

Mahi Drugs Private Limited
Balance Sheet as at 31st March, 2019

S No	Particulars	Note	As at 31st March ,2019	As at 31st March ,2018	As at 1st April ,2017
I	ASSETS				
1	Non-Current Assets				
	(a) Property, Plant and Equipment	6	133,540,885	139,821,813	131,500,330
	(b) Capital Work-in-Progress	6	19,787,322	-	4,263,666
	(c) Financial Assets				
	(i) Other Financial Assets	7	1,164,750	1,164,750	1,164,750
	Total		154,492,958	140,986,563	136,928,746
2	Current Assets				
	(a) Inventories	8	73,777,634	14,913,700	26,150,510
	(b) Financial Assets				
	(i) Trade Receivables	9	63,440,442	31,175,907	11,943,968
	(ii) Cash and Cash Equivalents	10	1,440,894	3,888,111	13,295,921
	(iii) Bank Balances other than (ii) above	11	-	12,215,235	395,175
	(c) Other Current Assets	12	5,204,535	1,082,596	5,095,794
	(d) Current tax Assets (Net)	13	-	669,746	-
	Total		143,863,505	63,945,295	56,881,368
	Total Assets		298,356,463	204,931,858	193,810,114
II	EQUITY AND LIABILITIES				
1	Equity:				
	(a) Equity Share Capital	14	47,151,000	47,151,000	47,151,000
	(b) Other Equity	15	55,406,666	57,081,894	33,076,532
	Total		102,557,666	104,232,894	80,227,532
2	LIABILITIES				
A	Non-Current Liabilities				
	(a) Financial liabilities				
	(i) Borrowings	16	-	-	1,510,405
	(a) Provisions	17	883,282	1,201,461	-
	(b) Deferred Tax Liabilities (Net)	18	10,898,105	10,705,837	18,237,592
	Total		11,781,387	11,907,298	19,747,997
B	Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	19	-	8,180,739	14,572,384
	(ii) Trade Payables				
	(a) Dues to Micro & Small Enterprises	20	2,139,780	-	-
	(b) Dues to Creditors Other than Micro & Small Enterprises	20	159,943,526	38,259,958	18,351,351
	(iii) Other Financial Liabilities	21	-	-	475,021
	(b) Other Current Liabilities	22	21,133,297	42,350,969	59,762,556
	(c) Current Tax Liabilities (Net)	23	800,808	-	673,273
	Total		184,017,411	88,791,666	93,834,585
	Total Liabilities		195,798,798	100,698,964	113,582,582
	Total Equity and Liabilities		298,356,463	204,931,858	193,810,114
	Significant Accounting Policies	5			

The accompanying notes are an integral part of the financial statements

As per our report of even date

for RAMBABU & CO

Chartered Accountants

FRN 002976S

RAVI RAMBABU

Partner

M No. 018541



for and on behalf of the Board

Mahi Drugs Private Limited

TVVSN MURTHY

Director

DIN No: 00465198

RAMESH BABU POTLURI

Director

DIN No: 00166381

Place : Hyderabad

Date : 27th May, 2019

Mahi Drugs Private Limited.

Statement of Profit and Loss for the year ended 31st March, 2019.


(All amounts in Indian Rupees, unless otherwise stated)

S NO	Particulars	Note	Year Ended 31st March,2019	Year Ended 31st March,2018
1	Income			
	Revenue from Operations	24	390,936,280	344,866,961
	Other Income	25	176,992	368,066
	Total Income		391,113,272	345,235,027
2	Expenses			
	Cost of Materials Consumed	26	357,158,874	246,978,497
	Change in Inventories	27	(47,323,688)	9,538,226
	Excise Duty		-	12,590,056
	Manufacturing Expenditure	28	27,701,576	17,814,211
	Employee Benefits Expense	29	24,794,162	20,442,057
	Finance Costs	30	445,936	1,300,068
	Depreciation and Amortization Expense	31	6,106,423	6,108,746
	Other Expenses	32	5,964,029	10,510,981
	Total Expenses		374,847,312	325,282,842
3	Profit Before Tax (1-2)		16,265,960	19,952,185
4	Tax Expense	33		
	(a) Current Tax			
	(i) relating to Current Period		4,000,000	3,863,000
	(ii) relating to Earlier Year		78,193	-
	(b) Deferred Tax		48,432	(7,082,301)
	Total Taxes		4,126,625	(3,219,301)
5	Profit After Tax for the Year (3-4)		12,139,334	23,171,486
	Other Comprehensive Income/(Loss) Items that will not be reclassified to Profit/(Loss)			
6	Remeasurement Gain/(Loss) of the defined benefit plans	34	517,023	(1,615,578)
7	Income Tax effect on the above		143,836	(449,454)
8	Other Comprehensive Income/(Loss) After Tax for the Period (6-7)		373,187	(1,166,124)
9	Total Comprehensive Income/(Loss) for the Period (5+8)		12,512,522	22,005,362
	Earnings Per Share (Face Value of Rs.10/- each) Basic/ Diluted	35	2.57	4.91
	Significant Accounting Policies	5		

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Mahi Drugs Private Limited.

Statement of Changes in Equity for the Year Ended 31st March, 2018

(All amounts in Indian Rupees, unless otherwise stated)

a. Equity Share Capital

Particulars	As at 31st March, 2019		As at 31st March, 2018		As at 01st April, 2017	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
At the Beginning of the Year	4,715,100	47,151,000	4,715,100	47,151,000	4,715,100	47,151,000
Changes in Equity Share Capital	-	-	-	-	-	-
At the End of the Year	4,715,100	47,151,000	4,715,100	47,151,000	4,715,100	47,151,000


b. Other Equity

	Retained Earnings
Balance as at 01st April, 2017	33,076,532
Profit for the Year	23,171,486
Other Comprehensive Income for the Year,	(1,166,124)
Total Comprehensive Income for the Year	22,005,362
Investment Subsidy Received	2,000,000
Balance as at 31st March, 2018	57,081,894
Balance as at 01st April, 2018	57,081,894
Profit for the Year	12,139,334
Other Comprehensive Income for the Year,	373,187
Total Comprehensive Income for the Year	69,594,416
Dividend and Dividend Tax Paid	(14,187,750)
Balance as at 31st March, 2019	55,406,666

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Place : Hyderabad

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Mahi Drugs Private Limited.

Statement of Cash Flow for the Year Ended 31st March, 2019

(All amounts in Indian Rupees, unless otherwise stated)

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018
A Cash Flow from Operating Activities		
Profit Before Income Tax	16,265,960	19,952,185
Adjustments for:		
Depreciation and amortisation expense	6,106,423	6,108,746
Provision for Employee Benefits	478,786	(414,117)
Bonus	309,556	798,550
	<u>23,160,725</u>	<u>26,445,364</u>
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Trade Receivables	(32,264,535)	(19,231,939)
(Increase) Decrease in Inventories	(58,863,934)	11,236,810
Increase/(Decrease) in Trade Payables	122,641,414	19,578,003
(Increase) Decrease in Other Current Asset	(3,530,386)	3,339,925
Increase/(Decrease) in Other Provisions	(279,942)	-
Increase/(Decrease) in Other Current Liabilities	(20,345,294)	(17,879,533)
	<u>7,357,323</u>	<u>(2,956,734)</u>
Cash generated from Operations	30,518,048	23,488,630
Income Taxes Paid	(3,199,192)	(4,532,746)
Net Cash Inflow from Operating Activities "A"	<u>27,318,856</u>	<u>18,955,884</u>
B Cash flows from Investing Activities		
Payments for Purchase of Property, Plant and Equipment	(20,849,818)	(8,166,563)
Proceeds from sale of Property, Plant and Equipment	1,237,000	
Closure of Margin Money Deposits	12,215,235	(11,820,060)
Net Cash Outflow from Investing Activities "B"	<u>(7,397,583)</u>	<u>(19,986,623)</u>
C Cash flows from Financing Activities		
Repayment of Long Term Borrowings	-	(1,985,426)
Repayment of Short term Borrowings	(8,180,739)	(6,391,645)
Dividends paid Including dividend distribution Tax	(14,187,750)	-
Net Cash (Outflow) from Financing Activities "C"	<u>(22,368,489)</u>	<u>(8,377,071)</u>
Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)	<u>(2,447,217)</u>	<u>(9,407,810)</u>
Cash and Cash Equivalents at the beginning of the Financial Year (Refer Note 10)	3,888,111	13,295,921
Cash and Cash Equivalents at End of the Year (Refer Note 10)	<u>1,440,894</u>	<u>3,888,111</u>

The accompanying notes are an integral part of the financial statements

As per our report of even date
for **RAMBABU & CO**
Chartered Accountants
FRN 002976S



RAVI RAMBABU
Partner
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for and on behalf of the Board
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48.3.4 Remeasurements of Post-Employment Benefit Obligations

Under Ind AS, remeasurements i.e. Actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended 31st March, 2018 decreased by Rs. 16,15,578/-. There is no impact on the total equity as at March 31 2018.

48.3.5 Retained Earnings

Retained earnings as at 01st April, 2017 has been adjusted consequent to the above Ind AS transition adjustments.

48.3.6 Deferred Tax

Indian GAAP requires deferred tax accounting using the statement of profit and loss approach, which focuses on difference between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of the asset or liability in the balance sheet and its tax base.

As per Ind AS-12, the Company has recognised deferred tax asset on the indexation benefit available on free hold land as it has no plans to sell the business on a slump sale thereby increasing the retained earnings by Rs. 12,93,902/- as at 31st March, 2018.

