

INDEPENDENT AUDITOR'S REPORTTo 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, 2021, 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, 2021, and its Profit, 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. We have determined the matter described below to be the key audit matter to be communicated in our report.

| 5. The Key Audit Matter | How was the matter addressed in our audit |
|---|--|
| Revenue is recognised when control of the products being sold has been transferred to the customer. The timing of revenue recognition is relevant to the reported performance of the Company. | In view of significance of the matter we applied following audit procedures in this matter among others to obtain sufficient and appropriate audit evidence: |



| | |
|--|---|
| <p>We identified revenue recognition as a key audit matter because there is presumed fraud risk of revenue being overstated at period end by recognising certain transactions as revenue though control over those goods may not have transferred to the customers as at year-end by changing the timing of transfer of control.</p> | <ul style="list-style-type: none"> • Evaluated compliance of the revenue recognition accounting policies by comparing with Ind AS 115 “Revenue from Contracts with Customers”. • Tested the design, implementation and operating effectiveness of the Company’s general IT controls and manual controls over the Company’s systems which governs recording of revenue, creation of new customers and key controls over revenue cut-off in the general ledger. • Performed substantive testing by selecting statistical samples of revenue transactions recorded during the year and year-end cut-off testing by verifying the underlying documents, which include testing contractual terms of sale contracts / invoices, shipping documents and proof of delivery to test evidence for transfer of control. • Evaluated adequacy of disclosures in relation to revenue in the standalone financial statements. |
|--|---|

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



- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Change in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31st March, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to 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)

V. noddedh
Vinod Ladha
(Partner)

M. No. 104151

Place: Mumbai

Dated: 30th June, 2021

UDIN : 21104151AAAAFc382-3



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 31st March, 2021, 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 31st March, 2021 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 31st March, 2021 on account of any dispute.



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 31st March, 2021.

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 31st March, 2021 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 31st March 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Ladha Singhal & Associates

Chartered Accountants

Firm Registration No.: 120241W

Vinod Ladha
(Vinod Ladha)

Partner

M. No.: 104151

Place: Mumbai

Dated: 30th June, 2021

UDIN : 21104151 AAAAF03823



NAXPAR PHARMA PRIVATE LIMITED
Balance Sheet as at 31st March, 2021

(Amount in Rs)

| Particulars | Note No. | As at 31st March, 2021 | As at 31st March, 2020 |
|--|----------|---------------------------|---------------------------|
| I ASSETS | | | |
| 1. Non - Current Assets | | | |
| (a) Property, plant and equipment | 2 | 55,77,71,263 | 56,20,41,572 |
| (b) Capital work in progress | | 4,91,08,059 | 2,91,40,063 |
| (c) Intangible assets | 3 | 14,06,348 | 20,54,522 |
| (d) Right-of-use-asset | 42 | 3,25,94,457 | 73,76,813 |
| (e) Financial assets | | | |
| (i) Investments | 4 | 13,51,000 | 13,51,000 |
| (ii) Other financial assets | 5 | 42,15,030 | 43,11,195 |
| (f) Other non-current assets | 6 | 1,70,76,805 | 24,43,218 |
| | | 66,35,22,963 | 60,87,18,383 |
| 2. Current Assets | | | |
| (a) Inventories | 7 | 10,20,93,794 | 11,00,06,803 |
| (b) Financial assets | | | |
| (i) Trade receivables | 8 | 16,46,02,221 | 21,03,19,275 |
| (ii) Cash and cash equivalents | 9 | 7,97,061 | 27,89,120 |
| (iii) Bank balances other than (ii) above | 10 | 1,07,15,807 | 89,74,983 |
| (iv) Loans | 11 | 82,41,441 | 57,59,207 |
| (c) Current tax assets | 12 | 2,59,92,964 | 1,83,64,829 |
| (d) Other current assets | 13 | 2,49,03,125 | 3,06,56,432 |
| | | 33,73,46,414 | 38,68,70,649 |
| | | 1,00,08,69,377 | 99,55,89,033 |
| TOTAL ASSETS | | | |
| II EQUITY AND LIABILITIES | | | |
| 1. Equity | | | |
| (a) Share capital | 14 | 5,00,00,000 | 5,00,00,000 |
| (b) Other equity | 15 | 32,88,63,967 | 32,02,66,405 |
| | | 37,88,63,967 | 37,02,66,405 |
| 2. Liabilities | | | |
| Non - current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Long term borrowings | 16 | 12,08,61,077 | 16,38,18,199 |
| (ii) Lease Liabilities | 42 | 3,15,52,958 | 71,99,538 |
| (b) Deferred tax liability | 31 | 3,18,11,817 | 2,74,95,831 |
| (c) Long term provisions | 17 | 25,10,650 | 25,58,849 |
| | | 18,67,36,502 | 20,10,72,417 |
| Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Short term borrowings | 18 | 27,65,14,402 | 20,08,24,479 |
| (ii) Trade payables | 19 | 3,17,77,424 | 4,80,53,503 |
| - total outstanding dues of micro enterprises and small enterprises | | 2,09,50,694 | 5,02,12,789 |
| - total outstanding dues of creditors other than micro enterprise and small enterprise | | 12,63,742 | 1,91,488 |
| (iii) Lease Liabilities | 42 | 9,91,76,341 | 11,74,33,351 |
| (iv) Other financial liabilities | 20 | 50,54,516 | 72,21,996 |
| (c) Other current liabilities | 21 | 5,31,790 | 3,12,605 |
| (d) Short term provision | 22 | | |
| | | 43,52,68,909 | 42,42,50,211 |
| | | 1,00,08,69,377 | 99,55,89,033 |
| TOTAL EQUITY AND LIABILITIES | | | |
| Significant Accounting Policies | 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 : 21104151AAAAFC3822

Place: Mumbai

Date : 30th June, 2021



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

(Signature)
(Signature)

NAXPAR PHARMA PRIVATE LIMITED
Statement of Profit and Loss for the year ended 31st March, 2021

