

Mahi Drugs Private Limited
Balance Sheet as at 31st March, 2020
(All amounts in Indian Rupees, unless otherwise stated)

S No	Particulars	Note	As at 31st March ,2020	As at 31st March ,2019
I	ASSETS			
1	Non-Current Assets			
	(a) Property, Plant and Equipment	5	126,811,596	133,540,886
	(b) Capital Work-in-Progress	5	132,944,312	19,787,322
	(c) Financial Assets			
	(i) Other Financial Assets	6	2,116,950	1,164,750
	(d) Other Non-Current Assets	7	5,069,121	-
	Total		266,941,979	154,492,958
2	Current Assets			
	(a) Inventories	8	35,064,133	73,777,634
	(b) Financial Assets			
	(i) Trade Receivables	9	297,982	63,440,442
	(ii) Cash and Cash Equivalents	10	14,934,737	1,440,894
	(iii) Bank Balances other than (ii) above	11	38,000,000	-
	(c) Other Current Assets	12	13,828,978	5,204,535
	Total		102,125,830	143,863,505
	Total Assets		369,067,809	298,356,463
II	EQUITY AND LIABILITIES			
1	Equity:			
	(a) Equity Share Capital	13	47,151,000	47,151,000
	(b) Other Equity	14	68,410,492	55,406,666
	Total		115,561,492	102,557,666
2	LIABILITIES			
A	Non-Current Liabilities			
	(a) Financial liabilities			
	(i) Borrowings	15	130,416,251	-
	(a) Provisions	16	1,045,250	805,381
	(b) Deferred Tax Liabilities (Net)	17	9,884,707	10,898,105
	Total		141,346,208	11,703,486
B	Current Liabilities			
	(a) Financial Liabilities			
	(i) Trade Payables			
	(a) Dues to Micro & Small Enterprises	18	55,880	2,139,780
	(b) Dues to Creditors Other than Micro & Small Enterprises	18	41,365,551	159,943,526
	(ii) Other Financial Liabilities	19	27,715,302	-
	(b) Provisions	16	64,709	77,901
	(b) Other Current Liabilities	20	40,822,774	21,133,297
	(c) Current Tax Liabilities (Net)	21	2,135,893	800,808
	Total		112,160,109	184,095,312
	Total Liabilities		253,506,317	195,798,798
	Total Equity and Liabilities		369,067,809	298,356,464
	Significant Accounting Policies	4		

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



G.V.L. Prasad
Partner
M. No. 026548



for and on behalf of the Board

Mahi Drugs Private Limited


TVVSN MURTHY
Director
DIN : 00465198


RAMESH BABU POTLURI
Director
DIN : 00166381

Place : Hyderabad

Date : 25th July, 2020





Mahi Drugs Private Limited.**Statement of Profit and Loss for the year ended 31st March, 2020.**

(All amounts in Indian Rupees, unless otherwise stated)

S NO	Particulars	Note	Year Ended 31st March,2020	Year Ended 31st March,2019
1	Income			
	Revenue from Operations	22	225,952,960	390,936,280
	Other Income	23	3,977,147	176,992
	Total Income		229,930,107	391,113,272
2	Expenses			
	Cost of Materials Consumed	24	100,305,395	357,158,874
	Change in Inventories	25	42,903,756	(47,323,688)
	Manufacturing Expenses	26	27,382,951	27,701,576
	Employee Benefits Expense	27	32,928,432	24,794,162
	Finance Costs	28	483,339	445,936
	Depreciation and Amortization Expense	29	6,176,745	6,106,423
	Other Expenses	30	3,908,653	5,964,029
	Total Expenses		214,089,271	374,847,312
3	Profit Before Tax (1-2)		15,840,836	16,265,960
4	Tax Expense			
	(a) Current Tax			
	(i) relating to Current Year		4,000,000	4,000,000
	(ii) relating to Earlier Year	31	-	78,193
	(b) Deferred Tax		(1,055,014)	48,432
	Total Taxes		2,944,986	4,126,625
5	Profit After Tax for the Year (3-4)		12,895,850	12,139,335
	Other Comprehensive Income/(Loss) Items that will not be reclassified to Profit/(Loss)	32		
6	Remeasurement Gain/(Loss) of the defined benefit plans		149,592	517,023
7	Income Tax effect on the above		41,616	143,836
8	Other Comprehensive Income/(Loss) After Tax for the Year (6-7)		107,976	373,187
9	Total Comprehensive Income/(Loss) for the Year (5+8)		13,003,826	12,512,522
10	Earnings Per Share (Face Value of Rs.10/- each)	33		
	Basic / Diluted		2.74	2.57
	Significant Accounting Policies	4		

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As per our report of even date

for RAMBABU & CO
Chartered Accountants
FRN 002976S
G.V.L. Prasad
Partner
M No. 026548
for and on behalf of the Board
Mahi Drugs Private Limited
TVVSN MURTHY
Director
DIN : 00465198
RAMESH BABU POTLURI
Director
DIN : 00166381Place : Hyderabad
Date : 25th July, 2020

Mahi Drugs Private Limited.