Other Deferred tax adjustments amounting to Rs. 18,34,577/-) as at 31st March, 2018 include deferred tax impact on account of differences between previous GAAP and Ind AS. The profit for the year ended i.e. 31st March, 2018 decreased by Rs. 5,40,675/- due to the deferred tax adjustments made.

48.3.7 Other Comprehensive Income

Under Ind AS, all items of income and expense recognized in a period should be included in the profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit or loss as 'other comprehensive income' includes remeasurements of defined benefit plans. The concept of 'other comprehensive income' did not exist under previous GAAP.

48.3.8 Statement of Cash Flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

The accompanying notes are an integral part of the financial statements

As per our report of even date

for RAMBABU & CO
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FRN 002976S



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M No. 018541



for and on behalf of the Board of Directors
Mahi Drugs Private Limited



TVVSN MURTHY
Director



RAMESH BABU POTLURI
Director

Place : Hyderabad
Date : 27th May, 2019

Mahi Drugs Private Limited

Notes to Financial statements

1. Corporate Information:

Mahi Drugs Private Limited (MDPL), (the 'Company') is a Company limited by Shares domiciled in India incorporated under the Companies Act, 1956. The registered office of the Company is at Plot No. 82, Jawaharlal Nehru Pharma City, Parawada Visakhapatnam Andhra Pradesh. The Company is engaged in the business of manufacturing Intermediates of Active Pharma Ingredients. The Company is having manufacturing facilities at JNPC Prawada, Visakhapatnam. The company has initiated for expansion of its plant for enhancing capacity and also for manufacturing of Active Pharma Ingredients

2. Basis of preparation of Financial Statements

2.1 Compliance with Ind AS

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards as notified under section 133 of the Companies Act 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules 2015 issued by Ministry of Corporate Affairs ('MCA'). The Company has uniformly applied the accounting policies during the years presented.

For all years up to and including the year ended 31st March 2018, the Company had prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). Effective from 01st April 2018, the Company has adopted all the Ind AS Standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with transition date as 01st April 2017. The reconciliation of effects of the transition as required by Ind AS 101 is disclosed in Note No. 48 to these financial statements.

Amounts for the year ended and as at 31st March, 2018 were audited by the previous auditors M/s. Nataraj Iyer and Co, Chartered Accountants. Hyderabad

2.2 Historical Cost Convention:

The standalone financial statements have been prepared on a going concern basis under the historical cost basis except for the following:

- Certain Financial Assets and Liabilities measured at Fair Value; (refer accounting policy regarding financial instruments).
- Employee defined benefit assets/(liability) are recognized as the net total of the fair value of plan assets, plus actuarial losses, less actuarial gains and the present value of the defined benefit obligation.

2.3 Current and Non-Current Classification:

The Company presents assets and liabilities in the balance sheet based on current and non-current classification.

Mahi Drugs Private Limited

Notes to Financial statements

- (a) An asset is treated as current when it satisfies the below mentioned criteria:
- Expected to be realized or intended to be sold or consumed in normal operating cycle;
 - Held primarily for the purpose of trading;
 - Expected to be realized within twelve months after the reporting period, or
 - Cash or Cash Equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
- (b) All Other Assets are classified as non-current.
- (c) A liability is classified as current when it satisfies the below mentioned criteria:
- Expected to settle the liability in normal operating cycle;
 - Held primarily for the purpose of trading;
 - Due to be settled within twelve months after the reporting period, or
 - There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period
- (d) All Other liabilities are classified as non-current.
- (e) Deferred Tax Assets and Liabilities are classified as non-current assets and liabilities.
- (f) The Operating Cycle is the time between the acquisition of assets for processing and their realization in Cash and Cash Equivalents. The Company has identified Twelve months as its Operating Cycle.

3. New Standards adopted by the Company

Ind AS 115, Revenue from Contracts with Customers

In March 2018, the Ministry of Corporate Affairs ("MCA") has notified Ind AS 115, Revenue from Contracts with Customers, which is effective for accounting periods beginning on or after 1 April 2018. This comprehensive new standard supersedes Ind AS 18, Revenue, Ind AS 11, Construction contracts and related interpretations. The new standard amends revenue recognition requirements and establishes principles for reporting information about the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers.

Mahi Drugs Private Limited
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The Company adopted Ind AS 115 effective as of 1 April 2018. The Company applied the modified retrospective method upon adoption of Ind AS 115 on 1 April 2018. This method requires the recognition of the cumulative effect of initially applying Ind AS 115 to retained earnings and not to restate prior years.

The application of this standard did not have a material impact on the Company's revenue

4. Recent accounting pronouncements not yet effective

Effective date for application of the following amendments is annual period beginning on or after 1st April, 2019. The Company is currently evaluating the effect of these amendments on the standalone financial statements.

4.1 Ind AS 116 - Leases :

On 30th March, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognised at the date of initial application

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application.

Mahi Drugs Private Limited
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Certain practical expedients are available under both the methods.

4.2 Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments:

On 30th March, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition -

- i) Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognised by adjusting equity on initial application, without adjusting comparatives.

5. Summary of Significant Accounting Policies:

The standalone financial statements have been prepared using the accounting policies and measurement basis summarized below:

5.1 Revenue Recognition:

Revenue is recognised upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services. To recognise revenues, we apply the following five step approach:

- (1) identify the contract with a customer,
- (2) identify the performance obligations in the contract,
- (3) determine the transaction price,
- (4) allocate the transaction price to the performance obligations in the contract, and
- (5) recognise revenues when a performance obligation is satisfied.

The specific recognition criteria described below must also be met before revenue is recognized.

The Company's revenue is derived from sales of goods, service income and income from licensing arrangements. Most of such revenue is generated from the sale of goods.

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Accounting policies relating to revenue for the periods with effect from 01st April,2018 are as follows:

(i) Revenue from Sale of Goods:

Revenue is recognised when the control of the goods has been transferred to a third party. This is usually when the title passes to the customer, either upon shipment or upon receipt of goods by the customer. At that point, the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

In arriving at the transaction price, the Company considers the terms of the contract with the customers and its customary business practices. The transaction price is the amount of consideration the Company is entitled to receive in exchange for transferring promised goods or services, excluding amounts collected on behalf of third parties. The amount of consideration varies because of estimated rebates, returns and chargebacks, which are considered to be key estimates. Any amount of variable consideration is recognised as revenue only to the extent that it is highly probable that a significant reversal will not occur. The Company estimates the amount of variable consideration using the expected value method

Presented below are the points of recognition of revenue with respect to the Company's sale of goods:

Particulars	Point of recognition of revenue
Domestic Sales	Upon delivery of products to customers (generally formulation manufacturers), from the factories of the Company.
Export Sales	Upon delivery of the products to the customers unless the terms of the applicable contract provide for specific revenue generating activities to be completed, in which case revenue is recognised once all such activities are completed.

(ii) Revenue from Sale of Services:

Revenue from Sale of services is recognised as per the terms of the contracts with customers when the related services are performed or the agreed milestones are achieved.

(iii) Export incentives:

Mahi Drugs Private Limited

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Export incentives comprise of Duty draw back and MEIS (Merchandise Exports Incentive scheme) scrips. Duty drawback is recognised as income when the right to receive credit as per the terms is established in respect of the exports made.

MEIS is recognised as income on receipt of said scrips which will be after receipt of export proceeds. These scrips are freely transferable or can be utilized for the payment of customs duty on Imports.

(iv) Dividend Income:

Dividends are received from financial assets at fair value through profit or loss and at FVOCI. Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of the investment.

(v) Interest Income:

Interest income from financial assets at fair value through profit or loss is disclosed as interest income within other income. Interest income, on financial assets at amortised cost and financial assets at FVOCI, is calculated using the effective interest method and the same is recognized in the statement of profit and loss as part of other income. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets, the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

5.2 Foreign Currency Transactions:

i. Functional and Reporting Currency:

The standalone financial statements are presented in Indian Rupee ('INR' or '₹') which is also the functional and presentation currency of the Company.

ii. Initial Recognition:

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

iii. Conversion on Reporting Date:

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

iv. Exchange Differences:

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognized in the statement of profit and loss in the year in which they arise.

5.3 Property, Plant and Equipment:

(a) Recognition and Initial Measurement

Property, Plant and Equipment are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Cost includes non-refundable taxes, duties, freight, borrowing costs and other incidental expenses related to the acquisition and installation of the respective assets.

Assets under installation or under construction as at the Balance Sheet date are shown as Capital Work in Progress. Advances paid towards acquisition of assets are shown as Capital Advances.

Borrowing Cost relating to acquisition of Property, Plant and Equipment which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to put to use.

Subsequent Costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company. All other repair and maintenance costs are recognized in statement of profit or loss as incurred.

(b) Subsequent Measurement (Depreciation and Useful Lives)

Depreciation on property, plant and equipment is provided on the straight-line method, computed on the basis of useful lives as estimated by management which coincides with rates prescribed in Schedule II to the Companies Act, 2013.

Depreciation on addition to/deletion from fixed assets made during the year is provided on pro-rata basis from/up to the date of such addition/deletion as the case may be. In case of assets costing less than Rs.5,000/- purchased during the year also depreciation has been provided at normal rates on pro-rata basis from the date of purchase.

Cost of the leasehold land is amortized on a straight-line basis over the term of the lease. Depreciation on landscape is being provided @10% under straight line method.

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

Mahi Drugs Private Limited

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(c) De-recognition

An item of Property, Plant and Equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

(d) Capital advances

Advances paid towards acquisition of tangible fixed assets outstanding at each balance sheet date are shown under other non-current assets as capital advances.

e)Capital work-in-progress

Capital work-in-progress includes cost of property, plant and equipment under installation/development as at the balance sheet date.