(Amount in Rs)

| | Particulars | Note No. | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|------|---|----------|--|--|
| I | Revenue from operations (Gross) | 23 | 88,09,18,294 | 89,24,36,198 |
| II | Other income | 24 | 14,51,080 | 24,65,415 |
| III | Total Revenue (I + II) | | 88,23,69,374 | 89,49,01,613 |
| IV | Expenses | | | |
| | Cost of materials consumed | 25 | 40,12,43,656 | 42,69,34,692 |
| | Purchase of stock in trade | 26 | 13,34,717 | 77,95,446 |
| | Change in inventories | 27 | 44,74,809 | (90,34,498) |
| | Employee benefits expense | 28 | 13,23,62,918 | 13,56,64,250 |
| | Finance cost | 29 | 4,25,10,688 | 3,22,32,331 |
| | Depreciation and amortization expense | | 5,11,57,465 | 4,41,56,007 |
| | Other expenses | 30 | 23,75,86,168 | 27,21,05,856 |
| | Total Expenses | | 87,06,70,421 | 90,98,54,084 |
| V | Profit / (Loss) Before Tax (III-IV) | | 1,16,98,953 | (1,49,52,471) |
| VI | Tax Expense: | 31 | | |
| | (a) Current tax | | 19,52,789 | - |
| | (b) Deferred tax (Asset) / Liability | | 40,00,191 | (54,75,939) |
| | (c) MAT Credit | | (19,52,789) | |
| | (d) Short (Excess) provision for tax for earlier years | | - | (3,60,757) |
| | | | 40,00,191 | (58,36,696) |
| VII | Profit / (Loss) for the year (V-VI) | | 76,98,762 | (91,15,775) |
| VIII | Other Comprehensive Income | | | |
| | A.(i) Items that will not be reclassified to profit & loss | | | |
| | Remeasurements of post-employment benefit obligations | | 12,14,595 | (3,31,957) |
| | A.(ii) Income tax relating to items that will not be reclassified to profit or loss | | (3,15,795) | 86,309 |
| | Total Other Comprehensive income | | 8,98,800 | (2,45,648) |
| | TOTAL COMPREHENSIVE INCOME FOR THE YEAR(VII+VIII) | | 85,97,562 | (93,61,423) |
| IX | Earnings Per Equity Share of Rs.10/- each : | | | |
| | Weighted average no. of shares (Basic & Diluted) | | 50,00,000 | 50,00,000 |
| | (1) Basic Earning Per Share (Rs.) | | 1.54 | (1.82) |
| | (2) Diluted Earning Per Share (Rs.) | | 1.54 | (1.82) |
| | Significant Accounting Policies | 1 | | |

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

As per our report of even date:

For Ladhha Singhal and Associates
Chartered Accountants

Firm's Registration No : 120241W

(Vinod Ladhha)

Partner

M. No. 104151

UDIN : 21104151AAAAFC3823

Place: Mumbai

Date : 30th June, 2021



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

(Signature)
(Signature)

NAXPAR PHARMA PRIVATE LIMITED
Cash Flow Statement for the year ended 31st March, 2021

| Particulars | For the year ended 31st March 2021 | For the year ended 31st March 2020 |
|--|---------------------------------------|---------------------------------------|
| A. CASH FLOW FROM OPERATING ACTIVITIES | | |
| Net Profit/(Loss) before tax | 1,16,98,953 | (1,49,52,471) |
| Adjustments for | | |
| Depreciation | 5,11,57,465 | 4,41,56,007 |
| Interest & Dividend income | (8,13,223) | (8,39,127) |
| Finance Cost | 4,25,10,688 | 3,22,32,331 |
| Profit on sale of asset | (1,05,550) | - |
| Sundry balances written off | 9,42,881 | (85,053) |
| Operating Profit Before Working Capital Adjustments | 10,53,91,213 | 6,05,11,688 |
| Changes in Working Capital | | |
| <u>Adjustments for (increase) / decrease in operating assets:</u> | | |
| Inventories | 79,13,009 | (2,94,80,622) |
| Trade receivables | 4,57,17,054 | (4,35,11,181) |
| Other assets (Financials and Non Financial assets) | (1,12,66,349) | 5,23,56,805 |
| <u>Adjustments for increase / (decrease) in operating liabilities:</u> | | |
| Trade payables | (4,64,81,056) | 3,43,53,805 |
| Other liabilities (Financials and Non Financial assets) | (3,53,09,220) | 21,44,224 |
| Cash generated from operations | 6,59,64,651 | 7,63,74,718 |
| Direct Tax Paid (Refund) [Net] | 75,85,878 | 1,08,72,766 |
| Net cash flow from / (used in) operating activities (A) | 5,83,78,773 | 6,55,01,952 |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | |
| Purchase of property, plant & equipment & intangible assets | (4,54,33,064) | (10,36,20,217) |
| Expenditure on capital work in progress | (1,99,67,996) | (2,77,25,063) |
| Sale of Fixed Assets | 6,80,000 | - |
| Sale / (Purchase) of Investment | - | (1,00,000) |
| Investment in fixed deposit | (17,40,824) | (26,13,266) |
| Interest & Dividend income | 8,13,223 | 8,39,127 |
| Net cash flow from / (used in) investing activities (B) | (6,56,48,662) | (13,32,19,419) |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | |
| Proceeds from long-term borrowings (net) | (2,79,01,405) | 3,13,15,487 |
| Proceeds from Short-term borrowings (net) | 7,56,89,923 | 6,66,43,583 |
| Finance Cost | (4,25,10,688) | (3,22,32,331) |
| Net cash flow from / (used in) financing activities (C) | 52,77,830 | 6,57,26,738 |
| Net increase (decrease) in cash and cash equivalents (A+B+C) | (19,92,058) | (19,90,729) |
| Cash and cash equivalents at the beginning of the year | 27,89,120 | 47,79,849 |
| Cash and cash equivalents at the end of the year | 7,97,061 | 27,89,120 |

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 : 21104151AAAAFc-3-3-21
Place : Mumbai
Date : 30th June, 2021



**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

Prakash M. Shah
Baiju M. Shah

NAXPAR PHARMA PRIVATE LIMITED

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

(A) Equity Share Capital

| | Amount |
|--|-------------|
| Balance as at April 01, 2019 | 5,00,00,000 |
| Changes in share capital during the year | - |
| Balance as at March 31, 2020 | 5,00,00,000 |
| Changes in share capital during the year | - |
| Balance as at March 31, 2021 | 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, 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 |
| Profit/(Loss) for the year | - | 76,98,762 | - | 76,98,762 |
| Other comprehensive income for the year | - | - | 8,98,800 | 8,98,800 |
| Balance as at March 31, 2021 | 4,99,00,000 | 27,87,58,700 | 2,05,267 | 32,88,63,967 |

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

UDIN : 21104151AAAAFC3822

Place : Mumbai

Date : 30th June, 2021

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

Prakash M. Shah
B. M. Shah

NAXPAR PHARMA PRIVATE LIMITED

Notes to standalone financial statements for the year ended 31st March, 2021

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, 2021. However, CoVID - 19 pandemic effect if any, on the Company's operation / profitability in the current FY 2021-22 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 costs 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.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates.