Statement of Changes in Equity for the Year Ended 31st March, 2020

(All amounts in Indian Rupees, unless otherwise stated)

a. Equity Share Capital

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	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
Changes in Equity Share Capital	-	-	-	-
At the End of the Year	4,715,100	47,151,000	4,715,100	47,151,000

b. Other Equity

	Retained Earnings
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	12,512,522
Dividend and Dividend Tax Paid	(14,187,750)
Balance as at 31st March, 2019	55,406,666
Balance as at 01st April, 2019	55,406,666
Profit for the Year	12,895,850
Other Comprehensive Income for the Year,	107,976
net of Income Tax	
Total Comprehensive Income for the Year	68,410,492
Balance as at 31st March, 2020	68,410,492

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

G.V.L.Prasad
Partner
M No. 026548



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 : 25th July ,2020

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, 2020	For the Year ended 31st March, 2019
A Cash Flow from Operating Activities		
Profit Before Tax	15,840,836	16,265,959
Adjustments for:		
Depreciation and amortisation expense	6,176,745	6,106,423
Provision for Employee Benefits	(431,049)	478,786
Bonus	-	309,556
Amortisation of Transaction Cost on Borrowings	27,661	
Loss on sale of property Plant and Equipment	412,040	
	<u>22,026,233</u>	<u>23,160,724</u>
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Trade Receivables	63,142,460	(32,264,535)
(Increase) Decrease in Inventories	38,713,502	(58,863,934)
Increase/(Decrease) in Trade Payables	(120,661,875)	122,641,414
(Increase) Decrease in Non Current Financial Assets	(952,200)	
(Increase) Decrease in Non Current Assets	(5,069,121)	(3,530,386)
(Increase) Decrease in Other Current Assets	(8,924,853)	
Increase/(Decrease) in Other Provisions	376,269	(279,942)
Increase/(Decrease) in Other Current Liabilities	19,689,477	(20,345,294)
	<u>(13,686,341)</u>	<u>7,357,323</u>
Cash generated from Operations	8,339,892	30,518,047
Income Tax Paid	(2,364,504)	(3,199,192)
Net Cash Inflow from Operating Activities "A"	<u>5,975,388</u>	<u>27,318,855</u>
B Cash flows from Investing Activities		
Payments for Purchase of Property, Plant and Equipment	(100,693,783)	(20,849,818)
Proceeds from sale of Property, Plant and Equipment	824,900	1,237,000
Fixed Deposits made	(38,000,000)	12,215,235
Closure of Margin Money Deposits	431,049	
Net Cash Outflow from Investing Activities "B"	<u>(137,437,834)</u>	<u>(7,397,583)</u>
C Cash flows from Financing Activities		
Proceeds from Long Term Borrowings	144,956,290	-
Repayment of Short term Borrowings	-	(8,180,739)
Dividends paid Including dividend distribution Tax	-	(14,187,750)
Net Cash (Outflow) from Financing Activities "C"	<u>144,956,290</u>	<u>(22,368,489)</u>
Net Increase (Decrease) in Cash and Cash Equivalents (A+B+C)	<u>13,493,844</u>	<u>(2,447,217)</u>
Cash and Cash Equivalents at the beginning of the Financial Year	1,440,894	3,888,111
Cash and Cash Equivalents at End of the Year (Refer Note 10)	<u>14,934,737</u>	<u>1,440,894</u>


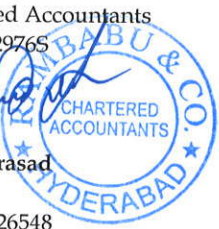
The accompanying notes are an integral part of the financial statements

1. The Cash Flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) Statement of Cash Flows.

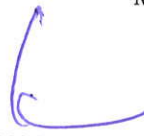
2. Previous year figures have been regrouped/reclassified to confirm to current year classification.