5.4 Investment Property:

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 initially at its cost, including related transaction costs and where its applicable borrowing costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life of buildings, classified as Investment properties, is considered as 30 years. The useful life has been determined based on technical evaluation performed by the management's expert.

Investment properties are derecognized either when they have been disposed of or when they are permanently withdrawn from use and no future economic benefit is expected from their use. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of de-recognition.

5.5 Intangible Assets:

(a) Recognition and Initial Measurement

Intangible assets are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalization criteria are met and directly attributable cost

Mahi Drugs Private Limited
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of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

(b) Subsequent measurement (amortization):

The cost incurred on Intangible Assets is amortized over a period of 6 years in case of Computer Software and 4 years for Patents on Straight Line Method.

5.6 Leases:

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is or contains a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys the right to use the asset, even if that right is not explicitly specified in an arrangement.

Classification on inception of lease:

a. Finance Leases:

Finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

b. Operating Lease:

"Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement Profit & Loss on a straight-line basis over the lease term unless the lease payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, in which case the same are recognised as an expense in line with the contractual term."

5.7 Inventories:

Raw material, packaging material, are carried at cost. Stores and spares are being charged to revenue as and when purchased. Cost includes purchase price excluding taxes those are subsequently recoverable by the company from the concerned authorities, freight inwards and other expenditure incurred in bringing such inventories to their present location and condition. Cost of Raw Material, packaging material is determined using the weighted average cost method.

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Finished goods and work in progress are valued at the lower of cost and net realizable value. Cost of work in progress and manufactured finished goods is determined on weighted average basis and comprises cost of direct material, cost of conversion and other costs incurred in bringing these inventories to their present location and condition. Cost of traded goods is determined on weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Spare Parts, Stand-by Equipment and Servicing Equipment are recognized in accordance with this Ind AS-16 when they meet the definition of property, plant and Equipment. Otherwise, such items are classified as inventory and are valued at Cost.

The carrying cost of raw materials, packing materials, stores and spare parts are appropriately written down when there is a decline in replacement cost of such materials and finished products in which they will be incorporated are expected to be sold below cost.

5.8 Cash and Cash Equivalents:

Cash and Cash equivalents include cash on hand and at bank, deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less that are readily convertible to a known amount of cash which are subject to an insignificant risk of changes in value and are held for meeting short-term cash commitments.

For the Statement of Cash Flows, cash and cash equivalents consists of short term deposits, as defined above, net of outstanding bank overdraft as they are being considered as integral part of the Group's cash management.

5.9 FINANCIAL INSTRUMENTS

(a) Financial Assets

(i) Initial recognition and measurement

All financial assets are recognised initially at fair value and transaction cost that is attributable to the acquisition of the financial asset is also adjusted.

(ii) Subsequent measurement

a. Debt instruments –

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

(iii) De-recognition of financial assets

A financial asset is primarily de-recognised when the rights to receive cash flows from the asset have expired or the Company has transferred its rights to receive cash flows from the asset.

(b) Financial liabilities

(i) Initial Recognition and Measurement

All financial liabilities are recognized initially at fair value and transaction cost that is attributable to the acquisition of the financial liabilities is also adjusted. These liabilities are classified as amortized cost.

(ii) Subsequent Measurement

These liabilities include borrowings and deposits. Subsequent to initial recognition, these liabilities are measured at amortized cost using the effective interest method.

(iii) De-recognition of Financial Liabilities

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

(c) Financial Guarantee Contracts

Financial Guarantee Contracts are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified party fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognized initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of expected loss

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allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortization.

(d) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

(e) Impairment of Financial Assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss for financial assets.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive. When estimating the cash flows, the Company is required to consider -

- All contractual terms of the financial assets (including Prepayment and extension) over the expected life of the assets.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

(f) Trade Receivables

The Company applies approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognized from initial recognition of receivables.

(g) Other Financial Assets

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition and if credit risk has increased significantly, impairment loss is provided.

5.10 Income Taxes:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the respective laws of the state. Current tax includes taxes to be paid on the profit earned during the year and for the prior periods.

Deferred income taxes are provided based on the balance sheet approach considering the temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

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Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where a component has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if it is probable that they can be utilised against future taxable profits.

The Carrying amount of deferred tax assets are reviewed at each balance sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

5.11 Segment Reporting:

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Chairman and managing director has been identified as being the Chief Operating Decision Maker (CODM). The Company is engaged in manufacturing and sale of Active Pharma Ingredients and their Intermediates and operates in a single operating segment. Revenues are attributed to geographical areas based on the location of the customers. Refer note 45 for the segment information presented.

5.12 Government Grants:

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants relating to income are deferred and recognized in the profit or loss over the period necessary to match them with the costs that they are intended to compensate and presented within other income.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to profit or loss on a straight-line basis over the expected lives of the related assets and presented within other income.

Government grants relating to loans or similar assistance with an interest rate below the current applicable market rate are initially recognized and measured at fair value. The effect of this favorable interest is regarded as a government grant and is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

5.13 Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

5.14 Provisions

Provisions are recognized when there is a present legal or constructive obligation that can be estimated reliably, as a result of a past event, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognized for future operating losses.

Any reimbursement that the Company can be virtually certain to collect from a third party with respect to the obligation is recognized as a separate asset. However, this asset may not exceed the amount of the related provisions.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provisions are reversed. Where the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provisions due to the passage of time is recognized as a finance cost.

Provision for litigation related obligation represents liabilities that are expected to materialize in respect of matters in appeal.

5.15 Dividends

The Company recognises a liability to make cash to equity holders when the distribution is authorized and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognized directly in equity. Interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

5.16 Research and Development:

Revenue Expenditure on Research and Development is charged to revenue in the year in which it is incurred. Capital Expenditure on research and development is added to Property, Plant and Equipment and depreciated in accordance with the policies of the Company.

5.17 Retirement and Other Employee Benefits:

(a) Defined Contribution Plan:

The Company's contribution to provident fund and employee state insurance schemes is charged to the statement of profit and loss. The Company's contributions towards Provident Fund are deposited with the Regional Provident Fund Commissioner under a defined contribution plan.

(b) Defined Benefit Plan:

The Company has gratuity as defined benefit plan where the amount that an employee will receive on retirement is defined by reference to the employee's length of service and final salary. The liability recognized in the balance sheet for defined benefit plans is the present value of the defined benefit obligation (DBO) at the reporting date. Management estimates the DBO annually with the assistance of independent actuaries as per the requirements of IND AS 19 "Employee Benefits". Actuarial gains and losses resulting from re-measurements of the liability are included in other comprehensive income.

The Company has subscribed to a group gratuity scheme of Life Insurance Corporation of India (LIC). Under the said policy, the eligible employees are entitled for gratuity upon their resignation, retirement or in the event of death in lump sum after deduction of necessary taxes upto a maximum limit as per the Gratuity Act, 1972. Liabilities in respect of the Gratuity Plan are determined by an actuarial valuation, based upon which the Company makes contributions to the Gratuity Fund.

(c) Other Long-Term Employee Benefits

The Company also provides benefit of compensated absences to its employees which are in the nature of long-term benefit plan. Liability in respect of compensated absences becoming due and expected to be availed more than one year after the balance sheet date is estimated on the basis of an actuarial valuation performed by an independent actuary using the projected unit credit method as on the reporting date as per the requirements of IND AS "Employee Benefits". Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are recorded in the statement of profit and loss in the year in which such gains or losses arise.

(d) Short-Term Employee Benefits

Short-term employee benefits comprise of employee costs such as salaries, bonus etc. is recognized on the basis of the amount paid or payable for the period during which services are rendered by the employee.

5.18 Earnings per Share:

Basic earnings per share is calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting attributable taxes) by the

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weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events including a bonus issue.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

5.19 Contingent Liabilities and Commitments:

Where it is not probable that an outflow of economic resources will be required, or the amount cannot be estimated reliably, the asset or the obligation is not recognised in the statement of balance sheet and is disclosed as a contingent liability.

Possible outcomes on obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities.

Contingent Assets are neither recognized nor disclosed. However, when realization of Income is virtually certain, related asset is recognized.

5.20 Fair Value Measurement

The Company measures Financial Instruments 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 in the principal market for such asset or liability, or in the absence of a principal market, in the most advantageous market which is accessible to 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, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

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All assets and liabilities for which fair value is measured or disclosed in the standalone financial statements are categorized 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:

Level 1 - Quoted (unadjusted market prices) in active markets for identical assets or liabilities.

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurements is directly or indirectly observable.

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

5.21 ESTIMATES AND ASSUMPTIONS

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the standalone financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company.

(i) Recognition of Deferred Tax Assets

The extent to which deferred tax assets can be recognized is based on an assessment of the probability of the Company's future taxable income against which the deferred tax assets can be utilized. In addition, significant judgment is required in assessing the impact of any legal or economic limits or uncertainties in various tax jurisdictions.

(ii) Recognition of Deferred Tax Liability on Undistributed Profits:

The extent to which the Company can control the timing of reversal of deferred tax calculation on undistributed profits of its subsidiaries requires judgement.

(iii) Evaluation of Indicators for Impairment of Assets:

The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

(iv) Recoverability of Advances/Receivables:

At each balance sheet date, based on historical default rates observed over expected life, the management assesses the expected credit loss on outstanding receivables and advances.

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(v) Useful lives of Depreciable/Amortisable Assets:

Management reviews its estimate of the useful lives of depreciable/amortisable assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of certain software, customer relationships, IT equipment and other plant and equipment.