An intangible asset is eliminated from the financial statements on disposal or when no further benefit is expected from its use and disposal. Gains / losses arising from disposal are recognised in the Statement of Profit and Loss.

Any expected loss is recognized immediately in the Statement of Profit and Loss.

Intangible assets that are ready for use are amortized on a straight line basis.

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 and 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. 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 control of the goods is transferred to the buyer as per the terms of the contract. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. Sales are exclusive of Goods and Service Tax (GST).

Rendering of Services

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

Export Incentives

Export incentives received pursuant to the Duty Drawback Scheme and Merchandise Export from India Scheme (MEIS) are accounted on an accrual basis, to the extent it is probable that realization is certain.

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.

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

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, 2021

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 | Furniture and fixtures | Computer | Total |
|---|-------------|------------------|-------------------|-----------------|-------------------------|---------------|---------------|----------|------------------|-----------------|------------------------|-----------|--------------|
| Gross carrying amount | | | | | | | | | | | | | |
| As at April 01, 2019 (refer note (2) below) | 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 |
| Additions | - | 32,83,468 | 2,54,47,588 | 36,24,494 | 46,000 | 11,86,275 | 18,47,726 | - | 7,21,032 | 4,45,371 | 81,90,818 | 8,48,324 | 4,56,41,095 |
| Disposals | - | - | 35,26,020 | - | - | - | 6,13,417 | - | - | - | - | - | 41,39,437 |
| Balance as at March 31, 2021 | 2,26,15,082 | 23,46,04,467 | 22,58,16,734 | 14,29,58,222 | 2,52,83,228 | 3,55,43,737 | 2,21,84,615 | 3,76,780 | 34,85,967 | 21,94,849 | 2,83,88,582 | 55,15,550 | 74,89,67,813 |
| Accumulated depreciation/Amortisation | | | | | | | | | | | | | |
| Balance as at April 01, 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 |
| Depreciation/Amortisation charge for the year | - | 86,61,785 | 1,69,36,774 | 1,20,75,857 | 19,91,907 | 25,57,545 | 32,06,550 | - | 5,45,185 | 1,69,083 | 21,62,544 | 10,29,723 | 4,93,36,953 |
| Disposals | - | - | 30,03,297 | - | - | - | 5,61,690 | - | - | - | - | - | 35,64,987 |
| Accumulated depreciation as at March 31, 2021 | - | 3,59,51,283 | 5,62,37,584 | 5,03,25,156 | 1,02,18,058 | 81,22,631 | 1,39,48,037 | 3,26,455 | 20,00,482 | 6,74,498 | 92,47,058 | 41,45,308 | 19,11,96,550 |
| Net carrying amount | | | | | | | | | | | | | |
| 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 |
| Net carrying amount as at March 31, 2021 | 2,26,15,082 | 19,86,53,184 | 16,95,79,151 | 9,26,33,066 | 1,50,65,170 | 2,74,21,106 | 82,36,578 | 50,325 | 14,85,486 | 15,20,351 | 1,91,41,524 | 13,70,242 | 55,77,71,263 |

Note:

1. Refer note no. 34 for disclosure on contractual commitments for the acquisition of property, plant and equipment.
2. 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, 2021

Note 3 : Intangible assets

| Particulars | Software | Total |
|---|-----------|-----------|
| Gross carrying amount as at April 01, 2019 | 36,62,125 | 36,62,125 |
| Additions | - | - |
| Disposals | - | - |
| Balance as at March 31, 2020 | 36,62,125 | 36,62,125 |
| Additions | - | - |
| Disposals | - | - |
| Balance as at March 31, 2021 | 36,62,125 | 36,62,125 |
| Accumulated depreciation/Amortisation | | |
| Balance as at April 01, 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 |
| Depreciation/Amortisation charge for the year | 6,48,174 | 6,48,174 |
| Disposals | - | - |
| Accumulated depreciation as at March 31, 2021 | 22,55,777 | 22,55,777 |
| Net carrying amount as at March 31, 2020 | 20,54,522 | 20,54,522 |
| Net carrying amount as at March 31, 2021 | 14,06,348 | 14,06,348 |



NAXPAR PHARMA PRIVATE LIMITED
Notes to Financial Statements for the year ended 31st March, 2021

Note 4 : Investments

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| Equity instruments, at fair value through profit & loss | | |
| Unquoted, fully paid-up | | |
| 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 | 1,00,000 |
| Total | 13,51,000 | 13,51,000 |
| Aggregate amount of quoted investments | - | - |
| Aggregate amount of unquoted investments before impairment | 13,51,000 | 13,51,000 |
| Aggregate amount of impairment in the value of investment | - | - |

Note 5 : Other financial assets

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-----------------------------------|------------------------|------------------------|
| Unsecured, Considered good | | |
| Security Deposit | 42,15,030 | 43,11,195 |
| Total | 42,15,030 | 43,11,195 |

Note 6 : Other non-current assets

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-----------------------------------|------------------------|------------------------|
| Unsecured, Considered good | | |
| Capital Advances | 1,70,76,805 | 24,43,218 |
| Total | 1,70,76,805 | 24,43,218 |

Note 7 : Inventories

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|------------------------|------------------------|
| (As taken, valued and certified by the Management) | | |
| (Valued at Cost or Market value, whichever is lower) | | |
| Raw Material | 3,73,87,737 | 3,59,26,847 |
| Work in Progress | 89,41,505 | 1,01,64,853 |
| Finished Goods | 59,43,316 | 91,94,778 |
| Packing Material | 3,24,33,245 | 4,08,35,041 |
| Other Material | 1,73,87,991 | 1,38,85,285 |
| Total | 10,20,93,794 | 11,00,06,803 |

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



NAXPAR PHARMA PRIVATE LIMITED
Notes to Financial Statements for the year ended 31st March, 2021

Note 8 : Trade Receivable

(Amount in Rs.)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---------------------------|---------------------------|
| Trade Receivable: Unsecured, Considered good | 16,73,33,905 | 21,03,19,275 |
| Total | 16,46,02,221 | 21,03,19,275 |

Note 9 : Cash and Cash Equivalents

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---------------------------|---------------------------|
| (a) Cash on Hand | 1,56,771 | 5,19,247 |
| (b) Balance with Scheduled Banks - In Current Accounts | 6,40,290 | 22,69,873 |
| Total | 7,97,061 | 27,89,120 |