As per our report of even date
for RAMBABU & CO

Chartered Accountants
FRN 0029765



G.V.L. Prasad
Partner
M No. 026548

for and on behalf of the Board
Mahi Drugs Private Limited


TVVSN MURTHY
Director
DIN : 00465198


RAMESH BABU POTLURI
Director
DIN : 00166381

Place : Hyderabad
Date : 25th July 2020

5 Property, Plant and Equipment

Particulars	Land	Buildings	Plant & Machinery	Pollution Control Equipment	Data Processing Equipment	Furniture & Fixtures	Office Equipment	Vehicles	Others	Total	Capital Work-in-Progress
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
I Year ended 31st March 2019											
a Gross Carrying Amount											
1 Deemed Cost as at 01st April, 2018	23,439,349	35,705,663	84,772,784	-	29,190	659,365	42,987	1,281,221	-	145,930,559	-
2 Additions	-	-	478,938	-	348,178	107,300	69,004	59,015	-	1,062,435	19,787,322
3 Disposals	-	-	-	-	-	-	-	(1,281,221)	-	(1,281,221)	-
4 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
b Accumulated Depreciation											
5 Depreciation Charge during the Year	-	882,692	5,119,612	-	8,174	21,314	32,673	44,281	-	6,108,746	-
6 Disposals	-	1,243,689	4,714,490	-	46,263	78,682	18,749	4,550	-	6,106,423	-
7 Closing Accumulated Depreciation as at 31st March, 2019 (5+6)	-	2,126,381	9,834,102	-	54,437	99,996	51,422	4,550	-	12,170,888	-
c Net Carrying Amount as at 31st March, 2019 (4-7)	23,439,349	33,579,282	75,417,620	-	322,931	666,669	60,569	54,465	-	133,540,885	19,787,322
II Year ended 31st March, 2020											
a Gross Carrying Amount											
1 Opening Gross Carrying Amount	23,439,349	35,705,663	85,251,722	-	377,368	766,665	111,991	59,015	-	145,711,773	19,787,322
2 Additions	-	-	-	-	1,061,143	793,395	158,338	-	-	2,012,875	113,156,990
3 Disposals	-	-	(2,918,070)	-	-	-	-	-	-	(2,918,070)	-
4 Closing Gross Carrying Amount as at 31st March, 2020 (1+2+3)	23,439,349	35,705,663	82,333,652	-	1,438,511	1,560,060	270,329	59,015	-	144,806,578	132,944,312
b Accumulated Depreciation and Impairment											
5 Opening Accumulated Depreciation	-	2,126,381	9,834,102	-	54,437	99,996	51,422	4,550	-	12,170,888	-
6 Depreciation Charge during the Year	-	1,243,689	4,694,466	-	126,260	86,882	18,440	7,008	-	6,176,745	-
7 Disposals	-	-	(352,650)	-	-	-	-	-	-	(352,650)	-
8 Closing Accumulated Depreciation and Impairment as at 31st March, 2020 (5+6+7)	-	3,370,070	14,175,918	-	180,697	186,878	69,862	11,558	-	17,994,983	-
c Net Carrying Amount as at 31st March, 2020 (4-8)	23,439,349	32,335,593	68,157,734	-	1,257,814	1,373,182	200,467	47,457	-	126,811,595	132,944,312

5.1 Property, Plant and Equipment pledged as Security

5.2 Refer Note 36 for information on Property, Plant and Equipment pledged as security by the Company

5.3 Refer Note 42 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

CWIP includes proposed capital expenditure of Interest-Rs.47,94,858, Salesries and wages Rs.47,53,700 and other expenses of Rs.28,91,033.

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

Note	Particulars	As at 31st March, 2020	As at 31st March, 2019
6	Other Non-Current Financial Assets		
	Security Deposits	2,116,950	1,164,751
	Total	2,116,950	1,164,751
7	Other Non-Current Assets		
	Capital Advances	5,069,121	-
	Total	5,069,121	-
8	Inventories		
	(Cost or Net Realisable Value, whichever is lower and as valued and certified by the Management)		
	(a) Raw Materials	18,134,364	13,991,066
	(b) Stock in Process	7,312,747	32,861,487
	(c) Finished Goods	9,570,065	26,925,081
	(d) Coal & Fuel	46,956	-
	Total	35,064,133	73,777,634
9	Trade Receivables		
	Trade Receivables	297,982	63,440,442
	Less: Loss Allowance	-	-
	Total Trade Receivables	297,982	63,440,442
	Current Receivables	297,982	63,440,442
	Non-Current Receivables	-	-
	Break-up of security details		
	Trade Receivables considered Good-Secured	-	-
	Trade Receivables considered Good-Un Secured	297,982	63,440,442
	Trade Receivables which have significant increase in credit risk	-	-
	Trade Receivables - credit impaired	-	-
	Total	297,982	63,440,442
	Less: Provision for Doubtfull Debts	-	-
	Total Trade recivables	297,982	63,440,442

Mahi Drugs Private Limited
Notes to the Financial Statements

(All amounts in Indian Rupees, unless otherwise stated)

10 Cash and Cash Equivalents

(a) Balances with Banks		
- in Current Accounts	14,930,405	1,417,065
(b) Cash in Hand	4,332	23,829
Total	14,934,737	1,440,894

11 Bank Balances other than Cash and Cash Equivalents

Fixed Deposit	38,000,000	-
Total	38,000,000	-

12 Other Current Assets

(Unsecured Considered Good)		
GST Credit Receivable	4,264,676	3,148,616
Advance to Suppliers	1,939,219	302,425
Prepaid Expenses	1,008,967	590,163
Interest Receivable	95,053	68,753
Other Advances and Receivables	6,521,063	1,094,579
Total	13,828,978	5,204,535

13 Equity Share Capital

Note	Particulars	As at 31st March ,2020		As at 31st March ,2019	
		Number of Shares	Amount	Number of Shares	Amount
	Authorised Share Capital Number of Equity Shares of Rs. 10/- each	5,000,000	50,000,000	5,000,000	50,000,000
	Issued, Subscribed and Fully Paid Up Number of Equity Shares of Rs. 10/- each Equity Capital Amount	4,715,100	47,151,000	4,715,100	47,151,000
	TOTAL	4,715,100	47,151,000	4,715,100	47,151,000

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	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
Issued / (Reduced) During the Year	-	-	-	-
At the end of the Year	4,715,100	47,151,000	4,715,100	47,151,000

13.2 Rights attached to Equity Shares

The Company has only one class of equity shares having face value of Rs.10/- per share. The Company declares and pays dividends in Indian rupees. 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. Every holder of equity shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

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

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	% holding	Number of shares	% holding
SMS Life Sciences India Limited	4,715,100	100.00%	4,715,100	100.00%

14 Other Equity

Particulars	As at 31st March, 2020	As at 31st March, 2019
Reserves and Surplus		
Retained Earnings	68,410,492	55,406,666
Total	68,410,492	55,406,666
14.1 Retained Earnings		
Opening Balance	55,406,666	57,081,894
Net profit for the Period	12,895,850	12,139,335
Investment Subsidy		
Dividend	-	(11,787,750)
Dividend Distribution Tax	-	(2,400,000)
Items of Other Comprehensive Income		
Remeasurement Gain/(Loss) of the Defined Benefit Plans, net of tax	107,976	373,187
Closing balance	68,410,492	55,406,666

14.2 Nature & Purpose of Reserves

(i) Retained Earnings:

These are 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.

