



■ TEL : 022 - 6825 2525  
■ FAX : 022 - 2405 7708  
■ E-Mail : info@naxparlab.com  
■ Visit us at: www.naxparlab.com  
■ CIN No. : L36912MH1982PLC027925

**Parnax Lab Ltd.**

(Formerly Known as Krishna Deep Trade & Investment Ltd.)

114, BLDG. NO. 8, JOGANI IND. COMPLEX,  
SION-CHUNABHATTI, MUMBAI - 400 022. INDIA

Date: 07<sup>th</sup> September, 2020

To,  
The Department of Corporate Service  
**BSE Limited**  
Department of Corporate Service  
**Phiroze Jeejeebhoy Towers,**  
**Dalal Street, Fort,**  
**Mumbai - 400 001**

**Ref: Parnax Lab Limited**

**Script Code: 506128**

**Subject: Annual Report for the Financial Year 2019-20**

Dear Sir / Madam,

Pursuant to Regulation 34(1) of the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, Please find enclosed the 38<sup>th</sup> Annual Report of the Company for the Financial Year 2019-20 which is being sent to the shareholders of the Company through electronic mode.

Kindly take the above information on your record.

Thanking You.

Yours Faithfully,  
**FOR PARNAX LAB LIMITED**

**NAMRATA KAMBLI**  
**COMPANY SECRETARY AND COMPLIANCE OFFICER**



# **Parnax Lab Limited**

**38<sup>th</sup>**

**Annual Report  
2019 - 2020**



# Parnax Lab Limited

## **Board of Directors:**

Mr. Prakash M Shah (DIN 00440980)	: Director & CEO
Mr. Baiju M Shah (DIN 00440806)	: Managing Director & CFO
Mr. Vinayak B Desai (DIN 03185850)	: Independent and Non-Executive Director
Mr. Manharbhai N Jhavari (DIN 03571525)	: Independent and Non-Executive Director
Mr. Tirunillai V Anantharaman (DIN 07147028)	: Independent and Non-Executive Director
Mrs. Ami M Shah (DIN 03101049)	: Women Director

## **Company Secretary**

Ms. Bhoomi Thakkar (Upto 30.08.2019)  
Ms. Namrata Kamblı (w.e.f. 26.11.2019)

## **Statutory Auditors:**

M/s. Ladha Singhal & Associates

## **Bank:**

State Bank of India  
Apna Sahakari Bank Limited

## **Registered office:**

Gala No. 114, Building No. 8  
Jogani Industrial Complex,  
Chunabhatti, Mumbai - 400 022  
Phone no.: 022- 6825 2525  
Website: www.naxparlab.com

## **Registrar and share transfer agent:**

### **Link Intime India Pvt Limited**

C-101, 247 Park, L.B.S. Marg,  
Vikhroli (West), Mumbai – 400083.

Tel No.: 91 22 4918 6000

Fax.: 91 22 4918 6060

Email- rnt.helpdesk@linkintime.co.in

CIN: U67190MH1999PTC118368

## **Listing of Equity Shares:**

BSE Limited  
Phiroze Jeejeebhoy Towers, Dalal Street,  
Mumbai-400001.

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## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE 38TH ANNUAL GENERAL MEETING OF THE MEMBERS OF PARNAX LAB LIMITED WILL BE HELD ON WEDNESDAY, 30TH DAY OF SEPTEMBER, 2020 AT 12.00 P.M. THROUGH VIDEO CONFERENCE (“VC”)/OTHER AUDIO VISUAL MEANS (“OAVM”), TO TRANSACT THE FOLLOWING BUSINESSES:**

**Ordinary business:**

1. To receive, consider and adopt the standalone and consolidated audited annual accounts for the year ended March 31, 2020 along with notes thereon as on that date and the Reports of Board of Directors and Auditors thereon.
2. To reappoint Director in place of Mr. Prakash Mansukhlal Shah (DIN: 00440980), who retires by rotation and being eligible offers himself for Re-appointment.

