equity	15	32,02,66,405	32,96,27,828
		37,02,66,405	37,96,27,828
<b>2. Liabilities</b>			
<b>Non - current liabilities</b>			
(a) Financial liabilities			
(i) Long term borrowings	16	16,38,18,199	13,25,02,712
(ii) Lease Liabilities	42	71,99,538	-
(b) Deferred tax liability	31	2,74,95,831	3,30,58,079
(c) Long term provisions	17	25,58,849	27,64,400
		20,10,72,417	16,83,25,191
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Short term borrowings	18	20,08,24,479	13,41,80,896
(ii) Trade payables	19	9,81,18,074	6,38,49,322
(iii) Lease Liabilities	42	1,91,488	-
(iv) Other financial liabilities	20	11,74,33,351	10,97,36,878
(c) Other current liabilities	21	72,21,996	1,23,81,882
(d) Short term provision	22	3,12,605	3,58,948
		42,41,01,993	32,05,07,926
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>99,54,40,814</b>	<b>86,84,60,945</b>
<b>Significant Accounting Policies</b>	1		

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

For Latha Singhal and Associates

Chartered Accountants

Firm's Registration No : 120241W

*Vinod Latha*  
(Vinod Latha)  
Partner  
M. No. 104151  
UDIN : 20104151AAAABY4885  
Place: Mumbai  
Date: 31st July, 2020



For and on behalf of the Board of Directors of Naxpar Pharma Private Limited

Prakash M. Shah  
(Whole Time Director)  
DIN 00440980  
Baiju M. Shah  
(Whole Time Director)  
DIN 00440806  
Namrata Kambli  
(Company Secretary)

*Prakash M. Shah*  
*Baiju M. Shah*  
*Namrata Kambli*

**NAXPAR PHARMA PRIVATE LIMITED**  
**Statement of Profit and Loss for the year ended 31st March, 2020**

(Amount in Rs)

	Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
I	Revenue from operations (Gross)	23	89,24,36,198	1,02,58,67,802
II	Other income	24	24,65,415	1,59,81,048
III	<b>Total Revenue (I + II)</b>		<b>89,49,01,613</b>	<b>1,04,18,48,851</b>
IV	<b>Expenses</b>			
	Cost of materials consumed	25	42,69,34,692	41,56,74,930
	Purchase of stock in trade	26	77,95,446	8,48,30,464
	Change in inventories	27	(90,34,498)	(22,08,071)
	Employee benefits expense	28	13,56,64,250	12,60,95,096
	Finance cost	29	3,22,32,331	2,80,79,930
	Depreciation and amortization expense		4,41,56,007	3,77,51,260
	Other expenses	30	27,21,05,856	30,03,42,347
	<b>Total Expenses</b>		<b>90,98,54,084</b>	<b>99,05,65,957</b>
V	<b>Profit / (Loss) Before Tax (III-IV)</b>		<b>(1,49,52,471)</b>	<b>5,12,82,894</b>
VI	<b>Tax Expense:</b>	31		
	(a) Current tax		-	1,20,00,000
	(b) Deferred tax (Asset) / Liability		(54,75,939)	(25,16,217)
	(d) Short (Excess) provision for tax for earlier years		(3,60,757)	4,70,992
			<b>(58,36,696)</b>	<b>99,54,775</b>
VII	<b>Profit / (Loss) for the year (V-VI)</b>		<b>(91,15,775)</b>	<b>4,13,28,119</b>
VIII	<b>Other Comprehensive Income</b>			
	A.(i) Items that will not be reclassified to profit & loss			
	Remeasurements of post-employment benefit obligations		(3,31,957)	(11,05,909)
	A.(ii) Income tax relating to items that will not be reclassified to profit or loss		86,309	3,07,664
	<b>Total Other Comprehensive income</b>		<b>(2,45,648)</b>	<b>(7,98,245)</b>
	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR(VII+VIII)</b>		<b>(93,61,423)</b>	<b>4,05,29,874</b>
IX	<b>Earnings Per Equity Share of Rs.10/- each :</b>			
	Weighted average no. of shares (Basic & Diluted)		50,00,000	50,00,000
	(1) Basic Earning Per Share (Rs.)		(1.82)	8.27
	(2) Diluted Earning Per Share (Rs.)		(1.82)	8.27
	<b>Significant Accounting Policies</b>	1		

The accompanying notes are an integral part of these standalone financial statements

As per our report of even date

For Ladha Singhal and Associates  
Chartered Accountants  
Firm's Registration No : 120241W

(Vinod Ladha)

Partner

M. No. 104151

UDIN : 20104151AAAABY4885

Place: Mumbai

Date: 31st July, 2020



For and on behalf of the Board of Directors of Naxpar  
Pharma Private Limited

Prakash M. Shah  
(Whole Time Director)

DIN 00440980

Baiju M. Shah  
(Whole Time Director)

DIN 00440806

Namrata Kambli  
(Company Secretary)

*(Handwritten signatures of Prakash M. Shah, Baiju M. Shah, and Namrata Kambli)*

**NAXPAR PHARMA PRIVATE LIMITED**  
**Cash Flow Statement for the year ended 31st March, 2020**

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax	(1,49,52,471)	5,12,82,894
<b>Adjustments for</b>		
Depreciation	4,41,56,007	3,77,51,260
Interest & Dividend income	(8,39,127)	(7,89,660)
Finance Cost	3,22,32,331	2,80,79,930
Sundry balances written off	(85,053)	81,397
<b>Operating Profit Before Working Capital Adjustments</b>	<b>6,05,11,688</b>	<b>11,64,05,822</b>
<b>Changes in Working Capital</b>		
<u>Adjustments for (increase) / decrease in operating assets:</u>		
Inventories	(2,94,80,622)	(78,57,562)
Trade receivables	(4,35,11,181)	(2,06,14,382)
Other assets (Financials and Non Financial assets)	5,23,56,805	30,08,722
<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
Trade payables	3,43,53,805	21,574
Other liabilities (Financials and Non Financial assets)	21,44,224	(58,79,764)
<b>Cash generated from operations</b>	<b>7,63,74,718</b>	<b>8,50,84,410</b>
Direct Tax Paid (Refund) [Net]	1,08,72,766	1,47,10,797
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>6,55,01,952</b>	<b>7,03,73,613</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of property, plant & equipment & intangible assets	(10,36,20,217)	(11,32,06,119)
Expenditure on capital work in progress	(2,77,25,063)	-
Sale / (Purchase) of Investment	(1,00,000)	6,76,485
Investment in fixed deposit	(26,13,266)	-
Interest & Dividend income	8,39,127	7,89,660
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(13,32,19,419)</b>	<b>(11,17,39,974)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings (net)	3,13,15,487	4,63,85,947
Proceeds from Short-term borrowings (net)	6,66,43,583	1,89,89,956
Finance Cost	(3,22,32,331)	(2,86,36,656)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>6,57,26,738</b>	<b>3,67,39,246</b>
<b>Net increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(19,90,729)</b>	<b>(46,27,115)</b>
Cash and cash equivalents at the beginning of the year	47,79,849	94,06,964
<b>Cash and cash equivalents at the end of the year</b>	<b>27,89,120</b>	<b>47,79,849</b>

As per our report of even date

For Ladha Singhal and Associates  
Chartered Accountants  
Firm's Registration No : 120241W

*Vinod Ladha*  
(Vinod Ladha)

Partner

M. No. 104151

UDIN : 20104151AAAABY4885

Place : Mumbai

Date : 31st July, 2020



For and on behalf of the Board of Directors of Naxpar  
Pharma Private Limited

Prakash M. Shah  
(Whole Time Director)

DIN 00440980

Baiju M. Shah  
(Whole Time Director)

DIN 00440806

Namrata Kambli  
(Company Secretary)

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*[Signature]*  
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**NAXPAR PHARMA PRIVATE LIMITED****Statement of Changes in Equity for the year ended 31st March, 2020****(A) Equity Share Capital**

	Amount
Balance as at April 01, 2018	5,00,00,000
Changes in share capital during the year	-
Balance as at March 31, 2019	5,00,00,000
Changes in share capital during the year	-
Balance as at March 31, 2020	5,00,00,000

**(B) Other Equity**

	Securities premium	Surplus in Statement of Profit & loss	Accumulated other comprehensive income	Total
Balance as at April 01, 2018	4,99,00,000	23,88,47,594	3,50,360	28,90,97,954
Profit/(Loss) for the year	-	4,13,28,119	-	4,13,28,119
Other comprehensive income for the year	-	-	(7,98,245)	(7,98,245)
Balance as at March 31, 2019	4,99,00,000	28,01,75,713	(4,47,885)	32,96,27,828
Profit/(Loss) for the year	-	(91,15,775)	-	(91,15,775)
Other comprehensive income for the year	-	-	(2,45,648)	(2,45,648)
Balance as at March 31, 2020	4,99,00,000	27,10,59,938	(6,93,533)	32,02,66,405

The accompanying notes are an integral part of these financial statements

As per our report of even date

For Ladha Singhal and Associates  
Chartered Accountants  
Firm's Registration No : 120241W

*Vinod Ladha*  
(Vinod Ladha)

Partner

M. No. 104151

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For and on behalf of the Board of Directors of Naxpar Pharma Private Limited

Prakash M. Shah  
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(Company Secretary)

*Prakash M. Shah*

*B. M. Shah*

*N. Kambli*

## NAXPAR PHARMA PRIVATE LIMITED

### Notes to standalone financial statements for the year ended 31st March, 2020

#### Note - 1

##### A. CORPORATE INFORMATION:

Naxpar Pharma Private Limited is a private limited company incorporated under the provisions of the Companies Act, 1956 and is a subsidiary of Parnax Lab Limited. The Company is principally engaged in the business activities of manufacturing and export of Pharmaceutical Formulations.