Note 10 : Bank balances other than cash & cash equivalents

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|---------------------------|---------------------------|
| Fixed Deposit Account (Lodged as margin money against bank guarantee) | 1,07,15,807 | 89,74,983 |
| Total | 1,07,15,807 | 89,74,983 |

Note 11 : Loans

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---------------------------------|---------------------------|---------------------------|
| Loans and advances to employees | 82,41,441 | 57,59,207 |
| Total | 82,41,441 | 57,59,207 |

Note 12 : Current tax assets (net)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-------------------|---------------------------|---------------------------|
| Income tax assets | 2,59,92,964 | 1,83,64,829 |
| Total | 2,59,92,964 | 1,83,64,829 |

Note 13 : Other current assets

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|---------------------------|---------------------------|
| Unsecured, Considered good Advances recoverable in cash or in kind or for value to be received Balance with Government Authorities - Balance with GST | 1,54,21,849 | 1,53,24,980 |
| | 94,81,276 | 1,53,31,452 |
| Total | 2,49,03,125 | 3,06,56,432 |



NAXPAR PHARMA PRIVATE LIMITED
Notes to Financial Statements for the year ended 31st March, 2021

Note 14 : Share Capital

(Amount in Rs.)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------------|------------------------------|
| Authorised: 50,00,000 Equity Shares of Rs. 10/- each | 5,00,00,000 | 5,00,00,000 |
| Total | 5,00,00,000 | 5,00,00,000 |
| Issued, Subscribed and Paid up: 50,00,000 Equity Shares of Rs.10/- each, fully paid up | 5,00,00,000 | 5,00,00,000 |
| Total | 5,00,00,000 | 5,00,00,000 |
| (i) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period : | | |
| Number of shares at the beginning of the year | 50,00,000 | 50,00,000 |
| Add: Issue of Shares during the year | - | - |
| Number of shares at the end of the year | 50,00,000 | 50,00,000 |
| (ii) Terms/rights attached to Equity Shares 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. | | |
| (iii) Detail of shares held by the holding company, the ultimate holding company, their subsidiaries and associates : | | |
| Holding Company 49,90,000 Equity Shares held by Parnax Lab Limited - 100% | 4,99,90,000 | 4,99,90,000 |
| | 4,99,90,000 | 4,99,90,000 |
| (iv) Details of Shares held by each shareholder holding more than 5% shares : | | |
| | As at 31st March 2021 | As at 31st March 2020 |
| Name of the Shareholder | No. of Shares | % |
| Parnax Lab Ltd. | 49,90,000 | 99.80 |
| | No. of Shares | % |
| | 49,90,000 | 99.80 |



NAXPAR PHARMA PRIVATE LIMITED
Notes to Financial Statements for the year ended 31st March, 2021

Note 15 : Other equity

(Amount in Rs.)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|------------------------|------------------------|
| Securities Premium Account | 4,99,00,000 | 4,99,00,000 |
| Surplus in Statement of profit & loss | 27,87,58,700 | 27,10,59,938 |
| Accumulated other comprehensive income - Actuarial Gains/(Losses) | 2,05,267 | (6,93,533) |
| Total | 32,88,63,967 | 32,02,66,405 |

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--|------------------------|------------------------|
| a) Securities Premium Account | | |
| 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 | 4,99,00,000 | 4,99,00,000 |
| b) Surplus / (Deficit) in Statement of Profit and Loss | | |
| Opening Balance | 27,10,59,938 | 28,01,75,713 |
| Add/(Less): profit/(loss) for the year | 76,98,762 | (91,15,775) |
| Closing Balance | 27,87,58,700 | 27,10,59,938 |
| c) Accumulated other comprehensive income - Actuarial Gains | | |
| Opening Balance | (6,93,533) | (4,47,885) |
| Add/(Less): profit/(loss) for the year | 8,98,800 | (2,45,648) |
| Closing Balance | 2,05,267 | (6,93,533) |
| Total | 32,88,63,967 | 32,02,66,405 |

Note 16 : Long-Term Borrowings

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-----------------------------|------------------------|------------------------|
| Secured | | |
| Term Loans | | |
| (i) From Bank | 11,82,45,835 | 16,19,54,529 |
| Vehicle Loans | | |
| (i) From Bank | 22,77,242 | 15,25,670 |
| Unsecured | | |
| From Related Parties | | |
| From Intercorporate | 3,38,000 | 3,38,000 |
| Total | 12,08,61,077 | 16,38,18,199 |

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 | 1 to 77 | April 2021 to August 2027 |
| 8.20% | HDFC Bank Ltd | Car Loan | 51 | June 2025 |
| 9.00% | HDFC Bank Ltd | Car Loan | 40 | July 2024 |
| 9.36% | ICICI Bank Ltd | Car Loan | 1 | April 2021 |



NAXPAR PHARMA PRIVATE LIMITED
Notes to Financial Statements for the year ended 31st March, 2021

Note 17 - Long-Term Provision

| Particulars | (Amount in Rs.) | |
|--------------------------------|---------------------------|---------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 |
| Provision for Gratuity | 20,31,598 | 9,25,449 |
| Provision for Leave Encashment | 4,79,052 | 16,33,400 |
| Total | 25,10,650 | 25,58,849 |

Note 18 : Short-Term Borrowings

| Particulars | (Amount in Rs.) | |
|---|---------------------------|---------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 |
| Secured: | | |
| Working Capital facility - From Banks (Working Capital facility from Banks is secured by way of Hypothecation of stocks, book debts and entire current assets of the company. The facility is further secured by pari pasu charge on fixed assets and personal guarantee of all the Directors of the company.) | 7,59,72,725 | 10,53,10,172 |
| Unsecured | | |
| From Directors, Payable on demand | 20,05,41,677 | 9,55,14,307 |
| Total | 27,65,14,402 | 20,08,24,479 |

Note 19 : Trade Payables

| Particulars | (Amount in Rs.) | |
|--|---------------------------|---------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 |
| Trade Payables: | | |
| Total outstanding dues of micro enterprises and small enterprises* | 3,17,77,424 | 4,80,53,503 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 2,09,50,694 | 5,02,12,789 |
| Total | 5,27,28,117 | 9,82,66,292 |

*Disclosure relating to suppliers registered under MSMED Act based on the information available with the Company

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|---|---------------------------|---------------------------|
| (a) Amount remaining unpaid to any supplier at the end of each accounting year/period: | | |
| Principal | 3,17,77,424 | 4,80,53,503 |
| Interest | - | - |
| Total | 3,17,77,424 | 4,80,53,503 |
| (b) The amount of interest paid by the buyer in terms of section 16 of the MSMED Act, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| (c) The amount of interest due and payable for the period of delay in making payment (which | - | - |
| (d) The amount of interest accrued and remaining unpaid at the end of each accounting year. | - | - |
| (e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act. | - | - |

The Management has identified enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small medium Enterprises Development Act, 2006. accordingly, the disclosure in respect of amounts payable to such enterprises as at 31 March 2021 and 31 March 2020 a has been made in the financial statements based on the information received and available with the Company.