(ii) Analysis of items of OCI, net of tax

Re-measurements of defined benefit plans (refer note : 32)

Re-measurements of defined plans comprises actuarial gains and losses and return on plan assets

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

Note	Particulars	As at 31st March 2020	As at 31st March 2019
15	Non Current Borrowings		
15.1	Secured		
	(i) Foreign CURRENCY Term Loan RBL Bank	130,416,251	
	Total	130,416,251	-
15.2	Current Maturities of Secured		
	(i) Foreign CURRENCY Term Loan RBL Bank	14,567,700	-
	Total	14,567,700	-
	Amount disclosed under the head" Other Current Financial Liabilities"	(14,567,700)	-
	Total	-	-

15.1.1 The Foreign CURRENCY Loan (ECB) has been fully hedged and rate of conversion fixed @ Rs.69.37/-

15.1.2 Security Terms

(a) Term Loan availed from RBL Bank is secured by Exclusive charge of all movable and immovable fixed assets both present and future and of all current assets both present and future and guaranteed by Sri TVVSN Murthy, Director of the company and T.V.Praveen, relative of a Director i.e Sri.TVVSN Murthy, in their personal capacity.

(b) Corporate Gaurantee of the SMS Lifesciences India Limited, Holding Company.

(c) The carrying amounts of financial and non-financial assets pledged as security for current and non- current borrowings are disclosed in Note : 36..

15.1.3 Rate of Interest:

(a) The above said Term Loan carries an interest rate @ 10.40% p.a

15.1.4 Terms of Repayment

(c) During the year, the company has availed Term Loan from RBL Bank Limited amounting to Rs.19,42,36,000/- for funding the Expansion Project. The amount disbursed as on 31st March, 2020 was Rs. 14,56,77,000/-. The said loan is repayable in 24 Quarterly Installments commencing from September 2020, as mentioed below

First 8 Quarters	Rs. 48,55,900/- Each
Next 16 Quarters	Rs. 97,11,800/- Each

15.1.5 Current Maturities of Long Term borrowings have been disclosed seperately under the head other current financial liabilities (Refer Note No.19).

16 Provisions

Employee Benefit Obligations

Non Current

Gratuity	231,782	-
Leave Encashment	813,468	805,381
Sub Total	1,045,250	805,381

Current

Gratuity	44,154	54,662
Leave Encashment	20,555	23,239
Sub Total	64,709	77,901

Total

Gratuity	275,936	54,662
Leave Encashment	834,023	828,620
Grand Total	1,109,959	883,282

17 Deferred Tax Liabilities (net)

The balance comprises Temporary Differences attributable to:

(a) Deferred Tax Liability

(i) Property, Plant and Equipment	12,346,520	13,457,722
(ii) Other Items	192,806	-
Total	12,539,326	13,457,722

(b) Deferred Tax Asset

(i) Expenses allowable on Payment basis	373,844	331,848
(ii) MAT Credit	-	560,118
(iii) Other Items giving rise to temporary differences	2,280,775	1,667,651
Total	2,654,619	2,559,617

Net Deferred Tax Liabilities (a)-(b)

9,884,707	10,898,105
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(c) Movement in Deferred Tax Liabilities

Particulars	Property, Plant and Equipment	Other Items	Total
As at 01st April, 2018	12,556,142	-	12,556,142
Charged/(Credited)	901,580	-	901,580
As at 31st March, 2019	13,457,722	-	13,457,722
Charged/(Credited)	(1,111,202)	192,806	(918,396)
As at 31st March, 2020	12,346,520	192,806	12,539,326

(d) Movement in Deferred Tax Assets

Particulars	Expenses allowable on Payment basis	MAT Credit	Other Items	Total
As at 01st April, 2018	556,503	-	1,293,902	1,850,405
(Charged)/Credited	(224,655)	560,118	373,749	709,212
As at 31st March, 2019	331,848	560,118	1,667,651	2,559,617
(Charged)/Credited	41,996	(560,118)	613,124	95,002
As at 31st March, 2020	373,844	-	2,280,775	2,654,619

Mahi Drugs Private Limited**Notes to the Financial Statements**

(All amounts in Indian Rupees, unless otherwise stated)