##### B. SIGNIFICANT ACCOUNTING POLICIES:

###### 1. Basis of Preparation of Financial Statements:

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified by Ministry of Corporate Affairs pursuant to Section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting standards) Rules as amended from time to time and other related provisions of the Act.

The financial statements of the Company are prepared on the accrual basis of accounting and Historical cost convention except for the following material items that have been measured at fair value as required by the relevant Ind AS:

- (i) Certain financial assets and liabilities are measured at Fair value (Refer note no. 8)
- (ii) Defined benefit employee plan (Refer note no. 13)

The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

The financial statements are presented in INR, the functional currency of the Company.

###### 2. Use of Estimates and judgments:

The preparation of the financial statements requires the Management to make, judgments, estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. The recognition, measurement, classification or disclosure of an item or information in the financial statements is made relying on these estimates. The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the management and are based on historical experience and various other assumptions and factors (including expectations of future events) that the management believes to be reasonable under the existing circumstances. Actual results may differ from those estimates. Any revision to accounting estimates is recognised prospectively in current and future periods.

###### Critical accounting judgements and key source of estimation uncertainty

The Company is required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. The estimates and underlying assumptions are reviewed on an on-going basis.

- (a) Recognition and measurement of defined benefit obligations, key actuarial assumptions - Note no. - 13
- (b) Estimation of current tax expenses and payable - Refer note no. - 14

###### Estimation of uncertainties relating to the global health pandemic from COVID-19

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipments, investments, inventories, receivables, and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information.

There is no material adverse impact of CoVID - 19 pandemic on the Company and its operations/profitability during the financial year ended March 31, 2020. However, CoVID - 19 pandemic effect if any, on the Company's operation / profitability in the current FY 2020-21 can only be assessed in due course.

###### 3. Property, plant and equipment (PPE)

Property, plant and equipment is stated at acquisition cost net of accumulated depreciation and accumulated impairment losses, if any.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.



If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment. Subsequent expenditure Subsequent costs are included in the assets carrying amount or recognized as a separate asset, as appropriate only if it is probable that the future economic benefits associated with the item will flow to the Company and that the cost of the item can be reliably measured.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Profit and Loss.

Property, plant and equipment which are not ready for intended use as on the date of Balance Sheet are disclosed as "Capital work in progress".

#### 4. Intangible assets

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

#### 5. Depreciation and Amortization:

##### (a) Property plant and equipment (PPE)

Depreciation is provided on a pro-rata basis on the straight line method based on estimated useful life prescribed under Schedule II to the Companies Act, 2013.

The residual values, useful lives and method of depreciation of property, plant and equipment is reviewed at each financial year end and adjusted prospectively, if appropriate.

##### (b) Intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives.

The amortisation period and the amortisation method for finite life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate. For indefinite life intangible assets, the assessment of indefinite life is reviewed annually to determine whether it continues, if not, it is impaired or changed prospectively basis revised estimates.

#### 6. Investment Properties:

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment property is measured at its cost, including related transaction costs and where applicable borrowing costs less depreciation and impairment if any.

Depreciation on building is provided based on straight line method using the useful life as specified in schedule II of the Companies Act, 2013.

#### 7. Financial Instruments:

##### Financial assets - Initial recognition:

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instruments. On initial recognition, a financial asset is recognised at fair value, in case of Financial assets which are recognised at fair value through profit and loss (FVTPL), its transaction cost are recognised in the statement of profit and loss. In other cases, the transaction cost are attributed to the acquisition value of the financial asset.

##### Subsequent measurement:

Financial assets are subsequently classified as measured at:

- amortised cost
- fair value through profit & loss (FVTPL)
- fair value through other comprehensive income (FVTOCI)

The above classification is being determined considering the:

- (a) the entity's business model for managing the financial assets and
- (b) the contractual cash flow characteristics of the financial asset.

Financial assets are not reclassified subsequent to their recognition, except if and in the period the company changes its business model for managing financial assets.

##### (i) Measured at amortised cost:

Financial assets are subsequently measured at amortised cost, if these financial assets are held within a business module whose objective is to hold these assets in order to collect contractual cash flows. The contractual terms of the financial asset give rise on specified date to cash flows that are solely payments of principal and interest on the principal amount outstanding.



**(ii) Measured at fair value through other comprehensive income (FVTOCI):**

Financial assets are measured at FVTOCI, if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets. Fair value movements are recognized in the other comprehensive income (OCI). Interest income measured using the EIR method and impairment losses, if any are recognised in the Statement of Profit and Loss. On derecognition, cumulative gain or loss previously recognised in OCI is reclassified from the equity to 'other income' in the Statement of Profit and Loss

**(iii) Measured at fair value through profit or loss (FVTPL):**

Financial assets other than equity instrument are measured at FVTPL unless it is measured at amortised cost or at FVTOCI on initial recognition. Such financial assets are measured at fair value with all changes in fair value, including interest income and dividend income if any, recognised in the Statement of Profit and Loss.

**Equity instruments:**

On initial recognition, the Company can make an irrevocable election (on an instrument by instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments.

Dividends on these investments in equity instruments are recognised in Statement of Profit and Loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in Statement of Profit and Loss are included in the 'Other income' line item.

**Impairment**

The Company recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost and at FVOCI. The credit loss is difference between all contractual cash flows that are due to an entity 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. This is assessed on an individual or collective basis after considering all reasonable and supportable including that which is forward looking.

The Company's trade receivables or contract revenue receivables do not contain significant financing component and loss allowance on trade receivables is measured at an amount equal to life time expected losses i.e. expected cash shortfall, being simplified approach for recognition of impairment loss allowance.

Under simplified approach, the Company does not track changes in credit risk. Rather it recognizes impairment loss allowance based on the lifetime ECL at each reporting date right from its initial recognition. The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable 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.

For financial assets other than trade receivables, the Company recognises 12-months expected credit losses for all originated or acquired financial assets if at the reporting date the credit risk of the financial asset has not increased significantly since its initial recognition. The expected credit losses are measured as lifetime expected credit losses if the credit risk on financial asset increases significantly since its initial recognition. If, in a subsequent period, credit quality of the instrument improves such that there is no longer significant increase in credit risks since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12 months ECL. The impairment losses and reversals are recognised in Statement of Profit and Loss. For equity instruments and financial assets measured at FVTPL, there is no requirement of impairment testing.

**Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement.

In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.



**Financial Liabilities**

**Initial Recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities

are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss. The Company's financial liabilities includes trade and other payables, loans and borrowings including bank overdrafts.



## 8. Fair Value Measurement

The Company measures financial instruments, such as, derivatives, investments at fair value at each balance sheet date. 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:

- (a) In the principal market for the asset or liability, or
- (b) In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

## 9. Inventory

Inventories are valued at the lower of cost and net realisable value. Cost is computed on a First-in First-Out (FIFO). Cost of finished goods and work-in-progress include all costs of purchases, conversion costs and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

## 10. Cash and Cash Equivalents:

Cash and Cash equivalents include cash and Cheque in hand, bank balances, demand deposits with banks and other short-term highly liquid investments that are readily convertible to known amounts of cash & which are subject to an insignificant risk of changes in value where original maturity is three months or less.

## 11. Foreign Currency Transactions:

### a) Initial Recognition

Transactions in foreign currency are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising on foreign exchange transactions settled during the year are recognized in the Statement of Profit and Loss of the year.