Note 20 : Other financial Liabilities

| Particulars | (Amount in Rs.) | |
|--|---------------------------|---------------------------|
| | As at 31st March, 2021 | As at 31st March, 2020 |
| Current Maturities of Long-Term Borrowings | 4,46,79,347 | 2,96,23,630 |
| Sundry Creditors for Expenses | 5,44,96,994 | 8,78,09,721 |
| Total | 9,91,76,341 | 11,74,33,351 |



NAXPAR PHARMA PRIVATE LIMITED

Notes to Financial Statements for the year ended 31st March, 2021

Note 21 : Other Current Liabilities

(Amount in Rs.)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|-------------------------|------------------------|------------------------|
| Statutory Remittances | 40,97,721 | 31,21,196 |
| Advances from Customers | 9,56,795 | 41,00,800 |
| Total | 50,54,516 | 72,21,996 |

Note 22 : Short-Term Provision

(Amount in Rs.)

| Particulars | As at 31st March, 2021 | As at 31st March, 2020 |
|--------------------------------|------------------------|------------------------|
| Provision for Gratuity | 4,82,755 | 1,83,371 |
| Provision for Leave Encashment | 49,035 | 1,29,234 |
| Total | 5,31,790 | 3,12,605 |

Note 23 : Revenue from Operations

(Amount in Rs.)

| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|-------------------------|-------------------------------------|-------------------------------------|
| Sale of Goods | | |
| (a) Sales | 59,60,84,265 | 64,93,48,497 |
| Sale of Services | | |
| (b) Labour Charges | 28,48,34,029 | 24,30,87,701 |
| Total | 88,09,18,294 | 89,24,36,198 |

Note 24 : Other Income

(Amount in Rs.)

| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|---------------------------------|-------------------------------------|-------------------------------------|
| Interest from bank on FDR | 7,98,223 | 6,86,977 |
| Dividend | 15,000 | 1,52,150 |
| Interest from security deposits | 56,997 | 65,797 |
| Duty drawback | 1,40,792 | 1,41,342 |
| Exchange gain | - | 10,33,779 |
| Interest on Hundi | - | 60,032 |
| Export incentive | 3,34,518 | 3,25,338 |
| Profit on sale of asset | 1,05,550 | - |
| Total | 14,51,080 | 24,65,415 |

Note 25 : Cost of Material Consumed

(Amount in Rs.)

| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|--|-------------------------------------|-------------------------------------|
| (a) Raw Materials & Packing Material Consumed : | | |
| Opening Stock | 7,67,61,888 | 6,50,73,544 |
| Add:- Purchases during the year | 39,43,02,750 | 43,86,23,035 |
| | 47,10,64,638 | 50,36,96,579 |
| Less: - Closing Stock | 6,98,20,982 | 7,67,61,888 |
| Total | 40,12,43,656 | 42,69,34,692 |

Note 26 : Purchase of Stock In Trade

(Amount in Rs.)

| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|--|-------------------------------------|-------------------------------------|
| Opening Stock of Finished Goods Traded | - | - |
| Add: Purchases during the year | 13,34,717 | 77,95,446 |
| | 13,34,717 | 77,95,446 |
| Less: Closing Stock of Finished Goods Traded | - | - |
| Total | 13,34,717 | 77,95,446 |



NAXPAR PHARMA PRIVATE LIMITED
Notes to Financial Statements for the year ended 31st March, 2021

Note 27 : Changes in Inventories

(Amount in Rs.)

| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|---------------------------------------|--|--|
| At the beginning of the period | | |
| (i) Finished Goods | 91,94,778 | 53,71,556 |
| (ii) Work In Progress | 1,01,64,853 | 49,53,576 |
| At the end of the period | | |
| (i) Finished Goods | 59,43,316 | 91,94,778 |
| (ii) Work In Progress | 89,41,505 | 1,01,64,853 |
| Total | 44,74,809 | (90,34,498) |

Note 28 : Employee Benefit Expenses

(Amount in Rs.)

| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|---|--|--|
| Salaries and wages | 11,97,01,985 | 12,20,18,724 |
| Bonus & Ex-gratia | 6,61,136 | 29,03,713 |
| Staff welfare expenses | 36,29,760 | 25,19,299 |
| Gratuity paid | 15,57,362 | 13,66,869 |
| Employer's contribution to provident fund | 51,94,543 | 47,17,267 |
| Contribution to ESIC | 12,65,553 | 16,65,263 |
| Leave encashment | 3,52,579 | 4,73,116 |
| Total | 13,23,62,918 | 13,56,64,250 |

Note 29 : Finance Costs

| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|---|--|--|
| Bank charges & commission | 8,54,039 | 11,08,575 |
| Interest paid to bank - Working Capital | 64,31,408 | 1,13,51,767 |
| Interest paid to bank- Term Loan | 1,87,77,150 | 1,88,66,959 |
| Interest paid - Vehicle Loan | 3,38,225 | 3,92,225 |
| Interest on leased assets | 1,94,404 | 14,723 |
| Interest paid to others | 14,18,005 | 4,98,083 |
| Interest on unsecured loan | 1,44,97,456 | - |
| Total | 4,25,10,688 | 3,22,32,331 |



NAXPAR PHARMA PRIVATE LIMITED
Notes to Financial Statements for the year ended 31st March, 2021