Note No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
18	Trade Payables		
	(a) Creditors for Supply of Materials		
	(i) Due to Micro and Small Enterprises (Refer Note 44)	55,880	2,139,780
	(ii) Due to Related Parties	4,441,297	15,999,886
	(iii) Others	33,746,478	140,640,619
	(b) Creditors for Expenses	3,177,776	3,303,021
	Total	41,421,431	162,083,306
19	Other Financial Liabilities		
	Current		
	Current Maturities of Long-Term Debt	14,567,700	-
	Capital Creditors	13,147,602	-
	Total	27,715,302	-
20	Other Current Liabilities		
	Statutory Liabilities	458,705	404,154
	Advance from Customers	40,130,232	20,419,587
	Employee Benefits Payable	233,837	309,556
	Total	40,822,774	21,133,298
20.1	Advance from Customers Includes an amount of Rs.3,50,00,000/- received from holding Company. Viz. SMS Lifesciences India Limited.		
21	Current Tax Asset/ (Liabilities) (Net)	(2,135,893)	(800,808)
	Current Year	(4,000,000)	(4,000,000)
	Previous Period	(500,397)	-
	Advance Income Tax	2,308,036	3,191,553
	TDS Receivable	56,468	7,639
		(2,135,893)	(800,808)
	Less: Disclosed under Current Tax Assets	-	-
	Total	(2,135,893)	(800,808)

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

Note No	Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
22	Revenue from Operations		
	(a) Sale of Products	266,624,493	461,304,810
	Less: Goods and Service Tax	40,671,533	70,368,530
	Net Revenue from Sales	<u>225,952,960</u>	<u>390,936,280</u>
	Total Net Revenue from Operations	<u><u>225,952,960</u></u>	<u><u>390,936,280</u></u>
23	Other Income		
	(a) Interest Income	536,664	76,392
	(b) Miscellaneous Income (Net of GST)	3,440,483	100,600
	Total	<u>3,977,147</u>	<u>176,992</u>
24	Cost of Materials Consumed		
	Raw Materials & Packing Materials		
	Stock at the Beginning of the Year	13,991,066	2,450,820
	Add: Purchases	104,448,693	368,699,120
	Less: Stock at the End of the Year	18,134,364	13,991,066
	Total Materials Consumed	<u>100,305,395</u>	<u>357,158,874</u>
25	Changes in Inventory		
	(a) Opening Stock of Inventory:		
	Finished Goods	26,925,081	-
	Stock in Process	32,861,487	12,462,880
	Sub Total (a)	<u>59,786,568</u>	<u>12,462,880</u>
	(b) Closing Stock of Inventory		
	Finished Goods	9,570,065	26,925,081
	Stock in Process	7,312,747	32,861,487
	Sub Total (b)	<u>16,882,812</u>	<u>59,786,568</u>
	(Increase)/Decrease in Stock (a) - (b)	<u>42,903,756</u>	<u>(47,323,688)</u>
26	Manufacturing Expenditure		
	Power and Fuel	16,150,881	17,595,021
	Consumable Stores	1,022,126	1,899,302
	Testing Charges	156,226	-
	Water Charges	1,291,302	552,638
	Effluent Treatment Charges	3,325,128	3,766,226
	Repairs and Maintenance		
	to Plant & Machinery	3,686,613	2,416,158
	to Buildings	169,198	322,023
	Factory Maintenance	1,581,477	1,150,208
	Total	<u>27,382,951</u>	<u>27,701,576</u>
27	Employee Benefit Expense		
	Salaries, Wages and Bonus	28,918,095	21,780,662
	Contribution to Provident Fund	1,437,950	1,194,260
	Contribution to ESI	220,341	258,513
	Staff Welfare Expenses	2,352,046	1,560,727
	Total	<u>32,928,432</u>	<u>24,794,162</u>

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

Note No	Particulars	Year Ended 31st March, 2020	Year Ended 31st March, 2019
28	Finance Cost		
	Interest on Current Borrowings	-	254,789
	Interest on Others	49,773	34,012
	Bank Charges	433,566	157,135
	Total	483,339	445,936
29	Depreciation and Amortisation Expense		
	Depreciation on Property, Plant and Equipment	6,176,745	6,106,423
	Total	6,176,745	6,106,423
30	Other Expenses		
	Rent	25,500	-
	Rates and Taxes	600,699	375,273
	Repairs & Maintenance to Other Assets	26,909	11,517
	Insurance	400,740	200,196
	Directors Remuneration	-	2,220,000
	Sales Tax / Vat	-	329,232
	Travelling and Conveyance	102,459	136,611
	Communication Expenses	66,754	67,704
	Printing and Stationery	333,440	396,641
	Payments to Auditors (Refer Note:30.1)	300,000	300,000
	Vehicle Maintenance	2,844	-
	Interest on Indirect Taxes		4,910
	Loss on Sale of Assets	412,040	-
	General Expenses	607,815	860,925
	Carriage Outward	1,029,454	740,040
	Net Loss on Foreign Currency Transactions		320,980
	Total	3,908,653	5,964,029
30.1	Details of payment to Auditors		
	Statutory Audit fee	200,000	200,000
	Tax Audit fee	100,000	100,000
	Total	300,000	300,000

Mahi Drugs Private Limited**Notes to the Financial Statements**

(All amounts in Indian Rupees, unless otherwise stated)