### b) Measurement of Foreign Currency Items at the Balance Sheet Date

Foreign currency monetary items of the Company are restated at the closing exchange rates. Non monetary items are recorded at the exchange rate prevailing on the date of the transaction. Exchange differences arising out of these transactions are charged to the Statement of Profit and Loss.

## 12. Revenue Recognition:

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, discounts, loyalty discount, value added taxes and amounts collected on behalf of third parties. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met for each of the Company's activities as described below.

### Sale of Goods

Revenue from sale of goods is recognised when all the significant risks and rewards of ownership in the goods are transferred to the buyer as per the terms of the contract, there is no continuing managerial involvement with the goods and the amount of revenue can be measured reliably.



**Rendering of Services**

Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed/rendered.

**Interest**

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable and based on Effective interest rate method.

**Dividend**

Dividend Income is recognized when right to receive the same is established.

**13. Employee Benefits:**

The Company has provides following post-employment plans:

- (a) Defined benefit plans such a gratuity and
- (b) Defined contribution plans such as Provident fund & Superannuation fund

**a) Defined-benefit plan:**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of defined benefit obligations at the end of the reporting period less fair value of plan assets. The defined benefit obligations is calculated annually by actuaries through actuarial valuation using the projected unit credit method.

The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- (a) Service costs comprising current service costs, past-service costs, gains and losses on curtailment and non-routine settlements; and

- (b) Net interest expense or income

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and fair value of plan assets. This cost is included in employee benefit expenses in the statement of the profit & loss.

Re-measurement comprising of actuarial gains and losses arising from

- (a) Re-measurement of Actuarial(gains)/losses
- (b) Return on plan assets, excluding amount recognized in effect of asset ceiling
- (c) Re-measurement arising because of change in effect of asset ceiling

are recognised in the period in which they occur directly in Other comprehensive income. Re-measurement are not reclassified to profit or loss in subsequent periods.

Ind AS 19 requires the exercise of judgment in relation to various assumptions including future pay rises, inflation and discount rates and employee and pensioner demographics. The Company determines the assumptions in conjunction with its actuaries, and believes these assumptions to be in line with best practice, but the application of different assumptions could have a significant effect on the amounts reflected in the income statement, other comprehensive income and balance sheet. There may be also interdependency between some of the assumptions.

**b) Defined-contribution plan:**

Under defined contribution plans, provident fund, the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. Defined Contribution plan comprise of contributions to the employees' provident fund with the government, superannuation fund and certain state plans like Employees' State Insurance and Employees' Pension Scheme. The Company's payments to the defined contribution plans are recognised as expenses during the period in which the employees perform the services that the payment covers.

**c) Other employee benefits:**

- (a) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation.

- (b) Undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the related services.



#### 14. Taxes on Income:

Income tax comprises current and deferred tax. Income tax expense is recognized in the statement of profit and loss except to the extent it relates to items directly recognized in equity or in other comprehensive income.

Current tax is based on taxable profit for the year. Taxable profit is different from accounting profit due to temporary differences between accounting and tax treatments, and due to items that are never taxable or tax deductible. Tax provisions are included in current liabilities. Interest and penalties on tax liabilities are provided for in the tax charge. The Company offsets, the current tax assets and liabilities (on a year on year basis) where it has a legally enforceable right and where it intends to settle such assets and liabilities on a net basis or to realise the assets and liabilities on net basis.

Deferred income tax is recognized using the balance sheet approach. Deferred income tax assets and liabilities are recognized for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount in financial statements. Deferred income tax asset are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized. Deferred tax assets are not recognised where it is more likely than not that the assets will not be realised in the future.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income-tax during the specified period. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal income-tax during the specified period.

#### 15. Borrowing Cost:

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalized as a part of Cost of that assets, during the period till all the activities necessary to prepare the Qualifying assets for its intended use or sale are complete during the period of time that is required to complete and prepare the assets for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Other borrowing costs are recognized as an expense in the period in which they are incurred.

#### 16. Earnings Per Share:

Basic earnings per shares are calculated by dividing the net profit or loss after tax for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to the equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

#### 17. Assets held for disposal

The Company classifies non-current assets as held for sale if their current carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell. Any expected loss is recognised immediately on statement of profit & loss.

Property, plant & equipment once classified as held for sale are not depreciated or amortised. Assets and liabilities classified as held for sale are presented separately as current items in the balance sheets.

#### 18. Leases:

Leases Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases" and applied to all lease contracts existing on the date of initial application, using the modified retrospective method along with transition option to recognise right-of-use assets (RoU) at an amount equal to the lease liability. Accordingly, comparatives for previous year ended March 31, 2019 have not been retrospectively adjusted.

##### The Company as lessor

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the period in which such benefits accrue.

The Company did not make any adjustments to the accounting for assets held as a lessor as a result of adopting the new lease standard.



#### **The Company as lessee (Till March 31, 2019)**

Rental expense from operating leases is recognised on a straight-line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the period in which such benefits accrue.

Upfront amount paid for land taken on lease is amortised over the period of lease.

#### **The Company as lessee (With effect from April 1, 2019)**

The Company assesses whether a contract contains a lease, at inception of a contract. At the date of commencement of the lease, the Company recognises a 'right-of-use' asset and a corresponding liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Right-of-use asset are measured at cost comprising the following:

- the amount of initial measurement of liability
- any lease payments made at or before the commencement date less the incentives received
- any initial direct costs, and
- restoration costs

They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use asset are depreciated over the shorter of asset's useful life and the lease term on a straight-line basis. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Lease liabilities measured at amortised cost include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. The lease payments are discounted using the rate of interest implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in the similar economic environment with similar terms, security and conditions.

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract in accordance with Ind AS 116 and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in the statement of profit and loss, unless they are directly attributable to qualifying assets. Variable lease payments are recognised in the statement of profit and loss in the period in which the condition that triggers those payments that occur.

#### **19. Provisions, Contingent Liabilities and Contingent Assets:**

A provision is recognised if, as a result of a past event, the group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract.

A disclosure for contingent liabilities is made where there is a possible obligation or a present obligation that may probably not require an outflow of resources or an obligation for which the future outcome cannot be ascertained with reasonable certainty. When there is a possible or a present obligation where the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are neither recognized nor disclosed in financial statements.



**NAXPAR PHARMA PRIVATE LIMITED**  
Notes to Financial Statements for the year ended 31st March, 2020

**Note 2 : Property, plant & equipment**

Particulars	Land	Factory Building	Plant & Machinery	Other Equipment	Electrical Installation	Q.C. Equipment	Motor Vehicle	Bus	Office Equipment	Air Conditioner	Furnitures and fixtures	Computer	Total
<b>Gross carrying amount</b>													
As at April 01, 2018 (refer note (2) below)	1,54,86,940	19,35,61,631	11,56,80,600	10,34,19,672	1,43,87,732	1,35,10,140	1,86,33,998	3,76,780	19,52,141	14,36,188	1,23,65,958	25,86,767	49,33,98,547
Additions	71,28,142	2,25,54,199	3,53,48,159	2,41,58,202	56,08,993	99,39,002	-	-	4,20,649	63,224	43,91,914	10,74,173	11,06,86,658
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2019	2,26,15,082	21,61,15,830	15,10,28,759	12,75,77,874	1,99,96,725	2,34,49,142	1,86,33,998	3,76,780	23,72,790	14,99,412	1,67,57,872	36,60,940	60,40,85,204
Additions	-	1,52,05,169	5,28,66,407	1,17,55,854	52,40,503	1,09,08,320	23,16,308	-	3,92,146	2,50,067	34,39,892	10,06,286	10,33,80,951
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Balance as at March 31, 2020	2,26,15,082	23,13,20,999	20,38,95,166	13,93,33,728	2,52,37,228	3,43,57,462	2,09,50,306	3,76,780	27,64,936	17,49,479	2,01,97,764	46,67,226	70,74,66,155
<b>Accumulated depreciation/Amortisation</b>													
Balance as at April 01, 2018	-	1,17,70,864	1,72,79,229	1,66,96,651	52,28,455	19,24,810	52,96,810	3,26,455	5,89,229	2,20,698	36,81,668	17,42,349	6,47,57,218
Depreciation/Amortisation charge for the year	-	73,97,041	1,13,92,786	1,00,22,318	14,25,932	15,50,855	28,98,434	-	4,17,429	1,40,447	14,76,976	5,14,426	3,72,36,644
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at March 31, 2019	-	1,91,67,905	2,86,72,015	2,67,18,969	66,54,387	34,75,665	81,95,244	3,26,455	10,06,658	3,61,145	51,58,644	22,56,775	10,19,93,862
Depreciation/Amortisation charge for the year	-	81,21,593	1,36,32,092	1,15,30,330	15,71,764	20,89,421	31,07,933	-	4,48,639	1,44,270	19,25,870	8,58,810	4,34,30,722
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-
Accumulated depreciation as at March 31, 2020	-	2,72,89,498	4,23,04,107	3,82,49,299	82,26,151	55,65,086	1,13,03,177	3,26,455	14,55,297	5,05,415	70,84,514	31,15,585	14,54,24,584
<b>Net carrying amount</b>													
Net carrying amount as at March 31, 2019	2,26,15,082	19,69,47,925	12,23,56,744	10,08,58,905	1,33,42,338	1,99,73,477	1,04,38,754	50,325	13,66,132	11,38,267	1,15,99,228	14,04,165	50,20,91,342
Net carrying amount as at March 31, 2020	2,26,15,082	20,40,31,501	16,15,91,059	10,10,84,429	1,70,11,077	2,87,92,376	96,47,129	50,325	13,09,639	12,44,064	1,31,13,250	15,51,641	56,20,41,572

**Note:**

- Refer note no. 34 for disclosure on contractual commitments for the acquisition of property, plant and equipment.
- The Company has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.