Note 30 : Other Expenses

| Particulars | For the year ended 31st March, 2021 | For the year ended 31st March, 2020 |
|---|--|--|
| (A) Manufacturing Expenses | | |
| Analytical charges, chemical & glassware consumed | 1,47,34,664 | 1,40,98,571 |
| Consumable & stores | 46,80,657 | 69,66,466 |
| Power & fuel consumed | 4,11,10,715 | 3,93,80,919 |
| Factory expenses | 62,18,821 | 65,26,946 |
| Freight & octroi | 99,32,327 | 1,11,67,755 |
| Loading unloading & packing charges | 7,17,44,441 | 8,24,95,973 |
| License fees | 4,99,590 | 3,16,735 |
| Repair & maintenance | | |
| -Plant & machinery | 1,13,44,770 | 1,96,49,622 |
| -Building | 97,85,032 | 1,42,70,836 |
| -Other | 91,45,571 | 73,32,428 |
| Security charges | 48,86,474 | 48,65,223 |
| Pollution control expenses | 60,000 | 60,000 |
| Job work charges paid | 4,70,982 | 58,000 |
| | 18,46,14,045 | 20,71,89,475 |
| (B) Selling and Distribution Expenses | | |
| Sales Promotion Expenses | 24,29,607 | 21,60,087 |
| Advertisement Expenses | 90,629 | 1,91,471 |
| Freight Outward | 57,79,968 | 59,94,961 |
| Travelling Expenses | 10,18,730 | 63,46,693 |
| CHA Charges | 2,83,058 | 7,09,101 |
| Commission Paid | 1,29,000 | - |
| Export Insurance | 6,068 | 37,571 |
| Product Dev. & Registration | 4,16,550 | 39,44,221 |
| | 1,01,53,608 | 1,93,84,106 |
| (C) Administrative and General Expenses | | |
| Rent Rates & Taxes | 76,96,814 | 1,27,42,470 |
| Insurance | 40,73,226 | 14,70,592 |
| Legal & Professional Fees | 1,45,45,891 | 1,81,04,520 |
| Payment to Auditors | | |
| As auditor : | | |
| - Statutory and Tax audit fees | 3,50,000 | 3,50,000 |
| In other capacity: | | |
| - Taxation Matters | 40,000 | - |
| - Other matters | 40,000 | 40,000 |
| ROC Filing Fees | 12,000 | 3,800 |
| Office Expenses | 5,88,764 | 1,81,175 |
| Conveyance | 28,67,189 | 30,80,178 |
| Sundry Balances W/off | 9,42,881 | (85,053) |
| Printing & Stationery | 6,26,607 | 10,04,373 |
| Telephone Expenses | 6,48,453 | 7,69,272 |
| Postage & Courier | 6,25,935 | 11,35,960 |
| Donation | 51,200 | 2,100 |
| Motor Car Expenses | 31,13,756 | 33,34,732 |
| Electricity Charges | 3,86,524 | 2,71,451 |
| Membership & Subscription | 86,231 | 2,17,330 |
| Corporate Social Responsibility Expenses | 10,00,000 | 25,00,000 |
| Exchange Loss | 5,39,506 | - |
| Other Expenses | 45,83,540 | 4,09,376 |
| | 4,28,18,515 | 4,55,32,276 |
| Total | 23,75,86,168 | 27,21,05,856 |



NAXPAR PHARMA PRIVATE LIMITED

Notes to financial statements for the year ended 31st March, 2021

31 Income taxes

(a) Income Tax Expenses

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|--------------------------------------|--------------------------------------|
| Current tax | | |
| Current year | 19,52,789 | - |
| Short Provision for Tax for earlier years | - | (3,60,757) |
| MAT Credit | (19,52,789) | |
| Total current tax | - | (3,60,757) |
| Deferred tax | | |
| Relating to origination and reversal of temporary difference | 40,00,191 | (54,75,939) |
| Total deferred income tax expense/(credit) | 40,00,191 | (54,75,939) |
| Total income tax expense/(credit) | 40,00,191 | (58,36,696) |

(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, 2021 | For the year ended March 31, 2020 |
|------------------------------------|--------------------------------------|--------------------------------------|
| Profit /(loss) before taxation | 1,16,98,953 | (1,49,52,471) |
| Enacted income tax rate in India | 26.00% | 26.00% |
| Tax at the enacted income tax rate | 30,41,728 | (38,87,642) |
| Reconciliation line items: | | |
| - Others | 9,58,463 | (19,49,054) |
| | 40,00,191 | (58,36,696) |

(b) The movement in deferred tax assets and liabilities during the year ended March 31, 2021 and March 31, 2020:

As at March 31, 2021

| | As at April 01, 2020 | (Credit)/ Charge in Statement of profit and loss | As at March 31, 2021 |
|--|-------------------------|--|-------------------------|
| Deferred tax (assets)/liabilities | | | |
| On Account of Depreciation | 3,49,64,336 | 23,93,010 | 3,73,57,346 |
| On losses and unabsorbed depreciation | (66,69,666) | 13,86,956 | (52,82,710) |
| On expenses allowable on payment basis | (7,98,839) | 5,36,020 | (2,62,819) |
| | 2,74,95,831 | 43,15,986 | 3,18,11,817 |

As at March 31, 2020

| | As at April 01, 2019 | (Credit)/ Charge in Statement of profit and loss | As at March 31, 2020 |
|--|-------------------------|--|-------------------------|
| Deferred tax (assets)/liabilities | | | |
| 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) |
| | 3,30,58,079 | (55,62,248) | 2,74,95,831 |



NAXPAR PHARMA PRIVATE LIMITED

Notes to financial statements for the year ended 31st March, 2021

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, 2021 | As at March 31, 2020 |
| Present value of plan liabilities | 75,14,710 | 57,97,334 |
| Fair value of plan assets | 50,00,357 | 46,88,514 |
| Asset/(Liability) recognised | 25,14,353 | 11,08,820 |

Movements in plan assets and plan liabilities

| Particulars | Present value of obligations | Fair Value of Plan assets |
|---|------------------------------|---------------------------|
| As at 1st April 2020 | 57,97,334 | 46,88,514 |
| Current service cost | 14,90,479 | - |
| Past service cost | - | - |
| Interest Cost/(Income) | 3,89,424 | 3,22,535 |
| Return on plan assets excluding amounts included in net finance income/cost | - | 25,653 |
| Actuarial (gain)/loss arising from changes in demographic assumptions | - | - |
| Actuarial (gain)/loss arising from changes in financial assumptions | 31,923 | - |
| Actuarial (gain)/loss arising from experience adjustments | 63,267 | - |
| Employer contributions | - | 69,698 |
| Benefit payments | (2,57,717) | (1,06,043) |
| As at 31st March 2021 | 75,14,710 | 50,00,357 |

| 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) |
| As at 31st March 2020 | 57,97,334 | 46,88,514 |