(vi) Defined Benefit Obligation (DBO):

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, medical cost trends, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses.

(vii) Fair Value Measurements:

Management applies valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

(viii) Provisions:

At each balance sheet date the management judgment, changes in facts and legal aspects, the Company assesses the requirement of provisions against the outstanding warranties and guarantees. However, the actual future outcome may be different from this judgment.

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6 Property, Plant and Equipment

Particulars	Land (2)	Buildings (3)	Plant & Machinery (4)	Pollution Control Equipment (5)	Data Processing Equipment (6)	Furniture & Fixtures (7)	Office Equipment (8)	Vehicles (9)	Others (10)	Total (11)	Capital Work- in-Progress (12)
Year ended 31st March 2018											
Gross Carrying Amount											
Deemed Cost as at 01st April, 2017	28,470,902	26,765,720	74,258,945	-	29,190	659,365	34,987	1,281,221	-	1,31,500,330	4,263,666
Additions	-	8,939,943	10,513,839	-	-	-	8,000	-	-	19,461,782	-
Disposals	(5,031,553)	-	-	-	-	-	-	-	-	(5,031,553)	(4,263,666)
Closing Gross Carrying Amount as at 31st March, 2018 (1+2+3)	23,439,349	35,705,663	84,772,784	-	29,190	659,365	42,987	1,281,221	-	145,930,559	-
Accumulated Depreciation											
Depreciation Charge during the Year	-	882,692	5,119,612	-	8,174	21,314	32,673	44,281	-	6,108,746	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
Closing Accumulated Depreciation as at 31st March, 2018 (5+6)	-	882,692	5,119,612	-	8,174	21,314	32,673	44,281	-	6,108,746	-
Net Carrying Amount as at 31st March, 2018 (4-7)	23,439,349	34,822,971	79,653,172	-	21,016	638,051	10,314	1,236,940	-	139,821,813	-
Year ended 31st March, 2019											
Gross Carrying Amount											
Opening Gross Carrying Amount	23,439,349	35,705,663	84,772,784	-	29,190	659,365	42,987	1,281,221	-	145,930,559	-
Additions	-	1,243,689	4,714,490	-	348,178	107,300	69,004	59,015	-	1,062,435	19,787,322
Disposals	-	-	-	-	-	-	-	(1,281,221)	-	(1,281,221)	-
Closing Gross Carrying Amount as at 31st March, 2019 (1+2+3)	23,439,349	35,705,663	85,251,722	-	377,368	766,665	111,991	59,015	-	145,711,773	19,787,322
Accumulated Depreciation and Impairment											
Opening Accumulated Depreciation	-	882,692	5,119,612	-	8,174	21,314	32,673	44,281	-	6,108,746	-
Depreciation Charge during the Year	-	1,243,689	4,714,490	-	46,263	78,682	18,749	4,550	-	6,106,423	-
Disposals	-	-	-	-	-	-	-	(44,281)	-	(44,281)	-
Closing Accumulated Depreciation and Impairment as at 31st March, 2019 (5+6+7)	-	2,126,381	9,834,102	-	54,437	99,996	51,422	4,550	-	12,170,888	-
Net Carrying Amount as at 31st March, 2019 (4-8)	23,439,349	33,579,282	75,417,620	-	322,931	666,669	60,569	54,465	-	133,540,885	19,787,322

6.1 Refer Note 43 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

6.2 As per Ind AS 101, the Company has opted to measure all property, plant and equipment at their previous GAAP carrying value. Hence, carrying value as at 01st April, 2016 was considered as deemed cost as at 01st April, 2016. Where as the wholly owned subsidiary company has opted carrying value as at 01st April, 2017 as this is the cut off date to it for transition to Ind AS (Refer Note 48.1.1)

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Note	Particulars	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
7	Other Non-Current Financial Assets			
	Deposits Recoverable	1,164,750	1,164,750	1,164,750
	Total	1,164,750	1,164,750	1,164,750
8	Inventories			
	(Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management)			
	(a) Raw Materials	13,991,066	2,450,820	26,150,510
	(b) Stock in Process	32,861,487	12,462,880	-
	(c) Finished Goods	26,925,081	-	-
	Total	73,777,634	14,913,700	26,150,510
9	Trade Receivables			
	Trade Receivables	63,440,442	31,175,907	11,943,968
	Receivables from related parties	-	-	-
	Less: Loss Allowance	-	-	-
	Less: Bad Debts	-	-	-
	Total Trade Receivables	63,440,442	31,175,907	11,943,968
	Current Portion	63,440,442	31,175,907	11,943,968
	Non-Current Portion	-	-	-
	Break-up of security details			
	Trade Receivables considered Good-Secured	-	-	-
	Trade Receivables considered Good-Un Secured	63,440,442	31,175,907	11,943,968
	Trade Receivables which have significant increase in credit risk	-	-	-
	Trade Receivables - credit impaired	-	-	-
	Total	63,440,442	31,175,907	11,943,968
	Less: Provision for Doubtfull Debts	-	-	-
	Total Trade receivables	63,440,442	31,175,907	11,943,968
10	Cash and Cash Equivalents			
	(a) Balances with Banks			
	- in Current Accounts	1,417,065	3,870,523	13,290,040
	- in EEFC account	-	-	-
	(b) Cash in Hand	23,829	17,588	5,881
	Total	1,440,894	3,888,111	13,295,921
11	Bank Balances other than Cash and Cash Equivalents			
	Margin Money Deposit	-	12,215,235	395,175
	Total	-	12,215,235	395,175
12	Other Current Assets			
	(Unsecured Considered Good)			
	GST Credit Receivable	3,148,615	-	3,359,631
	Prepaid Expenses	590,163	367,054	754,777
	Interest Receivable	68,753	-	71,892
	Advance to Suppliers	302,425	-	-
	Other Advances and Receivables	1,094,579	715,542	909,494
	Total	5,204,535	1,082,596	5,095,794
13	Current Tax Assets (Net)	-	669,746	-

14 Equity Share Capital

Note	Particulars	As at 31st March ,2019		As at 31st March ,2018		As at 31st March ,2018	
		Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
	Authorised Share Capital						
	Number of Equity Shares of Rs. 10/- each	4,715,000	47,150,000	4,715,000	47,150,000	4,715,000	47,150,000
	Issued, Subscribed and Fully Paid Up						
	Number of Equity Shares of Rs. 10/- each	4,715,100	47,151,000	4,715,100	47,151,000	4,715,100	47,151,000
	Equity Capital Amount						
	TOTAL	4,715,100	47,151,000	4,715,100	47,151,000	4,715,100	47,151,000

14.1 Reconciliation of Number of Equity Shares outstanding at the beginning and at the end of the Year

Particulars	As at 31st March, 2019		As at 31st March, 2018		As at 31st March, 2017	
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount
Equity Shares						
At the beginning of the Year	4,715,100	47,151,000	4,715,100	47,151,000	4,715,100	47,151,000
Issued / (Reduced) During the Year	-	-	-	-	-	-
At the end of the Year	4,715,100	47,151,000	4,715,100	47,151,000	4,715,100	47,151,000

14.2 Rights attached to Equity Shares

The Company has only one class of equity shares having face value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share at the general meetings of the Company. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

14.2.1 The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of shareholders in the ensuing Annual General Meeting.

14.3 Details of shareholders holding more than 5% shares in the Company

Particulars	As at 31st March, 2019		As at 31st March, 2018		As at 31st March, 2017	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
SMS Life Sciences India Limited	4,715,100	100.00%	900,000	19.00%	-	0.00%
Mahidara Chemicals Private Limited			700,000	14.85%	2,100,000	44.54%
N Rama Raju			710,000	14.87%	688,100	15.59%
N.L.Ravindra Varma			309,520	6.56%	375,000	7.58%
R Sailaja			282,800	5.99%		

15 Other Equity

Particulars	As at	As at	As at
	31st March, 2019	31st March, 2018	1st April, 2017
Reserves and Surplus			
Retained Earnings	55,406,666	57,081,894	33,076,532
Total	55,406,666	57,081,894	33,076,532

15.1 Retained Earnings

Opening Balance	57,081,894	33,076,532	33,076,532
Net profit for the Period	12,139,334	23,171,486	-
Investment Subsidy		2,000,000	-
Dividend and Dividend Tax	(14,187,750)	-	-
Items of Other Comprehensive Income			
Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax	373,187	(1,166,124)	-
Closing balance	55,406,666	57,081,894	33,076,532

15.2 Nature & Purpose of Reserves

Retained Earnings:

The accumulated earnings after appropriation of total comprehensive income and related transfers. The company uses retained earnings in accordance with the provisions of the Companies Act.