NAXPAR PHARMA PRIVATE LIMITED  
Notes to Financial Statements for the year ended 31st March, 2020

Note 3 : Intangible assets

Particulars	Software	Total
Gross carrying amount as at April 01, 2018	25,57,664	25,57,664
Additions	11,04,461	11,04,461
Disposals	-	-
Balance as at March 31, 2019	36,62,125	36,62,125
Additions	-	-
Disposals	-	-
Balance as at March 31, 2020	36,62,125	36,62,125
Accumulated depreciation/Amortisation		
Balance as at April 01, 2018	4,29,693	4,29,693
Depreciation/Amortisation charge for the year	5,14,616	5,14,616
Disposals	-	-
Accumulated depreciation as at March 31, 2019	9,44,309	9,44,309
Depreciation/Amortisation charge for the year	6,63,294	6,63,294
Disposals	-	-
Accumulated depreciation as at March 31, 2020	16,07,603	16,07,603
Net carrying amount as at March 31, 2019	27,17,816	27,17,816
Net carrying amount as at March 31, 2020	20,54,522	20,54,522



**NAXPAR PHARMA PRIVATE LIMITED**  
**Notes to Financial Statements for the year ended 31st March, 2020**

**Note 4 : Investments**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Equity instruments, at fair value through profit &amp; loss</b>		
<b>Unquoted, fully paid-up</b>		
Apna Sahakari Bank Ltd (20,000 Shares of Rs. 25/- each)	5,00,000	5,00,000
Janaseva Sahakari Bank Borivali Ltd (20,000 Shares of Rs. 25/- each)	5,00,000	5,00,000
Maratha Sahakari Bank Ltd. (10,040 Shares of Rs. 25/- each)	2,51,000	2,51,000
Shivalik Solid Waste Management Ltd (10,000 Shares of Rs. 10/- each)	1,00,000	-
<b>Total</b>	<b>13,51,000</b>	<b>12,51,000</b>
Aggregate amount of quoted investments	-	-
Aggregate amount of unquoted investments before impairment	13,51,000	12,51,000
Aggregate amount of impairment in the value of investment	-	-

**Note 5 : Other financial assets**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured, Considered good</b>		
Security Deposit	43,11,195	36,03,617
<b>Total</b>	<b>43,11,195</b>	<b>36,03,617</b>

**Note 6 : Other non-current assets**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured, Considered good</b>		
Capital Advances	22,95,000	5,96,00,000
<b>Total</b>	<b>22,95,000</b>	<b>5,96,00,000</b>

**Note 7 : Inventories**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>(As taken, valued and certified by the Management)</b>		
<b>(Valued at Cost or Market value, whichever is lower)</b>		
Raw Material	3,59,26,847	3,25,66,117
Work in Progress	1,01,64,853	49,53,576
Finished Goods	91,94,778	53,71,556
Packing Material	4,08,35,041	3,25,07,428
Other Material	1,38,85,285	51,27,505
<b>Total</b>	<b>11,00,06,803</b>	<b>8,05,26,181</b>

Note: Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value.

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**NAXPAR PHARMA PRIVATE LIMITED**  
Notes to Financial Statements for the year ended 31st March, 2020

**Note 8 : Trade Receivable**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Trade Receivable:</b>		
Unsecured ,Considered good	21,03,19,275	16,68,08,094
<b>Total</b>	<b>21,03,19,275</b>	<b>16,68,08,094</b>

**Note 9 : Cash and Cash Equivalents**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Cash on Hand	5,19,247	3,32,368
(b) Balance with Scheduled Banks - In Current Accounts	22,69,873	44,47,481
<b>Total</b>	<b>27,89,120</b>	<b>47,79,849</b>

**Note 10 : Bank balances other than cash & cash equivalents**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Fixed Deposit Account (Lodged as margin money against bank guarantee)	89,74,983	63,61,717
<b>Total</b>	<b>89,74,983</b>	<b>63,61,717</b>

**Note 11 : Loans**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Loans and advances to employees	57,59,207	62,58,169
<b>Total</b>	<b>57,59,207</b>	<b>62,58,169</b>

**Note 12 : Current tax assets (net)**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Income tax assets	1,83,64,829	1,91,31,306
Less: Provision for tax	-	1,20,00,000
<b>Total</b>	<b>1,83,64,829</b>	<b>71,31,306</b>

**Note 13 : Other current assets**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured, Considered good</b>		
Advances recoverable in cash or in kind or for value to be received	1,53,24,980	2,01,51,831
Balance with Government Authorities - Balance with GST	1,53,31,452	57,65,022
<b>Total</b>	<b>3,06,56,432</b>	<b>2,59,16,853</b>



**NAXPAR PHARMA PRIVATE LIMITED**  
Notes to Financial Statements for the year ended 31st March, 2020

**Note 14 : Share Capital**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019		
<b>Authorised:</b> 50,00,000 Equity Shares of Rs. 10/- each	5,00,00,000	5,00,00,000		
<b>Total</b>	<b>5,00,00,000</b>	<b>5,00,00,000</b>		
<b>Issued, Subscribed and Paid up:</b> 50,00,000 Equity Shares of Rs. 10/- each, fully paid up	5,00,00,000	5,00,00,000		
<b>Total</b>	<b>5,00,00,000</b>	<b>5,00,00,000</b>		
<b>(i) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period :</b>				
Number of shares at the beginning of the year	50,00,000	50,00,000		
Add: Issue of Shares during the year	-	-		
<b>Number of shares at the end of the year</b>	<b>50,00,000</b>	<b>50,00,000</b>		
<b>(ii) Terms/rights attached to Equity Shares</b> The Company has only one class of equity shares having a par value of Rs. 10 per share. Each holder of Equity Share is entitled to one vote per share. In the event of liquidation of the company, the holders of equity number of equity shares held by the shareholders remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the shares will be entitled to receive				
<b>(iii) Detail of shares held by the holding company, the ultimate holding company, their subsidiaries and associates :</b>				
<b>Holding Company</b> 49,90,000 Equity Shares held by Parnax Lab Limited - 100%	4,99,90,000	4,99,90,000		
	<b>4,99,90,000</b>	<b>4,99,90,000</b>		
<b>(iv) Details of Shares held by each shareholder holding more than 5% shares :</b>				
<b>Name of the Shareholder</b>	<b>As at 31st March 2020</b>		<b>As at 31st March 2019</b>	
	<b>No. of Shares</b>	<b>%</b>	<b>No. of Shares</b>	<b>%</b>
Parnax Lab Ltd.	49,90,000	99.80	49,90,000	99.80



**NAXPAR PHARMA PRIVATE LIMITED**  
Notes to Financial Statements for the year ended 31st March, 2020

**Note 15 : Other equity**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Securities Premium Account	4,99,00,000	4,99,00,000
Surplus in Statement of profit & loss	27,10,59,938	28,01,75,713
Accumulated other comprehensive income - Actuarial Gains/(Losses)	(6,93,533)	(4,47,885)
<b>Total</b>	<b>32,02,66,405</b>	<b>32,96,27,828</b>

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>a) Securities Premium Account</b>		
Opening Balance	4,99,00,000	4,99,00,000
Add: Received during the year on issue of Equity Shares	-	-
Less: Utilisation / transfers during the year	-	-
Closing Balance	<b>4,99,00,000</b>	<b>4,99,00,000</b>
<b>b) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	28,01,75,713	23,88,47,594
Add/(Less): profit/(loss) for the year	(91,15,775)	4,13,28,119
Closing Balance	<b>27,10,59,938</b>	<b>28,01,75,713</b>
<b>c) Accumulated other comprehensive income - Actuarial Gains</b>		
Opening Balance	(4,47,885)	3,50,360
Add/(Less): profit/(loss) for the year	(2,45,648)	(7,98,245)
Closing Balance	<b>(6,93,533)</b>	<b>(4,47,885)</b>
<b>Total</b>	<b>32,02,66,405</b>	<b>32,96,27,828</b>

**Note 16 : Long-Term Borrowings**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Secured</b>		
<b>Term Loans</b>		
(i) From Bank	16,19,54,529	13,02,92,587
<b>Vehicle Loans</b>		
(i) From Bank	15,25,670	17,97,555
(ii) From Others	-	74,570
<b>Unsecured</b>		
<b>From Related Parties</b>		
From Intercorporate	3,38,000	3,38,000
<b>Total</b>	<b>16,38,18,199</b>	<b>13,25,02,712</b>

**Terms and Conditions**

(A) The term loan is secured by way of equitable mortgage of Land, Building located at Plot No. 182, Village Gurumajra, Tehsil Nalagarh, Dist. Solan, Himachal Pradesh and other immovable & Hypothecation of movable machineries and personal guarantee by the directors.