31 Income Tax Expense**Current Tax**

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

Deferred Tax

Increase(Decrease) in Deferred Tax Liabilities	(918,396)	901,580
Decrease(increase) in Deferred Tax Assets	(95,002)	(709,312)
Acturial (Gain)/Loss	(41,616)	(143,836)
Total Deferred Tax Expense/(Benefits)	(1,055,014)	48,432
Total Tax Expenses	2,944,986	4,126,625

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

(a) Profit Before Income Tax Expenses	15,840,836	16,265,960
(b) Enacted Tax Rate in India	27.82%	27.82%
(c) Expected Tax Expenses (a)x(b)	4,406,921	4,525,190
(d) Tax Effect on Permanent Difference:		
Expenses not allowed under Income Tax Act	266,607	148,562
Others	(1,728,542)	(625,320)
Adjustment of Current Tax of Prior Periods	-	78,193
Total Adjustments	(1,461,935)	(398,565)
Expenses as per Profit & Loss	2,944,986	4,126,625
Effective Tax Rate	18.59%	25.37%

32 Other Comprehensive Income

Actuarial Gain/(Loss) on Post Employment Benefit Expenses	(201,218)	(550,680)
Return on Plan Assets excluding net interest	51,626	33,657
	(149,592)	(517,023)
Deferred Taxes on above	41,616	143,836
Net Comprehensive Income	(107,976)	(373,187)

33 Earnings Per Share (Basic and Diluted)

(a) Net profit for Basic & Diluted EPS	12,895,850	12,139,335
(b) Weighted average number of equity shares of Rs.10/- each	4,715,100	4,715,100
(d) Earnings Per Share Basic /Diluted	2.74	2.57

34 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 2019-20,

35 Post Employment Benefits

35.1 Defined Contribution Plans

35.1.1 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 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.14,37,950/- (31st March, 2019- Rs. 11,94,260/-).

35.1.2 Employer's Contribution to State Insurance Scheme:

Contributions are made to State Insurance Scheme in India for employees at the rate of 3.25%. 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 year towards ESI Contribution is Rs.2,20,341/- (Previous Year - Rs. 2,58,513/-).

35.2 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, 2020		31st March, 2019	
	Gratuity (funded)	Leave Encashment (unfunded)	Gratuity (funded)	Leave Encashment (unfunded)
35.2.1 Net Employee Benefit Expense (recognised in Employee Benefit Expenses)				
Current Service Cost	584,202	278,592	457,511	221,577
Interest Cost	(13,336)	62,582	15,276	66,247
Contribution Paid	(200,000)	(36,000)	(200,000)	(79,942)
Actuarial (Gain)/Loss recognised for the Period	-	(299,771)	-	(281,825)
Net Employee Benefit Expenses	370,866	5,403	272,787	(73,943)
35.2.2 Other Comprehensive Income				
Actuarial Gain/(Loss)	(201,218)	-	(550,680)	-
Actual return on plan asset	51,626	-	33,657	-
	(149,592)	-	(517,023)	-
35.2.3 Amount recognised in the Balance Sheet				
Defined Benefit Obligation	2,528,589	834,023	1,996,954	828,620
Fair Value of Plan Assets	(2,252,653)	-	(1,942,292)	-
	275,936	834,023	54,662	828,620

35.2.4 Change in the Present Value of the Defined Benefit Obligation

Opening Defined Benefit Obligation	1,996,954	828,620	1,941,050	902,563
Current Service Cost	584,202	278,592	457,511	221,577
Interest Cost	148,651	62,582	149,073	66,247
Benefits Paid	-	(36,000)	-	(79,942)
Net Actuarial (gain)/ losses on Obligation for the year recognised under OCI	(201,218)	(299,771)	(550,680)	(281,825)
Closing Defined Benefit Obligation	2,528,589	834,023	1,996,954	828,620

35.2.5 Change in the Fair Value of Plan Assets

Opening Fair Value of Plan Assets	1,942,292	-	1,642,152	-
Adjustment to Opening Fair Value of Plan Asset	-	-	-	-
Return on Plan Assets Excluding Interest Income	(51,626)	-	(33,657)	-
Interest Income	161,987	-	133,797	-
Contributions	200,000	36,000	200,000	79,942
Benefits Paid	-	(36,000)	-	(79,942)
Closing Fair Value of Plan Assets	2,252,653	-	1,942,292	-

35.2.6 Actuarial (Gain)/Loss on Obligation

Due to Demographic Assumption	-	-	-	-
Due to Financial Assumption	296,862	94,487	251,788	101,517
Due to Experience	(498,080)	(394,258)	(802,468)	(383,342)
Return on Plan Assets excluding Interest	-	-	-	-
Total Actuarial (Gain)/Loss	(201,218)	(299,771)	(550,680)	(281,825)

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

Particulars	31st March, 2020	31st March, 2019	
State Govt Security	1,119,569	965,319	49.70%
Central Govt Security	422,372	364,180	18.75%
NCD/Bonds	511,577	441,095	22.71%
Others	199,135	171,699	8.84%
Total	2,252,653	1,942,293	

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

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

Particulars	31 March 2020	31 March 2019
Discount rate	6.76%	7.66%
Attrition Rate	PS : 0 to 40 : 2%	PS : 0 to 40 : 2%
Expected rate of increase in Salary	6.00%	6.00%
Expected rate of return on Plan Assets		
Mortality Table	IALM (2012-14) Ult.	IALM (2006-08) Ult.
Expected average remaining Service (Yrs)	18.25	18.20

- (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.