Statement of Profit and Loss

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Employee Benefit Expenses: | | |
| Current service cost | 14,90,479 | 12,73,508 |
| Interest cost/(income) | 66,889 | 93,361 |
| Total amount recognised in Statement of Profit & Loss | 15,57,368 | 13,66,869 |
| Remeasurement of the net defined benefit liability: | | |
| Return on plan assets excluding amounts included in net finance income/(cost) | (25,653) | (78,410) |
| Actuarial gains/(losses) arising from changes in Demographic assumptions | - | - |
| Actuarial gains/(losses) arising from changes in financial assumptions | 31,923 | 4,38,115 |
| Experience gains/(losses) | 63,267 | (5,25,225) |
| Total amount recognised in Other Comprehensive Income | 69,537 | (1,65,520) |

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, 2021 | As at March 31, 2020 |
|------------------------------|-------------------------|-------------------------|
| Financial Assumptions | | |
| Discount rate | 6.83% | 6.87% |
| 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, 2021 | As at March 31, 2020 |
|--------------------|-------------------------|-------------------------|
| 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% | 68,06,715 | 83,60,952 |
| Salary Escalation Rate | 1.00% | 84,04,519 | 67,57,923 |

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, 2021 as follows:

| Year ending March 31, 2021 | Defined benefit obligation |
|----------------------------|----------------------------|
| 2022 | 4,82,755 |
| 2023 | 5,03,088 |
| 2024 | 10,88,964 |
| 2025 | 3,92,810 |
| 2026 | 2,97,166 |
| Thereafter | 24,01,353 |

The weighted average duration of the defined benefit obligation is 16.70



NAXPAR PHARMA PRIVATE LIMITED

Notes to financial statements for the year ended 31st March, 2021

33 Contingent Liabilities

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Contingent liabilities | | |
| Claims against the Company not acknowledged as debts | | |
| (i) Guarantees given by banks | 10,00,000 | 33,44,000 |
| (ii) liabilities that may arise in respect of disputed matters in relation to | - | - |
| (iii) Others | - | - |
| | 10,00,000 | 33,44,000 |

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, 2021 was Rs. 398 Lacs (Previous Year Rs 125 Lacs)

35 Earning Per share

(In Rupees)

| | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|--|---|---|
| Profit after tax available for equity shareholders | 76,98,762 | (91,15,775) |
| 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 | 1.54 | (1.82) |

36 Net debt reconciliations

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Non-Current borrowings | 12,08,61,077 | 16,38,18,199 |
| Current borrowings (including current maturities) | 32,11,93,749 | 23,04,48,109 |
| | 44,20,54,826 | 39,42,66,308 |

| Changes in liability arising from financing activities | For the year ended March 31, 2021 |
|--|---|
| Net debt as at April 01, 2020 | 39,42,66,308 |
| Cash flows | 4,77,88,518 |
| Borrowing cost | - |
| Net debt as at March 31, 2021 | 44,20,54,826 |



NAXPAR PHARMA PRIVATE LIMITED

Notes to financial statements for the year ended 31st March, 2021

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, 2021

| Financial assets | FVOCI | FVTPL | Amortised cost | Total fair value | Carrying amount |
|---------------------------|-------|-------|---------------------|---------------------|---------------------|
| Investments | - | - | 13,51,000 | 13,51,000 | 13,51,000 |
| Trade receivables | - | - | 16,46,02,221 | 16,46,02,221 | 16,46,02,221 |
| Cash and cash equivalents | - | - | 7,97,061 | 7,97,061 | 7,97,061 |
| Other bank balances | - | - | 1,07,15,807 | 1,07,15,807 | 1,07,15,807 |
| Loans | - | - | 82,41,441 | 82,41,441 | 82,41,441 |
| Other financial assets | - | - | 42,15,030 | 42,15,030 | 42,15,030 |
| Total | - | - | 18,99,22,561 | 18,99,22,561 | 18,99,22,561 |

| Financial liabilities | FVOCI | FVTPL | Amortised cost | Total fair value | Carrying amount |
|-----------------------|-------|-------|---------------------|---------------------|---------------------|
| Borrowings | - | - | 44,20,54,826 | 44,20,54,826 | 44,20,54,826 |
| Trade payables | - | - | 5,27,28,117 | 5,27,28,117 | 5,27,28,117 |
| Others | - | - | 5,44,96,994 | 5,44,96,994 | 5,44,96,994 |
| Total | - | - | 54,92,79,937 | 54,92,79,937 | 54,92,79,937 |

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 |
| Total | - | - | 23,35,04,779 | 23,35,04,779 | 23,35,04,779 |

| 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 | - | - | 9,82,66,292 | 9,82,66,292 | 9,82,66,292 |
| Others | - | - | 8,78,09,721 | 8,78,09,721 | 8,78,09,721 |
| Total | - | - | 58,03,42,321 | 58,03,42,321 | 58,03,42,321 |

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, 2021

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 |
|-----------------------------------|---------------------|---------------------|---------------------|---------------------|
| As at March 31, 2021 | | | | |
| Non-derivative liabilities | | | | |
| Borrowings | 44,20,54,826 | 20,05,41,677 | 12,06,52,072 | 12,08,61,077 |
| Trade payables | 5,27,28,117 | - | 5,27,28,117 | - |
| Other financial liabilities | 5,44,96,994 | - | 5,44,96,994 | - |
| | 54,92,79,937 | 20,05,41,677 | 22,78,77,183 | 12,08,61,077 |

| | Carrying amount | Payable on demand | 1-12 months | More than 12 months |
|-----------------------------------|---------------------|--------------------|---------------------|---------------------|
| As at March 31, 2020 | | | | |
| Non-derivative liabilities | | | | |
| Borrowings | 39,42,66,308 | 9,55,14,307 | 13,49,33,802 | 16,38,18,199 |
| Trade payables | 9,82,66,292 | - | 9,82,66,292 | - |
| Other financial liabilities | 8,78,09,721 | - | 8,78,09,721 | - |
| | 58,03,42,321 | 9,55,14,307 | 32,10,09,815 | 16,38,18,199 |

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, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Total borrowings | 44,20,54,826 | 39,42,66,308 |
| % of Borrowings out of above bearing variable rate of interest | 99.92% | 74.78% |



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, 2021 | For the year ended March 31, 2020 |
|--|-----------------------------------|-----------------------------------|
| 50 bp increase would decrease the profit before tax by | 22,08,584 | 14,74,171 |
| 50 bp decrease would increase the profit before tax by | (22,08,584) | (14,74,171) |

(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, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL) | | |
| - Trade Receivables | 16,46,02,221 | 21,03,19,275 |

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, 2021 | As at March 31, 2020 |
|------------|----------------------|----------------------|
| < 180 days | 15,61,92,772 | 20,46,23,291 |
| > 180 days | 84,09,449 | 56,95,984 |
| | 16,46,02,221 | 21,03,19,275 |

Movement in provisions of doubtful debts and advances - There were no Provision of doubtful debts as on March 31, 2021 and March 31, 2020.