(B) All the vehicle loans are secured by way of Hypothecation of respective vehicle.

(C) Repayment profile of Term Loans is set out as below:

Rate of Interest	Bank/Loan	Nature Of Loan	Balance No of Instalments	Instalments ending on
10.25%	Apna Sahakari Bank Ltd	Term Loan	6 to 102	September 2020 to October 2028
9.35%	HDFC Bank Ltd	Car Loan	9	December 2020
9.00%	HDFC Bank Ltd	Car Loan	52	July 2024
9.36%	ICICI Bank Ltd	Car Loan	12	April 2021



**NAXPAR PHARMA PRIVATE LIMITED**  
Notes to Financial Statements for the year ended 31st March, 2020

**Note 17 - Long-Term Provision**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for Gratuity	9,25,449	16,81,242
Provision for Leave Encashment	16,33,400	10,83,158
<b>Total</b>	<b>25,58,849</b>	<b>27,64,400</b>

**Note 18 : Short-Term Borrowings**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Secured:</b>		
Working Capital facility - From Banks	10,53,10,172	13,41,80,896
<b>Unsecured</b>		
From Directors, Payable on demand	9,55,14,307	-
<b>Total</b>	<b>20,08,24,479</b>	<b>13,41,80,896</b>

**Note 19 : Trade Payables**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Trade Payables:</b>		
Sundry Creditors for Goods	9,81,18,074	6,38,49,322
<b>Total</b>	<b>9,81,18,074</b>	<b>6,38,49,322</b>

**Note 20 : Other financial Liabilities**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current Maturities of Long-Term Borrowings	2,96,23,630	4,04,14,185
Sundry Creditors for Expenses	8,78,09,721	6,93,22,693
<b>Total</b>	<b>11,74,33,351</b>	<b>10,97,36,878</b>

**Note 21 : Other Current Liabilities**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Statutory Remittances	31,21,196	40,52,383
Advances from Customers	41,00,800	83,29,499
<b>Total</b>	<b>72,21,996</b>	<b>1,23,81,882</b>

**Note 22 : Short-Term Provision**

(Amount in Rs.)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for Gratuity	1,83,371	2,49,291
Provision for Leave Encashment	1,29,234	1,09,657
<b>Total</b>	<b>3,12,605</b>	<b>3,58,948</b>



**NAXPAR PHARMA PRIVATE LIMITED**  
**Notes to Financial Statements for the year ended 31st March, 2020**

**Note 23 : Revenue from Operations**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>Sale of Goods</b>		
(a) Sales	64,93,48,497	80,75,03,652
<b>Sale of Services</b>		
(b) Labour Charges	24,30,87,701	21,83,64,150
<b>Total</b>	<b>89,24,36,198</b>	<b>1,02,58,67,802</b>

**Note 24 : Other Income**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Interest from bank on FDR	6,86,977	7,09,480
(b) Dividend	1,52,150	80,180
(c) Interest from security deposits	65,797	-
(d) Duty drawback	1,41,342	25,96,683
(e) Exchange gain	10,33,779	36,90,223
(f) Interest on Hundi	60,032	-
(g) Export incentive	3,25,338	60,09,327
(h) Budgetary support for GST	-	28,95,155
<b>Total</b>	<b>24,65,415</b>	<b>1,59,81,048</b>

**Note 25 : Cost of Material Consumed**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>(a) Raw Materials &amp; Packing Material Consumed :</b>		
Opening Stock	6,50,73,544	6,26,47,682
Add:- Purchases during the year	43,86,23,035	41,81,00,793
	<b>50,36,96,579</b>	<b>48,07,48,475</b>
Less: - Closing Stock	7,67,61,888	6,50,73,544
<b>Total</b>	<b>42,69,34,692</b>	<b>41,56,74,930</b>

**Note 26 : Purchase of Stock In Trade**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Opening Stock of Finished Goods Traded	-	10,53,587
Add: Purchases during the year	77,95,446	8,37,76,877
	77,95,446	8,48,30,464
Less: Closing Stock of Finished Goods Traded	-	-
<b>Total</b>	<b>77,95,446</b>	<b>8,48,30,464</b>

**Note 27 : Changes in Inventories**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>(a) At the beginning of the period</b>		
(i) Finished Goods	53,71,556	8,20,687
(ii) Work In Progress	49,53,576	72,96,374
<b>(b) At the end of the period</b>		
(i) Finished Goods	91,94,778	53,71,556
(ii) Work In Progress	1,01,64,853	49,53,576
<b>Total</b>	<b>(90,34,498)</b>	<b>(22,08,071)</b>



**NAXPAR PHARMA PRIVATE LIMITED**  
**Notes to Financial Statements for the year ended 31st March, 2020**

**Note 28 : Employee Benefit Expenses**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Salaries and wages	12,20,18,724	11,27,65,423
(b) Bonus & Ex-gratia	29,03,713	25,54,079
(c) Staff welfare expenses	25,19,299	32,13,861
(d) Gratuity paid	13,66,869	11,87,295
(e) Employer's contribution to provident fund	47,17,267	39,13,486
(f) Contribution to ESIC	16,65,263	19,75,820
(g) Leave encashment	4,73,116	4,85,132
<b>Total</b>	<b>13,56,64,250</b>	<b>12,60,95,096</b>

**Note 29 : Finance Costs**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(a) Bank charges & commission	11,08,575	15,86,238
(b) Interest paid to bank - Working Capital	1,13,51,767	1,06,89,587
(c) Interest paid to bank- Term Loan	1,88,66,959	1,48,44,830
(d) Interest paid - Vehicle Loan	3,92,225	5,44,580
(e) Interest on leased assets	14,723	-
(f) Interest paid to others	4,98,083	4,14,695
<b>Total</b>	<b>3,22,32,331</b>	<b>2,80,79,930</b>



**NAXPAR PHARMA PRIVATE LIMITED**  
Notes to Financial Statements for the year ended 31st March, 2020

**Note 30 : Other Expenses**

(Amount in Rs.)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
<b>(A) Manufacturing Expenses</b>		
(a) Analytical charges, chemical & glassware consumed	1,40,98,571	1,99,95,157
(b) Consumable & stores	69,66,466	62,49,440
(c) Power & fuel consumed	3,93,80,919	2,95,24,028
(d) Factory expenses	65,26,946	11,04,729
(e) Freight & octroi	1,11,67,755	83,36,880
(f) Loading unloading & packing charges	8,24,95,973	6,97,38,056
(g) License fees	3,16,735	2,95,393
(h) Repair & maintenance		
-Plant & machinery	1,96,49,622	1,80,95,620
-Building	1,42,70,836	1,57,14,049
-Other	73,32,428	20,29,786
(i) Security charges	48,65,223	40,57,802
(j) Pollution control expenses	60,000	60,000
(k) Job work charges paid	58,000	2,05,380
	<b>20,71,89,475</b>	<b>17,54,06,320</b>
<b>(B) Selling and Distribution Expenses</b>		
(a) Sales Promotion Expenses	21,60,087	49,64,409
(b) Advertisement Expenses	1,91,471	58,074
(c) Freight Outward	59,94,961	1,04,61,225
(d) Travelling Expenses	63,46,693	1,01,16,912
(e) CHA Charges	7,09,101	6,94,045
(f) Commission Paid	-	4,65,82,690
(g) Export Insurance	37,571	15,09,879
(h) Product Dev. & Registration	39,44,221	90,16,075
	<b>1,93,84,106</b>	<b>8,34,03,309</b>
<b>(C) Administrative and General Expenses</b>		
(a) Rent Rates & Taxes	1,27,42,470	1,00,66,331
(b) Insurance	14,70,592	13,70,599
(c) Legal & Professional Fees	1,81,44,520	1,74,37,678
(d) Payment to Auditors		
- Audit Fees	3,50,000	3,50,000
(e) ROC Filing Fees	3,800	1,800
(f) Office Expenses	1,81,175	3,14,668
(g) Conveyance	30,80,178	24,18,640
(h) Sundry Balances W/off	(85,053)	81,397
(i) Printing & Stationery	10,04,373	26,82,120
(j) Telephone Expenses	7,69,272	9,51,359
(k) Postage & Courier	11,35,960	10,77,470
(l) Donation	2,100	1,32,400
(m) Motor Car Expenses	33,34,732	32,08,361
(n) Electricity Charges	2,71,451	1,88,165
(o) Membership & Subscription	2,17,330	1,77,242
(p) Share of Loss of Partnership Firm	-	3,88,157
(q) Corporate Social Responsibility Expenses	25,00,000	5,51,223
(r) Other Expenses	4,09,376	1,35,109
	<b>4,55,32,276</b>	<b>4,15,32,718</b>
<b>Total</b>	<b>27,21,05,856</b>	<b>30,03,42,347</b>