**Special business:**

3. To approve the Related Party Transactions and in this regard, to consider and if thought fit to pass the following resolution, with or without modification, as an **ORDINARY RESOLUTION**:

“**RESOLVED THAT** pursuant to the provisions of Section 188 read with the applicable Rules under Companies (Meetings of Board and its Powers) Rules, 2014 of the Companies Act, 2013 (“the Act”) and any other applicable provisions of the Act read with Regulation 27(2) of the Listing Obligation and Disclosure Requirements (including any amendment, modification(s) or reenactment thereof), the consent of the members of the Company be and is hereby accorded to ratify, continue and enter into, the related party transactions with related parties as defined under section 2(76) of the Companies Act, 2013 as per the details given below:

<b>Name of the related party</b>	<b>Naxpar Pharma Private Limited</b>	<b>Naxpar Pharma FZ LLC</b>
Name of the Director or KMP who is related, if any	1. Mr. Prakash Mahasukhlal Shah 2. Mr. Baiju Mahasukhlal Shah 3. Mr. Manharbhai Navalchand Jhavari	Mrs. Ami Mihir Shah
Nature of Relationship	Subsidiary Company	Concern in which KMP and Relative of KMP is interested.
Nature, Material terms, monetary value and particulars of the contract or Arrangement.	Nature: Purchase and Sales of Goods and Services, Materials Value: Not exceeding to Rupees 3 Crore each transaction. Duration: On continual basis	Nature: Sales of Goods and Services, Materials Value: Not exceeding to Rupees 2 Crore each transaction. Duration: On continual basis

**RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board and/or its committee be and is hereby authorized to do all such acts, deeds, matters and things as the Board may in its absolute discretion deem necessary, desirable or expedient and to settle any questions and difficulties that may arise in the matter and incidental thereto, without being required to seek any further consent or approval of the members of the Company shall be deemed to have given their consent, authority and approval thereto expressly by the authority of this resolution.”

4. To Consider and if thought fit, to pass, with or without modification(s) the following resolution as a **SPECIAL RESOLUTION**:

**Re-appointment of Mr. Tirunillai Venkateswara Anatharaman (DIN: 07147028) as Non-Executive Independent Director for another term of five years w.e.f 31<sup>st</sup> March, 2020.**

“**RESOLVED THAT** pursuant to the provisions of Section 149, 150, 152 read with Schedule IV and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) read with Companies (Appointment and Qualification of Directors) Rules, 2014, and other applicable provisions, sections, rules of the Companies Act, 2013 (hereinafter referred to as “the Act”) (including any statutory modifications or re-enactment thereof for the time being in force), Mr. Tirunillai Venkateswara Anatharaman (DIN: 07147028), Independent Director of the Company, who is not disqualified from being appointed as Director in terms of Section 164 of the Act and has submitted a declaration that he meets



the criteria for independence as provided in the Act and Listing Regulations, and who is eligible for re-appointment and in respect of whom based on his evaluation of performance, the Nomination and Remuneration Committee has recommended his re-appointment to the Board, be and is hereby re-appointed as a Director (Non-Executive, Independent) of the Company to hold office for a second term of 5 (Five) years, commencing from 31<sup>st</sup> March, 2020 to 30<sup>th</sup> March, 2025, not liable to retire by rotation.

**RESOLVED FURTHER THAT** the Board of Directors or any other person authorized by the Board of Directors of the Company be and are hereby severally authorized to do all such acts, deeds, matters and things as may be deemed necessary to give effect to this resolution.”