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Note	Particulars	As at 31st March 2019	As at 31st March 2018	As at 1st April, 2018
16	Non Current Borrowings			
16.1	Secured			
	(i) Hire Purchase Loans			388,114
	Sub Total	-	-	388,114
16.2	Unsecured			
	(i) HDFC Bank			1,122,291
	Sub Total	-	-	1,122,291
	Total	-	-	1,510,405
16.3	Current Maturities of Secured			
	(i) Hire Purchase Loans	-	-	475,021
	Total	-	-	475,021
	Amount disclosed under the head " Other Current Financial Liabilities"	-	-	(475,021)
	Total	-	-	-

17 Provisions

Employee Benefit Obligations

Non Current

Gratuity	54,662	298,898	
Leave Encashment	828,620	902,563	
Sub Total	883,282	1,201,461	

18 Deferred Tax Liabilities (net)

The balance comprises Temporary Differences attributable to:

Particulars	As at 31st March, 2019	As at 31st March, 2018	As at 1st April, 2017
(a) Deferred Tax Liability			
(i) Property, Plant and Equipment	13,457,722	12,556,142	18,275,482
Total	13,457,722	12,556,142	18,275,482
(b) Deferred Tax Asset			
(i) Expenses allowable on Payment basis	331,848	556,403	-
(ii) MAT Credit	560,118	-	-
(iii) Others	1,667,651	1,293,902	37,890
Total	2,559,617	1,850,305	37,890
Net Deferred Tax Liabilities (a)-(b)	10,898,105	10,705,837	18,237,592

(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Others	Total
As at 01st April, 2017	18,275,482	-	18,275,482
Charged/(Credited)	(5,719,340)	-	(5,719,340)
As at 31st March, 2018	12,556,142	-	12,556,142
Charged/(Credited)	901,580	-	901,580
As at 31st March, 2019	13,457,722	-	13,457,722

Mahi Drugs Private Limited
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(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	MAT Credit	Others	Total
As at 01st April, 2017	-	-	37,890	37,890
(Charged)/Credited	556,403	-	1,256,012	1,812,415
As at 31st March, 2018	556,403	-	1,293,902	1,850,305
(Charged)/Credited	(224,555)	560,118	373,749	709,312
As at 31st March, 2019	331,848	560,118	1,667,651	2,559,617

Note No.	Particulars	As at 31st March, 2019	As at 31st March, 2018	As at April, 2017	1st
19	Current Borrowings				
	Secured				
	Working Capital Loans from Banks				
	--- HDFC BANK	-	8,180,739	14,572,384	
	Total	-	8,180,739	14,572,384	
20	Trade Payables				
	(a) Creditor for Supply of Materials				
	(i) Due to Micro and Small Enterprises (Refer Note 54)	2,139,780	-	-	
	(ii) Due to Related Parties	15,999,886			
	(iii) Others	140,640,619	33,473,246	15,851,776	
	(b) Creditors for Expenses	3,303,021	4,786,712	2,499,575	
	Total	162,083,306	38,259,958	18,351,351	
21	Other Financial Liabilities				
	Current				
	Current Maturities of Hire Purchase Loans	-	-	475,021	
	Capital Creditors	-	-	-	
	Total	-	-	475,021	
22	Other Current Liabilities				
	Statutory dues Payable	404,154	383,384	405,833	
	Advance from Customers	20,419,587	41,169,035	59,048,568	
	Employee Benefits Payable	309,556	798,550	308,155	
	Total	21,133,297	42,350,969	59,762,556	
23	Current Tax Liabilities (Net)	800,808	-	673,273	
	Current Period	4,000,000	3,863,000	1,100,000	
	Advance Income Tax	3,191,553	4,500,000	-	
	TDS Receivable	7,639	32,746	426,727	
		800,808	(669,746)	673,273	
	Less: Disclosed under Current Tax Assets	-	(669,746)	-	
	Total	800,808	-	673,273	

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Note No	Particulars	Year Ended 31st March, 2019	Year Ended 31st March, 2018
24	Revenue from Operations		
	(a) Sale of Products (including Excise Duty)	461,304,810	392,212,173
	Less: Sales Tax	-	5,665,526
	Less: Goods and Service Tax	70,368,530	41,679,686
	Net Revenue from Sales	390,936,280	344,866,961
	Total Net Revenue from Operations	390,936,280	344,866,961
24.1	Goods and Service Tax (GST) has come into force w.e.f 01st July, 2017. The revenue for the year ended 31st March, 2019 is net of such GST. However, the revenues for the previous year up to 30th June 2017 are inclusive of Excise duty of an amount of Rs 1,25,90,056/-		
25	Other Income		
	(a) Interest Income	76,392	327,466
	(b) Miscellaneous Income (Net of GST)	100,600	40,600
	Total	176,992	368,066
26	Cost of Materials Consumed		
	Raw Materials & Packing Materials		
	Stock at the Beginning of the Year	2,450,820	4,149,404
	Add: Purchases	368,699,120	245,279,913
	Less: Stock at the End of the Year	13,991,066	2,450,820
	Total Materials Consumed	357,158,874	246,978,497
27	Changes in Inventory		
	(a) Opening Stock of Inventory:		
	Finished Goods	-	90,306
	Stock in Process	12,462,880	21,910,800
	Sub Total (a)	12,462,880	22,001,106
	(b) Closing Stock of Inventory		
	Finished Goods	26,925,081	12,462,880
	Stock in Process	32,861,487	-
	Sub Total (b)	59,786,568	12,462,880
	(Increase)/Decrease in Stocks (a) - (b)	(47,323,688)	9,538,226
28	Manufacturing Expenditure		
	Power and Fuel	17,595,021	10,335,854
	Consumable Stores	1,899,302	909,893
	Water Charges	552,638	343,215
	Effluent Treatment Charges	3,766,226	2,680,058
	Repairs and Maintenance		
	to Plant & Machinery	2,416,158	2,304,636
	to Buildings	322,023	67,730
	Factory Maintenance	1,150,208	1,172,825
	Total	27,701,576	17,814,211

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Note No	Particulars	Year Ended 31st March, 2019	Year Ended 31st March, 2018
29	Employee Benefit Expenses		
	Salaries, Wages and Bonus	21,780,662	18,664,190
	Contribution to Provident Fund	1,194,260	1,008,580
	Contribution to ESI	258,513	251,008
	Staff Welfare Expenses	1,560,727	518,279
	Total	24,794,162	20,442,057
30	Finance Cost		
	Interest on Non Current Borrowings	-	77,671
	Interest on Current Borrowings	254,789	729,705
	Interest on Others	34,012	-
	Bank Charges	157,135	492,692
	Total	445,936	1,300,068
31	Depreciation and Amortisation Expense		
	Depreciation on Property, Plant and Equipment	6,106,423	6,108,746
	Total	6,106,423	6,108,746
32	Other Expenses		
	Rates and Taxes	375,273	951,973
	Repairs & Maintenance to Other Assets	11,517	-
	Insurance	200,196	698,545
	Directors Remuneration	2,220,000	6,000,000
	Sales Tax Vat Prior Period	329,232	-
	Travelling and Conveyance	136,611	416,639
	Communication Expenses	67,704	74,192
	Printing and Stationery	396,641	79,403
	Payments to Auditors	300,000	100,000
	General Expenses	865,835	955,828
	Carriage Outward	740,040	1,216,810
	Net Loss on Foreign Currency Transactions	320,980	17,591
	Total	5,964,029	10,510,981
32.1	Details of payment to Auditors		
	Statutory Audit fee	200,000	75,000
	Tax Audit fee	100,000	25,000
	Total	300,000	100,000

33 Income Tax Expense

Current Tax

Current Tax on Profits for the Year	4,000,000	3,863,000
Adjustments for Current Tax of Prior Years	78,193	-
Total Current Tax	4,078,193	3,863,000

Deferred Tax

Mat Credit Entitlement -Earlier Years	(560,118)	-
Increase(Decrease) in Deferred Tax Liabilities	901,581	(5,719,340)
Decrease(increase) in Deferred Tax Assets	(149,194)	(1,812,415)
Actuarial (Gain)/Loss	(143,836)	449,454
Total Deferred Tax Expense/(Benefits)	48,433	(7,082,301)
Total Tax Expenses	4,126,626	(3,219,301)

33.1 Reconciliation of Tax Expense with Tax on Accounting Profit at normal rate is as follows:

(a) Profit Before Income Tax Expenses	16,265,960	19,952,185
(b) Enacted Tax Rate in India	27.82%	27.55%
(c) Expected Tax Expenses (a)x(b)	4,525,190	5,497,326
(d) Tax Effect on Permanent Difference:		
Expenses not allowed under Income Tax Act	129,870	56,064
Others	(606,627)	(8,772,691)
Adjustment of Current Tax of Prior Periods	78,193	-
Total Adjustments	(398,564)	(8,716,626)
Expenses as per Profit & Loss	4,126,626	(3,219,301)
Effective Tax Rate	25.37%	-16.14%

34 Other Comprehensive Income

Actuarial Gain/(Loss) on Post Employment Benefit Expenses	(550,680)	1,565,162
Return on Plan Assets excluding net interest	33,657	50,416
	(517,023)	1,615,578
Deferred Taxes on above	143,836	(449,454)
Net Comprehensive Income	(373,187)	1,166,124

35 Earnings Per Share (Basic and Diluted)

(a) Net profit for Basic & Diluted EPS	12,139,334	23,171,486
(b) Weighted average number of equity shares of Rs.10/- each	4,715,100	4,715,100
(d) Earnings Per Share Basic /Diluted	2.57	4.91

36 During the Year the Company has become Wholly Oned Subsidiary to M/s SMS Lifesciences India limited With effect from 2nd August, 2018

37 Note on CSR Liability

As per the Section 135 (I) of the Companies Act, 2013 Corporate Social Responsibility provisions are not applicable to the Company for the financial year 2018-19, as the Company is within the specified limits of the said section

38 Post Employment Benefits

38.1 Defined Contribution Plans

38.1.1 Employer's Contribution to Provident Fund:

Contributions are made to provident fund in India for employees at the rate of 12% of the employees qualifying salary basic salary as per regulations. The contributions are made to registered provident fund administered by the government. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the year towards PF Contribution is Rs.11,94,260/- (31st March, 2018- Rs. 10,08,580/-).

38.1.2 Employer's Contribution to State Insurance Scheme:

Contributions are made to State Insurance Scheme in India for employees at the rate of 4.75%. The Contributions are made to Employee State Insurance Corporation(ESI) to the respective State Governments of the Company's location. This Corporation is administered by the Government and the obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation. The expense recognised during the period towards ESI Contribution is Rs.2,58,513/- (Previous Year - Rs. 2,51,008/-).