# NAXPAR PHARMA PRIVATE LIMITED

## Notes to financial statements for the year ended 31st March, 2020

### 31 Income taxes

#### (a) Income Tax Expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Current tax</b>		
Current year	-	1,20,00,000
Short Provision for Tax for earlier years	(3,60,757)	4,70,992
<b>Total current tax</b>	<b>(3,60,757)</b>	<b>1,24,70,992</b>
<b>Deferred tax</b>		
Relating to origination and reversal of temporary difference	(54,75,939)	(25,16,217)
<b>Total deferred income tax expense/(credit)</b>	<b>(54,75,939)</b>	<b>(25,16,217)</b>
<b>Total income tax expense/(credit)</b>	<b>(58,36,696)</b>	<b>99,54,775</b>

#### (b) Tax reconciliation

A reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Company is as follows :

#### (b) Reconciliation of effective tax rate

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit/(loss) before taxation	(1,49,52,471)	5,12,82,894
Enacted income tax rate in India	26.00%	27.82%
Tax at the enacted income tax rate	(38,87,642)	1,42,66,901
<b>Reconciliation line items:</b>		
- Others	(19,49,054)	(43,12,126)
	<b>(58,36,696)</b>	<b>99,54,775</b>

#### (b) The movement in deferred tax assets and liabilities during the year ended March 31, 2020 and March 31, 2019:

##### As at March 31, 2020

	As at April 01, 2019	(Credit)/ Charge in Statement of profit and loss	As at March 31, 2020
<b>Deferred tax (assets)/liabilities</b>			
On Account of Depreciation	3,39,26,994	10,37,342	3,49,64,336
On losses and unabsorbed depreciation	-	(66,69,666)	(66,69,666)
On expenses allowable on payment basis	(8,68,915)	(70,076)	(7,98,839)
	<b>3,30,58,079</b>	<b>(55,62,248)</b>	<b>2,74,95,831</b>

##### As at March 31, 2019

	As at April 01, 2018	(Credit)/ Charge in Statement of profit and loss	As at March 31, 2019
<b>Deferred tax (assets)/liabilities</b>			
On Account of Depreciation	3,66,75,185	(27,48,191)	3,39,26,994
On expenses allowable on payment basis	(7,93,225)	75,690	(8,68,915)
	<b>3,58,81,960</b>	<b>(28,23,881)</b>	<b>3,30,58,079</b>



## NAXPAR PHARMA PRIVATE LIMITED

### Notes to financial statements for the year ended 31st March, 2020

#### 32 DISCLOSURE PURSUANT TO IND AS - 19 "EMPLOYEE BENEFITS"

i) Gratuity: In accordance with the applicable laws, the Company provides for gratuity, a defined benefit retirement plan ("The Gratuity Plan") covering eligible employees. The Gratuity Plan provides for a lump sum payment to vested employees on retirement (subject to completion of five years of continuous employment), death, incapacitation or termination of employment that are based on last drawn salary and tenure of employment. Liabilities with regard to the Gratuity Plan are determined by actuarial valuation on the reporting date.

The disclosure in respect of the defined Gratuity Plan are given below:

#### Balance Sheet

Particulars	Defined benefit plans	
	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	57,97,334	48,89,988
Fair value of plan assets	46,88,514	29,59,455
<b>Asset/(Liability) recognised</b>	<b>11,08,820</b>	<b>19,30,533</b>

#### Movements in plan assets and plan liabilities

Particulars	Present value of obligations	Fair Value of Plan assets
As at 1st April 2019	48,89,988	29,59,455
Current service cost	12,73,508	-
Past service cost	-	-
Interest Cost/(Income)	3,49,141	2,55,780
Return on plan assets excluding amounts included in net finance income/cost	-	78,410
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	4,38,115	-
Actuarial (gain)/loss arising from experience adjustments	(5,25,225)	-
Employer contributions	-	15,27,370
Benefit payments	(6,28,193)	(1,32,501)
<b>As at 31st March 2020</b>	<b>57,97,334</b>	<b>46,88,514</b>

Particulars	Present value of obligations	Fair Value of Plan assets
As at 1st April 2018	35,26,269	21,48,933
Current service cost	11,48,958	-
Past service cost	-	-
Interest Cost/Income	2,29,541	1,91,204
Return on plan assets excluding amounts included in net finance income/cost	-	8,205
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	58,505	-
Actuarial (gain)/loss arising from experience adjustments	10,55,609	-
Employer contributions	-	16,40,199
Benefit payments	(11,28,894)	(10,29,086)
<b>As at 31st March 2019</b>	<b>48,89,988</b>	<b>29,59,455</b>



**Statement of Profit and Loss**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Employee Benefit Expenses:</b>		
Current service cost	12,73,508	11,48,958
Interest cost/(income)	93,361	38,337
<b>Total amount recognised in Statement of Profit &amp; Loss</b>	<b>13,66,869</b>	<b>11,87,295</b>
<b>Remeasurement of the net defined benefit liability:</b>		
Return on plan assets excluding amounts included in net finance income/(cost)	(78,410)	(8,205)
Actuarial gains/(losses) arising from changes in Demographic assumptions	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	4,38,115	58,505
Experience gains/(losses)	(5,25,225)	10,55,609
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(1,65,520)</b>	<b>11,05,909</b>

**Assumptions**

With the objective of presenting the plan assets and plan liabilities of the defined benefits plans at their fair value on the balance sheet, assumptions under Ind AS 19 are set by reference to market conditions at the valuation date.

The significant actuarial assumptions were as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Financial Assumptions</b>		
Discount rate	6.87%	7.63%
Salary Escalation Rate	6.00%	6.00%

Major categories of plan assets of the fair value of the total plan assets are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Insurance policies	100%	100%

**Sensitivity**

The sensitivity of the overall plan liabilities to changes in the weighted key assumptions are:

Particulars	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	52,32,511	64,72,991
Salary Escalation Rate	1.00%	65,06,627	51,94,918

The sensitivity analysis above have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period and may not be representative of the actual change. It is based on a change in the key assumption while holding all other assumptions constant. When calculating the sensitivity to the assumption, the same method used to calculate the liability recognised in the balance sheet has been applied. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

The defined benefit obligations shall mature after year end 31st March, 2020 as follows:

Year ending March 31, 2020	Defined benefit obligation*
2021	1,83,371
2022	3,01,486
2023	5,20,256
2024	8,98,737
2025	3,24,547
Thereafter	20,41,852

The weighted average duration of the defined benefit obligation is 17.16



# NAXPAR PHARMA PRIVATE LIMITED

## Notes to financial statements for the year ended 31st March, 2020

### 33 Contingent Liabilities

	As at March 31, 2020	As at March 31, 2019
<b>Contingent liabilities</b>		
Claims against the Company not acknowledged as debts		
(i) Guarantees given by banks	33,44,000	33,44,000
(ii) liabilities that may arise in respect of disputed matters in relation to	-	-
(iii) Others	-	-
	<b>33,44,000</b>	<b>33,44,000</b>

Note: - The Company's pending litigations comprise of claims against the Company and proceedings pending with tax and other authorities. The Company has reviewed all its pending litigations and proceedings and has made adequate provisions, wherever required and disclosed the contingent liabilities, wherever applicable, in its financial statements. The Company does not reasonably expect the outcome of these proceedings to have a material impact on its financial statements.