**Place: Mumbai**

**Date: 25<sup>th</sup> August, 2020**

**By the order of the Board of Directors  
For Parnax Lab Ltd**

**Sd/-**

**Registered Office:**

**Gala No. 114, Bldg. No. 8,**

**Jogani Industrial Complex,**

**Chunabhatti, Mumbai-400022.**

**CIN: L36912MH1982PLC027925**

**Namrata Kambli  
Company Secretary**

**Notes:**

1. An Explanatory Statement pursuant to Section 102 of the Companies Act, 2013, relating to Special Business (es) at Sr. 3 to 4 to be transacted at the Annual General Meeting is annexed hereto. The relevant details as required under regulation 36(4) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of SS-2 (Secretarial Standards – 2) on General meetings by the Institute of Company Secretaries of India, in respect of the person seeking appointment / re-appointment as Directors under item no. 2 of the Notice, is also annexed.
2. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs (“MCA”) has vide its Circular No. 20 dated May 5, 2020 read with Circular No. 14 dated April 8, 2020 and Circular No. 17 dated April 13, 2020 (hereinafter collectively referred to as “MCA Circulars”) permitted the holding of Annual General Meeting through VC or OAVM without the physical presence of Members at a common venue. In compliance with these MCA Circulars and the relevant provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, 38<sup>th</sup> Annual General Meeting of the Members of the Company is being held through VC/OAVM.
3. Pursuant to the provisions of the Companies Act, 2013, a Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC/OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the Annual General Meeting and hence the Proxy Form and Attendance Slip are not annexed to the Notice.
4. Institutional/Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPEG Format) of its Board Resolution or governing body Resolution/Authorisation etc., authorising its representative to attend the Annual General Meeting through VC/OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through their registered email address to **hs@hsassociates.net** with copies marked to the Company at **compliance@naxparlab.com** and to its RTA at [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in).
5. Members attending the meeting through VC/OAVM shall be counted for the purposes of reckoning the quorum under Section 103 of the Companies Act, 2013.
6. The Notice of the 38<sup>th</sup> Annual General Meeting of the Company along with the Annual Report for the financial year 2019-20 is being sent only by electronic mode to those Members whose email addresses are registered with the Company/Depositories in accordance with the aforesaid MCA Circulars and circular issued by SEBI dated May 12, 2020. Members may note that the Notice of Annual General Meeting and Annual Report for the financial year 2019-20 will also be available on the Company's website [www.naxparlabn.com](http://www.naxparlabn.com) and also on website of the Stock Exchanges i.e. BSE Limited at [www.bseindia.com](http://www.bseindia.com). Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.
7. The Register of Members and the Share Transfer Books of the Company will be closed from Thursday, 24th September, 2020 to Wednesday, 30th September, 2020 (both days inclusive) for the purpose of the 38<sup>th</sup> Annual General Meeting of the Company.
8. Since the 38<sup>th</sup> AGM will be held through VC/OAVM, the route map is not annexed.
9. Members are requested to:

- i. Register thier email ID and Bank Account details:

In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent “RTA”/Depositories, log in details for e-voting are being sent on the registered email address.

In case the shareholder has not registered his/her/their email address with the Company/its RTA/Depositories and or not updated the Bank Account mandate, the following instructions to be followed:

- a. Kindly log in to the website of our RTA, Link Intime India Private Ltd., [www.linkintime.co.in](http://www.linkintime.co.in) under Investor Services > Email/ Bank detail Registration - fill in the details and upload the required documents and submit.

- b. In the case of Shares held in Demat mode:

The shareholder may please contact the Depository Participant (“DP”) and register the email address and bank account details in the demat account as per the process followed and advised by the DP.



- ii. Intimate the Registrar and Share Transfer Agents, M/s. Link Intime India Pvt Ltd, for consolidation into a single folio Members, if they have shares in physical form in multiple folios in identical names or joint holding in the same order of names.
  - iii. Convert their holdings in dematerialized form to eliminate risks associated with physical shares and better management of the securities. Members can write to the company's registrar and share transfer agent in this regard.
  - iv. Members may avail themselves of the facility of nomination in terms of Section 72 of the Companies Act, 2013 by nominating in the prescribed form a person to whom their shares in the Company shall vest in the event of their death. Members holding shares in physical form may obtain the Nomination forms from the Company's Registrar and Share Transfer Agents and Members holding shares in electronic form may obtain the Nomination forms from their respective Depository Participant(s).
10. In case of joint holders attending the meeting, the member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
  11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participants with whom they are maintaining their demat accounts(s). Members holding shares in physical form can submit their PAN details to M/s. Link Intime India Pvt Ltd, C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083.
  12. All documents referred to in the accompanying Notice and the Explanatory Statement can be obtained for inspection by sending E-mail to Company on [compliance@naxparlab.com](mailto:compliance@naxparlab.com).
  13. Members desiring any information relating to the Accounts are requested to address their queries to the Registered Office of the Company at least seven days before the date of the AGM, to enable the management to keep the information ready.
  14. To prevent fraudulent transactions, members are advised to exercise due diligence and notify the Company of any change in address or demise of any member as soon as possible. Members are also advised not to leave their demat account(s) dormant long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified.
  15. SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 and further amendment vide Notification No. SEBI/LAD-NRO/ GN/2018/49 dated November 30, 2018, requests for effecting transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.
  16. Voting through electronic means (Remote E-voting):
    - I. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of SEBI (LODR) Regulations, 2015 and Secretarial Standard on General Meetings (SS2) issued by the institute of Company Secretaries of India, the Company is pleased to provide to its Members the facility to exercise their right to vote on resolutions proposed to be considered at the 38<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. The facility of casting the votes by the Members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Link Intime India Private Limited.
    - II. The remote e-voting period commences on Sunday, September 27, 2020 (9:00 a.m. IST) and ends on Tuesday, September 29, 2020 (5:00p.m. IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Wednesday, 23<sup>rd</sup> September, 2020 may cast their vote electronically. The remote e-voting module shall be disabled by Link Intime India Private Limited e-voting platform for voting thereafter.
    - III. The Members, whose names appear in the Register of Members / list of Beneficial Owners as on Wednesday, 23<sup>rd</sup> September, 2020, being the cut-off date, are entitled to vote on the Resolutions set forth in this Notice.
    - IV. The Members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