38.2 Defined Benefit Plans

The Company has a defined benefit gratuity plan governed by Payment of Gratuity Act, 1972. Every Employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of Service. The Scheme is funded through a policy with Life Insurance Corporation of India (LIC).

The Company has a defined benefit Compensated Absence Plan governed by the Factories Act, 1948. Every Employee who has worked for a period of 240 days or more during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated as per Act.

The following table summarise net benefit expenses recognised in the statement of profit and loss, the status of funding and the amount recognised in the Balance Sheet for both the plans:

Particulars	31st March, 2019		31st March, 2018	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
38.2.1 Net Employee Benefit Expense (recognised in Employee Benefit Expenses)				
Current Service Cost	457,511	221,577	375,888	211,799
Interest Cost	15,276	66,247	(54,784)	
Past Service Cost (Vested Benefits)	-	-		
Contribution Paid	(200,000)	-	(1,637,784)	
Adjustment to Opening Balance	-	-		
Actuarial (Gain)/Loss recognised for the Period	-	(281,825)		690,764
Net Employee Benefit Expenses	272,787	5,999	(1,316,680)	902,563
Other Comprehensive Income				
Actuarial Gain/(Loss)	(550,680)	-	1,565,162	-
Actual return on plan asset	33,657	-	50,416	-
	(517,023)	-	1,615,578	-
38.2.2 Amount recognised in the Balance Sheet				
Defined Benefit Obligation	1,996,954	828,620	1,941,050	902,563
Fair Value of Plan Assets	(1,942,292)	-	(1,642,152)	
	54,662	828,620	298,898	902,563
38.2.3 Change in the Present Value of the Defined Benefit Obligation				
Opening Defined Benefit Obligation	1,941,050	902,563	-	-
Adjustment to Opening Balance	-	-		
Current Service Cost	457,511	221,577	375,888	211,799
Interest Cost	149,073	66,247	-	-
Past Service Cost	-	-		
Contribution Paid	-	-	-	-
Benefits Paid	-	(79,942)	-	-
Net Actuarial (gain)/ losses on Obligation for the year recognised under OCI	(550,680)	(281,825)	1,565,162	690,764
Closing Defined Benefit Obligation	1,996,954	828,620	1,941,050	902,563

38.2.4 Change in the Fair Value of Plan Assets				
Opening Fair Value of Plan Assets	1,642,152	-	-	-
Adjustment to Opening Fair Value of Plan Asset	-	-	-	-
Return on Plan Assets Excluding Interest Income	(33,657)	-	(50,416)	-
Interest Income	133,797	-	54,784	-
Contributions	200,000	79,942	1,637,784	-
Benefits Paid	-	-	-	-
Closing Fair Value of Plan Assets	1,942,292	79,942	1,642,152	-
38.2.5 Actuarial (Gain)/Loss on Obligation				
Due to Demographic Assumption	-	-	-	-
Due to Financial Assumption	251,788	101,517	-	-
Due to Experience	(802,468)	(383,342)	1,565,162	-
Return on Plan Assets excluding Interest	-	-	-	-
Total Actuarial (Gain)/Loss	(550,680)	(281,825)	1,565,162	-

38.2.6 The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	31st March, 2019	31st March, 2018
State Govt Security	965,319	816,150
Central Govt Security	364,180	307,904
NCD/Bonds	440,095	372,933
Others	172,699	145,166
Total	1,942,293	1,642,152

Expected Return on Assets is based on rate of return declared by fund managers.

38.2.7 Actuarial Assumptions for estimating Company's Defined Benefit Obligation:

Particulars	31 March 2019	31 March 2018
Discount rate	7.66%	7.68%
Attrition Rate	PS : 0 to 40 : 2%	PS : 0 to 40 : 2%
Expected rate of increase in Salary	6.00%	5.00%
Expected rate of return on Plan Assets		
Mortality Table	IALM (2006-08) Ult.	IALM (2006-08) Ult.
Expected average remaining Service (Yrs)	18.20	15.70

(a) Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India.

(b) Plan assets does not comprise any of the Company's own financial instruments or any assets used by the Company. The Company has the plan covered under a policy with the Life Insurance Corporation of India.

(c) The Significant actuarial assumptions for the determination of the defined benefit obligation are the discount rate, the salary growth rate and the average life expectancy. The calculation of the net defined benefit liability is sensitive to these assumptions. However, the impact of these changes is not ascertained to be material by the management.

38.2.8 Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is:

Particulars	31 March 2019	31 March 2018
Defined Benefit Obligation		
Effect of 1% change in assumed discount rate on defined benefit obligation		
Increase : +1%	1,751,992	1,733,693
Decrease: -1%	2,291,482	2,189,814
Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
Increase : +1%	2,289,544	21,904,723
Decrease: -1%	1,749,658	1,730,168

The above sensitivity analysis is based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (Projected Unit Credit Method) has been applied while calculating the defined benefit liability recognised within the Balance Sheet.

38.2.9 Other Information

(i) Expected rate of return basis

Since the scheme funds are invested with LIC of India EROA is based on rate of return declared by fund managers

(ii) Description of Plan Assets and Reimbursement Conditions

100% of the Plan Asset is entrusted to LIC of India under their Group Gratuity Scheme. The reimbursement is subject to LIC's Surrender Policy

(iii) Discount Rate

The discount rate has Decreased from 7.68% to 7.66% and hence there is a decrease in liability leading to actuarial gain due to change in discount rate.

(iv) Present Value of Defined Benefit Obligation:

Present value of the defined benefit obligation is calculated by using Projected Unit Credit Method (PUC Method).

Under the PUC Method, a "projected accrued benefit" is calculated at the beginning of the year and again at the end of the year for each benefit that will accrue for all active members of the Plan. The "Projected accrued benefit" is based on the Plan's accrual formula and upon service as of the beginning or end of the year, but using a member's final compensation, projected to the age at which the employee is assumed to leave active service. The Plan Liability is the actuarial present value of the "Projected accrued benefits" as of the beginning of the year for active members.

(v) Expected Average remaining service vs. Average remaining future service:

The average remaining service can be arithmetically arrived by deducting current age from normal retirement age whereas the expected average remaining service is arrived actuarially by applying multiple decrements to the average remaining future service namely mortality and withdrawals. Thus, the expected average remaining service is always less than the average remaining future service.

(vi) Current and Non Current Liability:

The total of current and non-current liability must be equal with the total of PVO

(Present value obligation) at the end of the period plus short term compensated liability if any. It has been classified in terms of "Schedule III" of the Companies Act, 2013.

(vii) Defined Benefit Liability and Employer Contributions

The Company has purchased insurance policy to provide for payment of gratuity to the employees. Every year, the insurance company carries out a funding valuation based on the latest employee data provided by the Company. Any deficit in the assets arising as a result of such valuation is funded by the Company. The company considers that the contribution rate set at the last valuation date are sufficient to eliminate the deficit over the agreed period and that regular contributions, which are based on service costs will not increase significantly.

The Weighted Average duration of the defined benefit obligation is 9.14 years(Previous Year 10.33 years). The expected cash flows over the subsequent years is as follows:

Expected Payout Gratuity	31st March, 2019	31st March, 2018
1st Year	112,681	253,408
2nd Year	115,849	52,743
3rd Year	53,049	125,671
4th Year	57,035	59,519
5th Year	65,805	62,733
beyond 5th Year	480,345	352,135

38.2.10 Risk exposure

Though it is defined benefit plans, the company is exposed to a number of risks, the most significant of which are detailed below:

(a) Investment / Interest Risk:

The Company is exposed to Investment / Interest risk if the return on the invested fund falls below the discount rate used to arrive at present value of the benefit.

(b) Longevity Risk:

The Company is not exposed to risk of the employees living longer as the benefit under the scheme ceases on the employee separating from the employer for any reason.

(c) Risk of Salary Increase

The Company is exposed to higher liability if the future salaries rise more than assumption of salary escalation.

Financial Instruments and Risk Management**Categories of Financial Instrument**

Particulars	Notes	Level	As at				As at	
			31 March, 2019		31 March, 2018		01 April, 2017	
			Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
A. Financial Assets								
(i) Non Current								
(a) Other Financial Assets	7	3	1,164,750	1,164,750	1,164,750	1,164,750	1,164,750	1,164,750
Sub - Total			1,164,750	1,164,750	1,164,750	1,164,750	1,164,750	1,164,750
(ii) Current								
(a) Trade Receivables	9	refer	63,440,442	31,175,907	31,175,907	11,943,968	11,943,968	11,943,968
(b) Cash and Cash Equivalents	10	note	1,440,894	3,888,111	3,888,111	13,295,921	13,295,921	13,295,921
(c) Other Bank Balances	11	45.2	-	12,215,235	12,215,235	395,175	395,175	395,175
Sub - Total			64,881,336	47,279,253	47,279,253	25,635,064	25,635,064	25,635,064
Total Financial Assets			66,046,086	48,444,003	48,444,003	26,799,814	26,799,814	26,799,814
B. Financial Liabilities								
(i) Non Current								
(a) Borrowings	16	3	-	-	-	1,510,405	1,510,405	1,510,405
(ii) Current								
(a) Borrowings	19	refer	-	8,180,739	8,180,739	14,572,384	14,572,384	14,572,384
(b) Trade Payables	20	note	162,083,306	38,259,958	38,259,958	18,351,351	18,351,351	18,351,351
(c) Other Financial Liabilities	21	45.2	-	-	-	475,021	475,021	475,021
Sub - Total			162,083,306	46,440,697	46,440,697	33,398,756	33,398,756	33,398,756
Total Financial Liabilities			162,083,306	46,440,697	46,440,697	34,909,161	34,909,161	34,909,161

45.1 The Company's Principal Financial liabilities comprise Loans and Borrowings, Trade Payables and other Liabilities. The main purpose of these financial Liabilities is to Finance the Company's Operations. The Company's Principal Financial Assets include Loans, Trade and Other Receivables, Cash and Cash Equivalents, Bank balances that derive directly from its Operations.