### 34 Commitments

Estimated value of contracts on capital account, excluding capital advances, remaining to be executed and not provided for as on 31st March, 2020 was Rs 125 Lacs (Previous Year Rs Nil)

### 35 Earning Per share

(In Rupees)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit after tax available for equity shareholders	(91,15,775)	4,13,28,119
Weighted average number of equity shares	50,00,000	50,00,000
Nominal value of equity shares	10	10
Basic and diluted Earning Per Share	(1.82)	8.27

### 36 Net debt reconciliations

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current borrowings	16,38,18,199	13,25,02,712
Current borrowings (including current maturities)	23,04,48,109	17,45,95,081
	<b>39,42,66,308</b>	<b>30,70,97,793</b>

Changes in liability arising from financing activities	For the year ended March 31, 2020
Net debt as at April 01, 2019	30,70,97,793
Cash flows	8,80,81,432
Borrowing cost	(9,12,916)
Net debt as at March 31, 2020	<b>39,42,66,308</b>



## NAXPAR PHARMA PRIVATE LIMITED

### Notes to financial statements for the year ended 31st March, 2020

#### 37 Financial instruments

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.

2. Financial instruments with fixed and variable interest rates are evaluated by the Group based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The carrying amounts and fair values of financial instruments by category are as follows:

#### As at March 31, 2020

Financial assets	FVOCI	FVTPL	Amortised cost	Total fair value	Carrying amount
Investments	-	-	13,51,000	13,51,000	13,51,000
Trade receivables	-	-	21,03,19,275	21,03,19,275	21,03,19,275
Cash and cash equivalents	-	-	27,89,120	27,89,120	27,89,120
Other bank balances	-	-	89,74,983	89,74,983	89,74,983
Loans	-	-	57,59,207	57,59,207	57,59,207
Other financial assets	-	-	43,11,195	43,11,195	43,11,195
<b>Total</b>	-	-	<b>23,35,04,779</b>	<b>23,35,04,779</b>	<b>23,35,04,779</b>

Financial liabilities	FVOCI	FVTPL	Amortised cost	Total fair value	Carrying amount
Borrowings	-	-	39,42,66,308	39,42,66,308	39,42,66,308
Trade payables	-	-	9,81,18,074	9,81,18,074	9,81,18,074
Others	-	-	8,78,09,721	8,78,09,721	8,78,09,721
<b>Total</b>	-	-	<b>58,01,94,102</b>	<b>58,01,94,102</b>	<b>58,01,94,102</b>

#### As at March 31, 2019

Financial assets	FVOCI	FVTPL	Amortised cost	Total fair value	Carrying amount
Investments	-	-	12,51,000	12,51,000	12,51,000
Trade receivables	-	-	16,68,08,094	16,68,08,094	16,68,08,094
Cash and cash equivalents	-	-	47,79,849	47,79,849	47,79,849
Other bank balances	-	-	63,61,717	63,61,717	63,61,717
Loans	-	-	62,58,169	62,58,169	62,58,169
Other financial assets	-	-	36,03,617	36,03,617	36,03,617
<b>Total</b>	-	-	<b>18,90,62,446</b>	<b>18,90,62,446</b>	<b>18,90,62,446</b>

Financial liabilities	FVOCI	FVTPL	Amortised cost	Total fair value	Carrying amount
Borrowings	-	-	30,70,97,793	30,70,97,793	30,70,97,793
Trade payables	-	-	6,38,49,322	6,38,49,322	6,38,49,322
Others	-	-	6,93,22,693	6,93,22,693	6,93,22,693
<b>Total</b>	-	-	<b>44,02,69,808</b>	<b>44,02,69,808</b>	<b>44,02,69,808</b>

There were no significant changes in classification and no significant movements between the fair value hierarchy classifications of financial assets and financial liabilities during the period.



## NAXPAR PHARMA PRIVATE LIMITED

### Notes to financial statements for the year ended 31st March, 2020

#### 38 Financial risk factors

The Company's principal financial liabilities comprise loans and borrowings, advances and trade and other payables. The purpose of these financial liabilities is to finance the Company's operations and to provide to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company's activities exposes it to Liquidity Risk, Market Risk and Credit risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised as below.

##### (A) Liquidity risk

The risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. Liquidity risk management implies maintenance sufficient cash including availability of funding through an adequate amount of committed credit facilities to meet the obligations as and when due.

The Company manages its liquidity risk by ensuring as far as possible that it will have sufficient liquidity to meet its short term and long term liabilities as and when due. Anticipated future cash flows are expected to be sufficient to meet the liquidity requirements of the Company.

##### (i) The following is the contractual maturities of the financial liabilities:

	Carrying amount	Payable on demand	1-12 months	More than 12 months
<b>As at March 31, 2020</b>				
<b>Non-derivative liabilities</b>				
Borrowings	39,42,66,308	-	23,04,48,109	16,38,18,199
Trade payables	9,81,18,074	-	9,81,18,074	-
Other financial liabilities	8,78,09,721	-	8,78,09,721	-
	<b>58,01,94,102</b>	<b>-</b>	<b>41,63,75,904</b>	<b>16,38,18,199</b>

	Carrying amount	Payable on demand	1-12 months	More than 12 months
<b>As at March 31, 2019</b>				
<b>Non-derivative liabilities</b>				
Borrowings	30,70,97,793	-	17,45,95,081	13,25,02,712
Trade payables	6,38,49,322	-	6,38,49,322	-
Other financial liabilities	6,93,22,693	-	6,93,22,693	-
	<b>44,02,69,808</b>	<b>-</b>	<b>30,77,67,096</b>	<b>13,25,02,712</b>

#### B. 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 prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk includes investment, deposits, foreign currency receivables and payables. The Company's treasury team manages the Market risk, which evaluates and exercises independent control over the entire process of market risk management.

##### (i) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. The exchange rates have been volatile in the recent years and may continue to be volatile in the future. Hence the operating results and financials of the Company may be impacted due to volatility of the rupee against foreign currencies. The Company is not significantly exposed to the Foreign Currency risk.

##### (ii) Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of the financial instruments will fluctuate because of changes in market interest rates. According to the Company interest rate risk exposure is only for floating rate borrowings. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Exposure to Interest rate risk	As at March 31, 2020	As at March 31, 2019
Total borrowings	39,42,66,308	30,70,97,793
% of Borrowings out of above bearing variable rate of interest	74.78%	98.56%



**Interest rate sensitivity**

A change of 50 bps in interest rates would have following Impact on profit before tax:

	For the year ended March 31, 2020	For the year ended March 31, 2019
50 bp increase would decrease the profit before tax by	14,74,171	15,13,403
50 bp decrease would increase the profit before tax by	(14,74,171)	(15,13,403)

**(C) Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counter-party fails to meet its contractual obligations. The Company is exposed to credit risks from its operating activities, primarily trade receivables, cash and cash equivalents, deposits with banks and other financial instruments.

Credit risk is managed by the Company through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

Exposure to the Credit risks	As at March 31, 2020	As at March 31, 2019
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL)		
- Trade Receivables	21,03,19,275	16,68,08,094

**Trade and other receivables**

The Company considers the probability of default upon initial recognition of assets and whether there has been a significant increase in credit risks on an ongoing basis throughout each reporting period.

To assess whether there is a significant change increase in credit risk the Company compares the risks of default occurring on the assets as at the reporting date with the risk of default as at the date of initial recognition. It considers the reasonable and supportive forward looking information such as:

- (i) Actual or expected significant adverse changes in business.
- (ii) Actual or expected significant changes in the operating results of the counterparty.
- (iii) Financial or economic conditions that are expected to cause a significant change to the counterparty's ability to meet its obligations
- (iv) Significant increase in credit risk on other financial instruments of same counterparty

**Ageing of the accounts receivables**

	As at March 31, 2020	As at March 31, 2019
< 180 days	20,46,23,291	14,76,28,416
> 180 days	56,95,984	1,91,79,678
	21,03,19,275	16,68,08,094

Movement in provisions of doubtful debts and advances - There were no Provision of doubtful debts as on March 31, 2020 and March 31, 2019.



## NAXPAR PHARMA PRIVATE LIMITED

Notes to financial statements for the year ended 31st March, 2020

### 39 Financial risk factors

#### Capital risk management

The Company's objectives when managing capital are to:

(i) safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) maintain an optimal capital structure to reduce the cost of capital

In order to maintain or adjust the capital structure, the Company may issue new shares, adjust the amount of dividends paid to shareholders etc. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditors and market confidence and to sustain future development and growth of its business. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

The Company monitors capital using a gearing ratio being a ratio of net debt as a percentage of total capital.