NAXPAR PHARMA PRIVATE LIMITED

Notes to financial statements for the year ended 31st March, 2021

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, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| Total equity | 37,88,63,967 | 37,02,66,405 |
| Net debt (Total borrowings less cash and cash equivalents) | 44,12,57,764 | 39,14,77,188 |
| Total capital (Borrowings and Equity) | 82,01,21,731 | 76,17,43,593 |
| Gearing ratio | 53.80% | 51.39% |

(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 allocated 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. Bajju M. Shah, Director

Mr. Mihir P. Shah, Director

(c) Relative of key managerial personnel

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

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

Mrs. Ila B. Shah, wife of Mr. Bajju 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

Transactions with Related parties

| Particulars | For the year ended March 31, 2021 | For the year ended March 31, 2020 |
|---|--------------------------------------|--------------------------------------|
| Sale of Material | | |
| Pamax Lab Ltd | 54,02,412 | 1,79,76,664 |
| Nithyasha Healthcare Pvt. Ltd. | 24,44,906 | 38,95,241 |
| Naxpar Medicamentos LLP | 55,46,935 | 32,18,349 |
| Purchase of Material | | |
| Pamax Lab Ltd | 40,45,973 | 4,31,373 |
| Nithyasha Healthcare Pvt. Ltd. | - | 4,054 |
| Rent Paid | | |
| Mr. Mihir P. Shah | 1,98,000 | 1,98,000 |
| Mrs. Ami M. Shah | 4,80,000 | 4,80,000 |
| Mrs. Niyoshi B. Shah | 4,80,000 | 4,80,000 |
| Salary Paid to Key Management Personnel & to their Relatives | | |
| Mr. Prakash M. Shah | 42,00,000 | 42,00,000 |
| Mr. Bajju 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 |
| Mrs. Ila B. Shah | - | 2,40,000 |
| Mrs. Ami M. Shah | - | 6,00,000 |
| Mr. Binoy Shah | 48,00,000 | 42,00,000 |
| Interest Paid | | |
| Mr. Mihir P. Shah | 75,92,224 | - |
| Mr. Bajju M. Shah | 69,05,232 | - |
| Loan Taken | | |
| Mr. Mihir P. Shah | 10,28,00,000 | 5,00,00,000 |
| Mr. Bajju M. Shah | 1,20,00,000 | 11,07,00,000 |
| Loan Repaid | | |
| Mr. Mihir P. Shah | 1,79,82,777 | 2,41,35,693 |
| Mr. Bajju M. Shah | 52,00,000 | 4,10,50,000 |
| Deposit given | | |
| Mrs. Ami M. Shah | 1,00,000 | - |



| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Salaries Payable to Key Management Personnel & to their Relatives | | |
| Mr. Prakash M. Shah | 2,17,672 | 90,174 |
| Mr. Bajju M. Shah | 4,15,219 | - |
| Mr. Mihir P. Shah | 8,670 | 80,008 |
| Mr. Binoy Shah | 6,10,132 | 30,510 |
| Unsecured loan from | | |
| Mr. Bajju M. Shah | 8,28,37,340 | 6,96,50,000 |
| Mr. Mihir P. Shah | 11,77,04,337 | 2,58,64,307 |
| Unsecured Loan from concern in which KMP and/or Relatives of KMP is interested | | |
| Novomed Pharma Pvt. Ltd. | 3,38,000 | 3,38,000 |
| Receivable from Concern in which KMP and/or Relatives of KMP is interested | | |
| Nithyasha Healthcare Pvt. Ltd. | 15,28,311 | 12,10,174 |
| Naxpar Medicamentos LLP | 17,52,301 | 26,50,742 |
| Receivable from Holding Company | | |
| Pamax Lab Ltd | 18,24,476 | 1,07,010 |
| Payable to Key Management Personnel & their Relatives | | |
| Mr. Mihir P. Shah | 1,48,500 | - |
| Mrs. Ami M. Shah | 3,58,000 | - |
| Mrs. Niyoshi B. Shah | 4,42,000 | 14,200 |
| Deposit Given | | |
| Mrs. Ami M. Shah | 3,00,000 | 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, 2021

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, 2021 | As at March 31, 2020 |
|----------------------------|-------------------------|-------------------------|
| Right-of-use assets | | |
| Land & Building | 3,25,94,457 | 73,76,813 |
| Total | 3,25,94,457 | 73,76,813 |
| Leases Liabilities | | |
| Current | 12,63,742 | 1,91,488 |
| Non Current | 3,15,52,958 | 71,99,538 |
| Total | 3,28,16,700 | 73,91,026 |

Maturity analysis of lease liabilities

| | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Within one year | 12,63,742 | 1,91,488 |
| Later than one year but within five years | 43,07,332 | 7,81,231 |
| Later than five year | 2,72,45,626 | 64,18,307 |
| Total | 3,28,16,700 | 73,91,026 |

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

| | Note No | As at March 31, 2021 | As at March 31, 2020 |
|---|---------|-------------------------|-------------------------|
| Depreciation charge of right of use assets | | 11,72,338 | 61,990 |
| Interest expense on lease liabilities (included in finance cost) | 29 | 1,94,404 | 14,723 |
| Expense relating to short term and low value leases (included in other expense) | 30 | 76,96,814 | 1,27,42,470 |

(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. 6,08,783/- (previous year Rs. 10,85,895/-) as per Section 135 of the Companies Act, 2013.

Amount spent during the year on:

| | As at March 31, 2021 | As at March 31, 2020 |
|--|-------------------------|-------------------------|
| i. Construction / acquisition of any asset | - | - |
| ii. On the purpose other than above | | |
| - in cash | 10,00,000 | 25,00,000 |
| Total | 10,00,000 | 25,00,000 |

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 30th June, 2021

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 **Ladha Singhal and Associates**

Chartered Accountants

Firm's Registration No : 120241W

(Vinod Ladha)

Partner

M. No. 104151

UDIN : 2104151AAAAFC3623

Place : Mumbai

Date : 30th June, 2021

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