35.2.9 Sensitivity analysis

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

Particulars	31 March 2020	31 March 2019
Defined Benefit Obligation	275,936	54,662
Effect of 1% change in assumed discount rate on defined benefit obligation		
Increase : +1%	2,201,675	1,751,992
Decrease: -1%	2,923,048	2,291,482
Effect of 1% change in assumed salary escalation rate on defined benefit obligation		
Increase : +1%	2,917,360	2,289,544
Decrease: -1%	2,200,642	1,749,658

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.

35.2.10 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 7.66% to 6.76% 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, 2020	31st March, 2019
1st Year	44,154	112,681
2nd Year	51,244	115,849
3rd Year	54,523	53,049
4th Year	68,706	57,035
5th Year	75,861	65,805
beyond 5th Year	711,479	480,345

35.2.11 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.

36 Assets Pledged as Security

For Non Current Borrowings

Secured by First Charge on Property, Plant and Equipment, Investment Property and Second Charge on Current Assets.

The carrying amounts of Company's assets pledged as security for Non Current Borrowings of an amount of Rs.14,49,83,951/- (Previous year Rs.Nil) are as follows:

Particulars	31st March, 2020
Property, Plant and Equipment	126,811,595
Sub Total	126,811,595
Current Assets	102,125,830
Total Assets Pledged as Security	228,937,427

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

Particulars	Notes	Level	As at		As at		
			31 March, 2020		31 March, 2019		
			Carrying Value	Fair Value	Carrying Value	Fair Value	
A. Financial Assets							
(i) Non Current							
(a) Other Financial Assets	6	3	2,116,950	2,116,950	1,164,750	1,164,750	
Sub - Total			2,116,950	2,116,950	1,164,750	1,164,750	
(ii) Current							
(a) Trade Receivables	9	refer	297,982	297,982	63,440,442	63,440,442	
(b) Cash and Cash Equivalents	10	note	14,934,737	14,934,737	1,440,894	1,440,894	
(c) Other Bank Balances	11	37.2	38,000,000	38,000,000	-	-	
Sub - Total			53,232,719	53,232,720	64,881,336	64,881,336	
Total Financial Assets			55,349,669	55,349,670	66,046,086	66,046,086	
B. Financial Liabilities							
(i) Non Current							
(a) Borrowings	15	3	130,416,251	130,416,251	-	-	
(ii) Current							
(a) Borrowings	19	refer	-	-	-	-	
(b) Trade Payables	18	note	41,421,431	41,421,431	162,083,306	162,083,306	
(c) Other Financial Liabilities	19	37.2	27,715,302	27,715,302	-	-	
Sub - Total			69,136,733	69,136,733	162,083,306	162,083,306	
Total Financial Liabilities			199,552,984	199,552,984	162,083,306	162,083,306	

37.1 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 Cah Equivalents, Bank balances that derive directly form its Operations.

37.2 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.

37.3 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.

38 Fair Value Measurements

38.1 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.

39 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.

39.1 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) majorily 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.

Mahi Drugs Private Limited**Notes to the Financial Statements**

(All amounts in Indian Rupees, unless otherwise stated)

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

Particulars	31st March, 2020	31st March, 2019
Gross Carrying Amount	297,982	63,440,442
Expected Credit Losses (Loss allowance Provision)	-	-
Net Carrying Amount of Trade Receivables	297,982	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	297,982	-	-	297,982
Expected Loss Rate	0.00%	0.00%	0.00%	0.00%
Expected Credit Losses (Loss Allowance Provision)	-	-	-	-
Net Carrying Amount of Trade Receivables	297,982	-	-	297,982

39.2 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.

39.3 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. Foreign currency risk impact is not significant as the foreign currency term loan was hedged with the concerned lender. Other Foreign Currency transactions are very meager.

39.4 Interest Rate Risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of change in market interest rates. In order to optimize the Company's position with regards to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest risk management by balancing the proportion of fixed rate and floating rate financial instruments in its portfolio.

Particulars	Change in basis points		Effect on Profit before Tax	
	Increase	Decrease	Decrease	Increase
31st March, 2020	0.50%	0.50%	(724,920)	724,920
31 March, 2019	0.50%	0.50%	-	-

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment.

39.5 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.

Mahi Drugs Private Limited

Notes to the Financial Statements

(All amounts in Indian Rupees, unless otherwise stated)

40 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, 2020	31st March, 2019
Borrowings including Interest Accrued	144,983,951	-
Less: Cash and Short Term Deposits	52,934,737	1,440,894
Net Debt	92,049,214	(1,440,894)
Equity	47,151,000	47,151,000
Other Equity	68,410,492	55,406,666
Total Equity	115,561,492	102,557,666
Total Capital	207,610,706	101,116,772
Gearing Ratio (Net Debt/((Net Debt +Total	0.44	(0.01)

41 Contingent Liabilities

Contingint liabilites are Nil as on 31st March 2020. (31st March 2019: Nil.)

42 Commitments

Capital Commitents are Rs 24679191 as on 31st March 2020. (31st March 2019, Rs. 75,14,406.)