45.2 The Carrying Amounts of Trade Payables, Other Financial Liabilities, Cash and Cash equivalents, Other Bank Balances, Trade Receivables and Other Financial Assets are considered to be the same as their fair values due to their short term nature.

45.3 Other Non Current Financial Assets consists of certain non current portion relating to deposits with Government authorities where the fair value is considered to be the carrying value.

40 Fair Value Measurements

40.1 Fair Value Hierarchy

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three levels of a fair value hierarchy. The three levels are defined based on the observability of significant inputs to the measurement, as follows:

Level 1: Quoted prices (unadjusted) in active market for identical assets or liabilities.

Level 2: The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data rely as little as possible on entry specific estimates.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Valuation technique used to determine fair value:

Specific Valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments.
- The fair value of remaining financial instruments is determined using discounted cashflow analysis.

41 Financial Risk Management Objectives and Policies

Financial Risk Management Framework

The Company is exposed primarily to credit risk, liquidity risk and market risk (fluctuations in foreign currency exchange rates and interest rate), which may adversely impact the fair value of its financial instruments. The Company assesses the unpredictability of the financial environment and seeks to mitigate potential adverse effects on the financial performance of the Company.

41.1 Credit Risk:

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. Credit risk encompasses of both, the direct risk of default and the risk of deterioration of creditworthiness as well as concentration of risks. Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom the credit has been granted after obtaining necessary approvals for credit. Financial instruments that are subject to concentrations of credit risk principally consist of trade receivables, cash and cash equivalents, bank deposits and other financial assets. None of the financial instruments of the Company result in Material Concentration of credit risk, except for Trade Receivables.

(i) Financial Instruments and Cash Deposits

For banks and financial institutions, only high rated banks/ institutions are accepted. Other Financial assets (excluding Bank deposits) majorly constitute deposits given to State electricity departments for supply of power, which the company considers to have negligible credit exposure. Counterparty credit limits are reviewed by the Management on an annual basis, and may be updated throughout the year. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

(ii) Expected Credit Loss for Trade Receivables under simplified approach

For trade receivables, the group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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Following are the Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	31st March, 2019	31st March, 2018	
Gross Carrying Amount	63,440,442	-	
Expected Credit Losses (Loss allowance Provision)	-	-	
Net Carrying Amount of Trade Receivables	63,440,442	-	

Expected Credit Loss for Trade Receivables under simplified approach:

Particulars	Outstanding			Total
	for < 90 days	> 90 days & < 180 days	for > 180 days	
Gross Carrying Amount of Trade Receivables	63,440,442	-	-	63,440,442
Expected Loss Rate	0.00%	0.00%	0.00%	0.00%
Expected Credit Losses (Loss Allowance Provision)	-	-	-	-
Net Carrying Amount of Trade Receivables	63,440,442	-	-	63,440,442

41.2 Liquidity Risk:

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

41.3 Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk, currency rate risk, interest rate risk and other price risks such as equity risk. Interest Risk is not applicable as the Company is not having Interest bearing borrowings and foreign currency risk impact is not significant as the foreign currency transactions are very meager.

41.4 Other Price Risk:

Other price risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument or its issuer or by factors affecting all similar financial instruments traded in the market.

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42 Capital Management

For the purposes of the Company's Capital Management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. The Company monitors capital using a gearing ratio, which is net debt divided by total equity plus net debt. The Company intends to keep the gearing ratio less than 1. The Company includes within net debt, borrowings including interest accrued on borrowings less cash and short term deposits.

Particulars	31st March, 2019	31st March, 2018	1st April , 2017
Borrowings including Interest Accrued	-	8,180,739	14,572,384
Less: Cash and Short Term Deposits	1,440,894	3,888,111	13,295,921
Net Debt	-	4,292,628	1,276,463
Equity	47,151,000	47,151,000	47,151,000
Other Equity	55,406,666	57,081,894	33,076,532
Total Equity	102,557,666	104,232,894	80,227,532
Total Capital	102,557,666	108,525,522	81,503,995
Gearing Ratio (Net Debt/((Net Debt + Total	-	0.04	0.02

43 Contingent Liabilities

Contingent liabilities are Nil as on 31st March 2019. (31st March 2018: Nil, 31st March 2017: Nil.)

44 Commitments

Capital Commitments are Rs 75,14,406 as on 31st March 2019. (31st March 2018: Nil, 31st March 2017: Nil.)

45 Segment Information

(a) Description of Segments and Principal Activities

The Management Director has been identified as being the chief operating decision maker(CODM). Operating segments are defined as components of an enterprise for which discrete financial information is available. This is evaluated regularly by the CODM, in deciding how to allocate resources and assessing the Company's performance. The Company is engaged in manufacturing and sale of Intermediates of Active Pharma Ingredients and operates in a single operating segment.

46 Payables to Micro, Small & Medium Enterprises

The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	As at 31st March, 2019	As at 31st March, 2018
(i) the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	2,139,780	-
(ii) the amount of interest paid by the buyer in terms of section 16, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.		
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	33,176	
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	33,176	
(v) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.		

The above information regarding Micro Small and Medium Enterprises has been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

47 Previous year figures have been regrouped and reclassified whenever considered necessary to confirm to this year classification

48 First-Time adoption of Ind AS

Transition to Ind AS

These are the Company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 4 have been applied in preparing the financial statements for the year ended 31st March, 2019, the comparative information presented in these financial statements for the year ended 31st March, 2018 and in the preparation of an opening Ind AS balance sheet at 01st April, 2017 (company's date of transition to IND AS). In preparing its opening Ind AS balance sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP). An explanation on how the transition from previous GAAP to Ind AS has effected the Company's financial position, financial performance and cash flows is set out in the following tables and notes.

48.1 Exemptions and Exceptions Availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

48.1.1 Ind AS Optional Exemptions

(a) Deemed Cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its Property, Plant and Equipment, Intangible Assets and Investment Property as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. Accordingly, the Company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

48.1.2 Ind AS Mandatory Exceptions

(a) Estimates

An entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with the estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 01st April, 2017 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for following items in accordance with Ind AS at the date of transition as these were not required under previous GAAP:

- Investment in Equity Instruments carried at FVPL or FVOCI
- Investments in Debt Instruments carried at FVPL and;
- Impairment of Financial Asset based on Expected Credit Loss Model.

(b) Classification and Measurement of Financial Asset

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investments in debt instruments) on the basis of the facts and circumstances that exist on the date of transition to Ind AS.

48.2 Reconciliations between previous GAAP and Ind AS (as at 31st March, 2018 and 01st April, 2017)
48.2.1 Reconciliation of equity as at date of transition (01st April, 2017)

S No.	Particulars	Notes	Previous GAAP	Adjustments	Ind AS
I	Assets				
1	Non-Current Assets				
	(a) Property, Plant and Equipment	6	131,500,330	-	131,500,330
	(b) Capital Work-in-Progress	6	4,263,666	-	4,263,666
	(c) Financial Assets				
	(ii) Bank Balances	7	-	-	-
	(iii) Other Financial Assets	7	1,164,750	-	1,164,750
	Total		136,928,746	-	136,928,746
2	Current Assets				
	(a) Inventories	8	26,150,510	-	26,150,510
	(b) Financial Assets				
	(i) Trade Receivables	9	11,943,968	-	11,943,968
	(ii) Cash and Cash Equivalents	10	13,295,921	-	13,295,921
	(iii) Bank Balances other than (iii) above	11	395,175	-	395,175
	(c) Other Current Assets	12	5,095,794	-	5,095,794
	(d) Current Tax Assets	13	-	-	-
	Total		56,881,368	-	56,881,368
	Total Assets		193,810,114	-	193,810,114
II	EQUITY AND LIABILITIES				
1	Equity				
	(a) Share capital	14	47,151,000	-	47,151,000
	(b) Reserves and Surplus		33,076,532	-	33,076,532
	Total		80,227,532	-	80,227,532
2	LIABILITIES				
A	Non-Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	16	1,510,405	-	1,510,405
	(c) Deferred Tax Liabilities	18	18,237,592	-	18,237,592
	Total		19,747,997	-	19,747,997
B	Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	19	14,572,384	-	14,572,384
	(ii) Trade Payables	20	18,351,351	-	18,351,351
	(iii) Other Financial Liabilities		475,021	-	475,021
	(b) Other Current Liabilities		59,762,556	-	59,762,556
	(c) Current Tax Liabilities	23	673,273	-	673,273
	Total		93,834,585	-	93,834,585
	Total Liabilities		113,582,582	-	113,582,582
	Total Equity and Liabilities		193,810,114	-	193,810,114

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

Mahi Drugs Private Limited
Notes to the Financial Statements
(All amounts in Indian Rupees, unless otherwise stated)