	As at March 31, 2020	As at March 31, 2019
Total equity	37,02,66,405	37,96,27,828
Net debt (Total borrowings less cash and cash equivalents)	39,14,77,188	30,23,17,944
Total capital (Borrowings and Equity)	76,17,43,593	68,19,45,772
Gearing ratio	51.39%	44.33%

#### (b) Dividends

The Company follows the policy of Dividend for every financial year as may be decided by Board considering financial performance of the company and other internal and external factors enumerated in the Company dividend policy.

### 40 Segment Reporting

The Company's Board of Directors consisting of Managing Director has been identified as the Chief Operating Decision Maker (CODM) as defined under Ind AS 108 "Operating Segments". The CODM evaluates the Company's performance and allocates the resources based on an analysis of various performance indicators. The Company is primarily engaged in the business of Manufacture of Pharmaceuticals, Medicinal products and the management considers these business activities as a single reportable segment.

### 41 Related party disclosure under Ind AS 24

#### Name of related parties and description of relationship

##### (a) Holding Company

Pamax Lab Limited

##### (b) Key managerial personnel

Mr. Prakash M. Shah, Director

Mr. Baiju M. Shah, Director

Mr. Mihir P. Shah, Director

##### (c) Relative of key managerial personnel

Mr. Binoy B. Shah, Son of Mr. Baiju M. Shah

Mrs. Pragna P. Shah wife of Mr. Prakash M. Shah

Mrs. Ila B. Shah, wife of Mr. Baiju M. Shah

Mrs. Ami M. Shah wife of Mr. Mihir P. Shah

Mrs. Niyoshi B. Shah wife of Mr. Binoy B. Shah

##### (d) Concern in which KMP and/or Relatives of KMP is interested

M/s. Nithyasha Healthcare Pvt. Ltd.

M/s. Novomed Pharma Pvt. Ltd.

M/s. Naxpar Medicamentos LLP

M/s. Naxpar Pharma FZ LLC

#### Transactions with Related parties

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Sale of Material</b>		
Pamax Lab Ltd.	1,79,76,664	29,91,848
Nithyasha Healthcare Pvt. Ltd.	38,95,241	30,82,562
Naxpar Medicamentos LLP	32,18,349	-
Naxpar Pharma FZ LLC	-	5,97,493
<b>Purchase of Material</b>		
Pamax Lab Ltd.	4,31,373	1,920
Nithyasha Healthcare Pvt. Ltd.	4,054	-
<b>Interest Paid</b>		
Nithyasha Healthcare Pvt. Ltd.	-	44,877
<b>Purchase of Property, plant &amp; equipment</b>		
Pamax Lab Ltd.	-	3,92,100
<b>Rent Paid</b>		
Mr. Mihir P. Shah	1,98,000	1,98,000
Mrs. Ami M. Shah	4,80,000	-
Mrs. Niyoshi B. Shah	4,80,000	-
<b>Salary Paid to Key Management Personnel &amp; to their Relatives</b>		
Mr. Prakash M. Shah	42,00,000	42,00,000
Mr. Baiju M. Shah	42,00,000	42,00,000
Mr. Mihir P. Shah	48,00,000	48,00,000
Mrs. Pragna P. Shah	2,40,000	7,20,000
Mrs. Ila B. Shah	2,40,000	7,20,000
Mrs. Ami M. Shah	6,00,000	18,00,000
Mr. Binoy Shah	42,00,000	42,00,000
<b>Loan Taken</b>		
Mr. Mihir P. Shah	5,00,00,000	-
Mr. Baiju M. Shah	11,07,00,000	-
<b>Loan Repaid</b>		
Mr. Mihir P. Shah	2,41,35,693	-
Mr. Baiju M. Shah	4,10,50,000	-
<b>Deposit given</b>		
Mrs. Ami M. Shah	-	2,00,000
Mrs. Niyoshi B. Shah	-	2,00,000



## Balances as at

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Salary Payable to Key Management Personnel &amp; to their Relatives</b>		
Mr. Prakash M. Shah	90,174	10,739
Mr. Baiju M. Shah	-	4,504
Mr. Mihir P. Shah	80,008	96,436
Mrs. Pragya P. Shah	-	62,436
Mr. Ila B. Shah	-	3,917
Mrs. Ami M. Shah	-	4,179
Mr. Binoy Shah	30,510	18,819
<b>Unsecured loan from</b>		
Mr. Baiju M Shah	6,96,50,000	-
Mr. Mihir P Shah	2,58,64,307	-
<b>Unsecured Loan from concern in which KMP and/or Relatives of KMP is interested</b>		
Novomed Pharma Pvt. Ltd.	3,38,000	3,38,000
<b>Receivable from Concern in which KMP and/or Relatives of KMP is interested</b>		
Nidhyasha Healthcare Pvt. Ltd.	12,10,174	3,34,696
Naxpar Medicamentos LLP	26,50,742	9,382
Naxpar Pharma FZ LLC	-	5,89,269
<b>Receivable from Holding Company</b>		
Pamax Lab Ltd	1,07,010	11,12,381
<b>Payable to Holding Company</b>		
Pamax Lab Ltd	-	40,380
<b>Payable to Key Management Personnel &amp; their Relatives</b>		
Mr. Mihir P. Shah	-	70,820
Mrs. Niyoshi B. Shah	14,200	-
<b>Deposit Given</b>		
Mrs. Ami M. Shah	2,00,000	2,00,000
Mrs. Niyoshi B. Shah	2,00,000	2,00,000



# NAXPAR PHARMA PRIVATE LIMITED

## Notes to financial statements for the year ended 31st March, 2020

### 42 Leases

#### The Company as a Lessee

The Company's leases primarily consists of leases for land and buildings and offices and equipment. Generally, the contracts are made for fixed periods and does not have a purchase option at the end of the lease term. In a case where the Company has purchase option, the option is exercisable at nominal value and the Company's obligations are secured by the lessor's title to the leased assets for such leases.

#### (i) Amounts recognised in the Balance Sheet

The balance sheet shows the following amounts relating to the leases:

	As at March 31, 2020	As at March 31, 2019
<b>Right-of-use assets</b>		
Land	73,76,813	-
<b>Total</b>	<b>73,76,813</b>	<b>-</b>
<b>Leases Liabilities</b>		
Current	1,91,488	-
Non Current	71,99,538	-
<b>Total</b>	<b>73,91,026</b>	<b>-</b>

#### Maturity analysis of lease liabilities

	As at March 31, 2020	As at March 31, 2019
Within one year	1,91,488	-
Later than one year but within five years	7,81,231	-
Later than five year	64,18,307	-
<b>Total</b>	<b>73,91,026</b>	<b>-</b>

#### (ii) Amounts recognised in the Statement of Profit & Loss

	Note No	As at March 31, 2020	As at March 31, 2019
Depreciation charge of right of use assets		61,990	-
Interest expense on lease liabilities (included in finance cost)	29	14,723	-
Expense relating to short term and low value leases (included in other expense)	30	1,27,42,470	1,00,66,331

#### (iii) Extension and termination option

Extension and termination options are included in various property leases executed by the company. These are used to maximise operational flexibility in terms of managing the assets used in company's operations. Generally, these options are exercisable mutually by both the lessor and the lessee.

### 43 Note on Corporate Social Responsibility

Gross amount required to be spent by the Company during the year was Rs. 10,85,895/- (previous year Rs. 10,71,213/-) as per Section 135 of the Companies Act, 2013.

#### Amount spent during the year on:

	As at March 31, 2020	As at March 31, 2019
i. Construction / acquisition of any asset	-	-
ii. On the purpose other than above		
- in cash	25,00,000	5,51,223
<b>Total</b>	<b>25,00,000</b>	<b>5,51,223</b>

44 The Company is yet to receive balance confirmations in respect of certain financial assets and financial liabilities. The Management does not expect any material difference affecting the current year's financial statements due to the same.

45 The financial statements were approved for issue by the Board of Directors on July 31, 2020.

46 The figures of the previous year's have been regrouped or reclassified wherever necessary to make them comparable.

As per our report of even date

**For Latha Singhal and Associates**

Chartered Accountants

Firm's Registration No : 120241W

(Vinod Latha)

Partner

M. No. 104151

Place : Mumbai

Date : 31st July, 2020



**For and on behalf of the Board of Directors of Naxpar Pharma Private Limited**

Prakash M. Shah  
(Whole Time Director)

DIN 00440980

Baiju M. Shah  
(Whole Time Director)

DIN 00440806

Namrata Kambli  
(Company Secretary)

*(Handwritten signatures of Prakash M. Shah, Baiju M. Shah, and Namrata Kambli)*