43 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 Ingrediants and operates in a single operating segment.

44 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;	57,515	2,139,780
(ii) Interest on payments beyond the appointed day paid to the suppliers during the year		
(iii) Interest due and payable for the delay in making payment to suppliers during the year	47,133	33,176
(iv) Amount of interest accrued and remaining unpaid to suppliers at the end of the year		
(v) Amount of further interest remaining due and payable to suppliers in succeeding years		

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.

45 Related Party Transactions

(a) Key Management Personnel(KMP)

Name	Relationship
Sri TVVSN Murthy	Director
Sri Ramesh Babu Potluri	Director

(b) Relatives of KMP

Name of the Relative
Sri. G.V. Chaitanya

(c) List of Related Parties over which Control/ Significant Influence exists with whom the Company has transactions :

Relationship	Name of the Company
Holding Company	SMS Lifesciences India Limited
Enterprises over which KMP are able to Exercise Significant Influence	1. SMS Pharmaceuticals Limited 2. Rchem(Somanahalli) Private Limited 3. VKT Pharma Private Limited

(d) Transactions with Related Parties:

Name of the Company	31st March, 2020 Amount	31st March, 2019 Amount
Relatives of KMP		
Remuneration - (Short Term Employee Benefits)	2,309,280	-
Holding Company		
Purchases	62,185,035	44,725,665
Sales	158,926,183	42,065,990
Enterprise with Significant Influence		
Purchases	574,550	-
Sales	643,730	-
Balance (Payable)/Receivable at the year end		
Relatives of KMP		
Remuneration Payable	128,025	-
Holding Company	(39,441,297)	(15,999,886)
Enterprise with Significant Influence	(195,566)	-

Mahi Drugs Private Limited

Notes to the Financial Statements

(All amounts in Indian Rupees, unless otherwise stated)

(e) Note:

- i) The above transactions are in the ordinary course of business and are at arm's length price.
- ii) As the future liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the Key Management Personnel and their relatives is not ascertainable and, therefore, not included above. Contribution to Provident Fund was also not included.

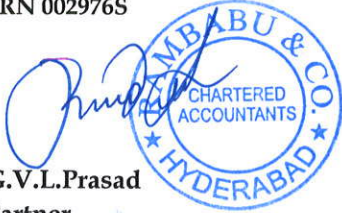
46 Impact of Covid-19 Pandemic

The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of its inventories, receivables and investments. As the company is into essential manufacturing service which is exempt from lockdown restrictions, there has been minimal impact in its operations and its supply chain. In this regard, the Company has considered internal and external information while finalizing various estimates in relation to its financial statements up to the date of approval by the Board of Directors and has not identified any material impact on the carrying value of assets, liabilities or provisions. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

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

As per our report of even date

for RAMBABU & CO
Chartered Accountants
FRN 002976S



G.V.L. Prasad
Partner
M No. 026548

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 : 25th July, 2020

INDEPENDENT AUDITORS' REPORT

To the Members of Mahi Drugs Private Limited

Report on the Audit of the Financial Statements

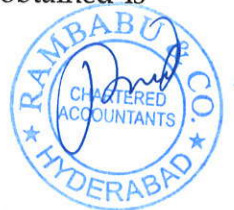
Opinion

We have audited the financial statements of Mahi Drugs Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2020, 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 2020, 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.

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



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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Financial Statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2020 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 2020 on its financial position in its Ind AS Financial Statements as referred to in note 41 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: 25-07-2020

UDIN: 20026548AAAACW3246

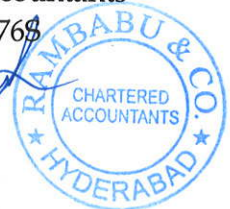
For Rambabu & Co.,

Chartered Accountants

Reg. No.0029768


GVL Prasad
Partner

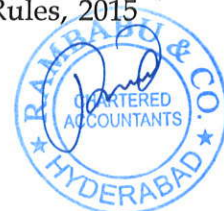
M. No. 026548



"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, 2020:

- 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.
 - (c) According to information and explanations given by the management, the title deeds/lease deeds of immovable properties included in property, plant and equipment are held in the name of the Company.
- 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



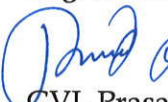
- with regard to the deposits accepted from the public are not applicable.
- 6) We have broadly reviewed the cost records maintained by the Company pursuant to the rules prescribed by the Central Government of India under Section 148(1) of the Companies Act 2013 and are of the opinion that prima facie 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, 2020 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.

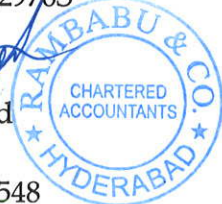


- 13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.
- 14) Based upon the audit procedures performed and the 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: 25-07-2020

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


GVL Prasad
Partner
M. No. 026548



UDIN: 20026548AAAACW3246

"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, 2020 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

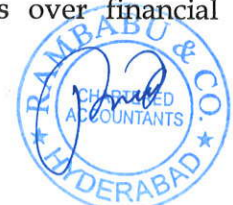
The Company's management responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 judgment, 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, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Hyderabad

Date: 25-07-2020

UDIN: 20026548AAAACW3246

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


GVL Prasad

Partner

M. No. 026548