48.2.2 Reconciliation of Equity as at 31st March, 2018

S No	Particulars	Notes	Previous GAAP	Adjustments	Ind AS
I	Assets				
1	Non-Current Assets				
	(a) Property, Plant and Equipment	6	137,821,812	2,000,000	139,821,812
	(i) Other Financial Assets	7	1,164,750	-	1,164,750
	Total		138,986,562	2,000,000	140,986,562
2	Current Assets				
	(a) Inventories	8	14,913,700	-	14,913,700
	(b) Financial Assets				
	(i) Trade Receivables	9	31,175,907	-	31,175,907
	(ii) Cash and Cash Equivalents	10	3,888,111	-	3,888,111
	(iii) Bank Balances	11	12,149,067	66,168	12,215,235
	(c) Other Current Assets	12	1,148,764	(66,168)	1,082,596
	(d) Current tax Assets (Net)		669,746		669,746
	Total		63,945,295	-	63,945,295
	Total Assets		202,931,858	2,000,000	204,931,858
II	EQUITY AND LIABILITIES				
1	Equity				
	(a) Share capital	14	47,151,000	-	47,151,000
	(b) Other equity	15	41,632,974	15,448,920	57,081,894
	Total		88,783,974	15,448,920	104,232,894
2	LIABILITIES				
A	Non-Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	16	-	-	-
	(b) Provision for Employee Benefits	17	1,003,306	198,155	1,201,461
	(c) Deferred Tax Liabilities	18	10,165,162	540,675	10,705,837
	Total		11,168,468	738,830	11,907,298
B	Current Liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	19	8,180,739	-	8,180,739
	(ii) Trade Payables	20	39,441,892	(1,181,934)	38,259,958
	(iii) Other Financial Liabilities	21	-	-	-
	(b) Provisions				
	Dividend and Distribution Tax		14,187,750	(14,187,750)	-
	(c) Other Current Liabilities	22	41,169,035	1,181,934	42,350,969
	(d) Current Tax Liabilities	23	-	-	-
	Total		102,979,416	(14,187,750)	88,791,666
	Total Liabilities		114,147,884	(13,448,920)	100,698,964
	Total Equity and Liabilities		202,931,858	2,000,000	204,931,858

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

48.2.3 Reconciliation of Total Comprehensive Income for the Year Ended 31st March, 2018

S No	Particulars	Notes	Previous GAAP	Adjustments	Ind AS
1	Income				
	Revenue from Operations	24	332,276,905	12,590,056	344,866,961
	Other Income	25	368,066	-	368,066
	Total Income		332,644,971	12,590,056	345,235,027
2	Expenses				
	Cost of Materials Consumed	26	245,453,296	1,525,201	246,978,497
	Changes in Inventories	27	9,538,226	-	9,538,226
	Excise Duty		-	12,590,056	12,590,056
	Manufacturing Expenditure	28	-	17,814,211	17,814,211
	Employee Benefit Expense	29	21,859,480	(1,417,423)	20,442,057
	Finance Cost	30	1,317,659	(17,591)	1,300,068
	Depreciation and Amortization Expense	31	6,108,746	-	6,108,746
	Other Expenses	32	29,832,802	(19,321,821)	10,510,981
	Total Expenses		314,110,209	11,172,633	325,282,842
3	Profit Before Tax		18,534,762	1,417,423	19,952,185
4	Income Tax Expense				
	(a) Current Tax	0	3,863,000	-	3,863,000
	(b) Deferred Tax	0	(8,072,430)	990,129	(7,082,301)
	Total Taxes		(4,209,430)	990,129	(3,219,301)
5	Profit After Tax		22,744,192	427,294	23,171,486
	Other Comprehensive Income/(Loss)				
	Items that will not be reclassified to Profit/(Loss)				
6	Remeasurement Gain/(Loss) of the defined benefit plans	34	-	(1,615,578)	(1,615,578)
7	Income Tax effect on the above		-	(449,454)	(449,454)
8	Other Comprehensive Income/(Loss) for the Year (6-7)		-	(1,166,124)	(1,166,124)
9	Total Comprehensive Income/(Loss) for the Year (5+8)		22,744,192	(738,830)	22,005,362

* The previous GAAP figures have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

48.2.4 Reconciliation of Total Equity as at 31st March, 2018 and 01st April, 2017

Particulars	31st March, 2018	01st April, 2017
Total Equity (Shareholder's Funds) as per previous GAAP	88,783,974	80,227,532
Adjustments:		
Deferred Tax Asset on Indexation Benefit on Land	1,293,902	-
Provision for Dividend and Distribution Tax	14,187,750	-
Others	(32,732)	-
Total Adjustments	15,448,920	-
Total Equity as per Ind AS	104,232,894	80,227,532

48.2.5 Reconciliation of Total Comprehensive Income for the Year Ended 31st March, 2018

	31-Mar-18
Profit After Tax as per Previous GAAP	22,744,192
Adjustments:	
Deferred Tax Asset on indexation benefit on land	1,293,902
Remeasurement of post employment benefit	1,166,124
Provision as per Actuarial Report	(198,155)
Deferred Tax	(1,834,577)
Total Adjustments	427,294
Profit After Tax as per Ind AS	23,171,486
Other Comprehensive Income	(1,166,124)
Total Comprehensive Income as per Ind AS	22,005,362

48.2.6 Impact of Ind AS adoption on the Cash Flow Statements for the Year Ended 31st March, 2018

Particulars	Previous GAAP	Adjustments	Ind AS
Net Cash Flow from Operating Activities	18,955,884	-	18,955,884
Net Cash Flow from Investing Activities	(19,986,623)	-	(19,986,623)
Net Cash Flow from Financing Activities	(8,377,071)	-	(8,377,071)
Net Increase/(Decrease) in Cash and Cash Equivalents	(9,407,810)	-	(9,407,810)
Cash and Cash Equivalents as at 1 April 2016	13,295,921		13,295,921
Effects of exchange rate changes on Cash and Cash Equivalents		-	
Cash and Cash Equivalents as at 31 March 2017	3,888,111	-	3,888,111

48.2.7 Analysis of changes in Cash and Cash Equivalents for the purpose of Cash Flows under Ind AS:

Particulars	31-Mar-18	1-Apr-17
Cash and Cash Equivalents as per the previous GAAP	3,888,111	13,295,921
Bank over drafts	-	-
Cash and Cash Equivalents as per IND AS	3,888,111	13,295,921

48.3 Notes to First-Time Adoption:

48.3.1 MAT Credit Entitlement

MAT credit entitlement is to be presented under loans and advance in accordance with Guidance Note on "Accounting for Credit available in respect of MAT under the Income Tax Act, 1961" issued by ICAI. However, as per Ind AS, MAT credit entitlement is generally recognized as a deferred tax asset with a corresponding deferred tax benefit in the statement of profit and loss.

48.3.2 Trade Receivables

As per Ind AS 109, the Company is required to apply Expected Credit Loss Model for recognising the allowance for doubtful debts.

48.3.3 Revenue Recognition and Excise Duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31st March, 2018 by Rs. 1,25,90,056/-. There is no impact on the total equity and profit.

INDEPENDENT AUDITORS' REPORT

To the Members of Mahi Drugs Private Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Mahi Drugs Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Profit and Loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 financial statements under the provisions of the Companies Act, 2013 and the Rules there under, 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

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Company's Annual Report, but does not include the 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.

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

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

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

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

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

Report on Other Legal and Regulatory Requirements

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 Companies Act, 2013, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

(A) As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid 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 the written representations received from the directors as on 31 March 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".



(B) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 as at 31st March 2019 on its financial position in its Ind AS Financial Statements as referred to in note 43 to the Ind AS Financial Statements.
- ii. The Company did not have material foreseeable losses, if any, on long-term contracts including derivative contracts.
- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid by the company to its directors during the current year is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

Place: Hyderabad

Date: 27-05-2019

For Rambabu & Co.,
Chartered Accountants
Reg. No.002976S



Ravi Rambabu
Ravi Rambabu
Partner
M. No. 018541

"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of the Company for the year ended March 31, 2019:

- 1) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Company has a regular program of physical verification of its fixed assets by which all fixed assets are verified in a phased manner. In our opinion the periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- 2) In respect of Inventories:
 - a) As explained to us the inventories have been physically verified during the year by the management at reasonable intervals.
 - b) In our opinion and according to the information and explanations given to us the procedures of physical verification of inventories followed by the management were reasonable and adequate in relation to the size of the company and nature of its business.
 - c) In our opinion and according to the information and explanations given to us the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- 3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- 4) 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 Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- 5) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.



- 6) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government of India under Section 148(1) of the Companies Act 2013 and are of the opinion that prima facie the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- 7) a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company is generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Goods and Service Tax and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2019 for a period of more than six months from the date on when they become payable.
- b) According to the information and explanation given to us, there are no dues of income tax, Goods and Service Tax outstanding on account of any dispute.
- c) In our opinion there are no amounts required to be transferred to Investor Education and Protection Fund by the company.
- 8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to financial institution or banks. The Company has not issued any debentures.
- 9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.
- 10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- 11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;
- 12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.



- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.
- 15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- 16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

Place: Hyderabad
Date: 27-05-2019

For Rambabu & Co.,
Chartered Accountants
Reg. No.002976S



Ravi Rambabu
Ravi Rambabu
Partner
M. No. 018541

"Annexure B" to the Independent Auditor's Report

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

We have audited the internal financial controls over financial reporting of Mahi Drugs Private Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management responsible for establishing and maintaining internal financial controls base 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. 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 Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.



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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of 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 financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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



Opinion

In our opinion 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 March 31, 2019, 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.

Place: Hyderabad
Date: 27-05-2019



For Rambabu & Co.,
Chartered Accountants
Reg. No.002976S

A handwritten signature in blue ink, appearing to read 'Ravi Rambabu', written over a light blue background.

Ravi Rambabu
Partner
M. No. 018541