- V. The facility for e-voting at the AGM will be available and the Members attending the meeting who have not cast their vote by remote e-Voting shall be able to exercise their right at the meeting through e-voting.
- VI. The Company has appointed Mr. Hemant Shetye, Partner of M/s. HS Associates, Practicing Company Secretaries as Scrutinizer, to scrutinize the entire e-voting process in a fair and transparent manner.
- VII. The Scrutinizer shall, immediately after the conclusion of voting at the annual general meeting, would first unblock the e-voting at the meeting, thereafter unblock the votes cast through remote e-voting and make within a period not exceeding two (2) days from the conclusion of the meeting, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any and submit forth with to the Chairman of the Company or a person authorized by him in writing who shall countersign the same.
- VIII. The results declared along with the Scrutinizer's Report shall be placed on the Company's website <http://www.naxparlab.com/> and on the website of Link Intime India Private Limited immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited ("BSE"), where the shares of the Company are listed.
- IX. The Resolution shall be deemed to be passed on the date of AGM i.e. 30<sup>th</sup> September, 2020 subject to receipt of sufficient votes.

**The instructions for shareholders voting electronically are as under:**

Log-in to e-Voting website of Link Intime India Private Limited (LI IPL)

1. Visit the e-voting system of LI IPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
2. Click on "Login" tab, available under 'Shareholders' section.
3. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
4. Your User ID details are given below:
  - a. Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID
  - b. Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID c. Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company.
5. Your Password details are given below:

If you are using e-Voting system of LI IPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

**For Shareholders holding shares in Demat Form or Physical Form**

**PAN:** Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number provided to you, if applicable.

**DOB/ DOI:** Enter the DOB (Date of Birth)/ DOI (Date of Incorporation) as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.

**Bank Account Number:** Enter the Bank Account number (last four digits) as recorded in your demat account or in the company records for the said demat account or folio number.

Please enter the DOB/ DOI or Bank Account number in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Bank Account number field as mentioned in instruction (4-c).





If you are holding shares in demat form and had registered on to e-Voting system of LI IPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten Password: Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LI IPL. For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

### **Cast your vote electronically.**

6. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.
7. On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting. Cast your vote by selecting appropriate option i.e. Favour/ Against as desired.

Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.

8. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
9. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
10. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
11. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

- General Guidelines for shareholders:
- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LI IPL: <https://instavote.linkintime.co.in> and register themselves as '**Custodian / Mutual Fund / Corporate Body**'.

They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the '**Custodian / Mutual Fund / Corporate Body**' login for the Scrutinizer to verify the same.

- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.
- In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or Call us :- Tel : 022 - 49186000.

**Instructions for Shareholders/Members to Attend the Annual General Meeting through InstaMeet:**

Instructions for Shareholders/Members to attend the Annual General Meeting through InstaMeet (VC/OAVM) are as under:

Shareholders/Members are entitled to attend the Annual General Meeting through VC/OAVM provided by Link Intime by following the below mentioned process. Facility for joining the Annual General Meeting through VC/OAVM shall open 15 minutes before the time scheduled of the Annual General Meeting and will be available to the Members on first come first serve basis.

Shareholders/Members are requested to participate on first come first serve basis as participation through VC/ OAVM is limited and will be closed on expiry of 15 (fifteen) minutes from the scheduled time of the Annual General Meeting. Shareholders/Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chair Persons of Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first-come-first serve basis. Members can log in and join 15 (fifteen) minutes prior to the schedule time of the meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the schedule time.

Shareholders/ Members will be provided with InstaMeet facility wherein Shareholders/ Member shall register their details and attend the Annual General Meeting as under:

1. Open the internet browser and launch the URL for InstaMeet< <https://instameet.linkintime.co.in>> and register with your following details:
  - a. ADP ID/ Client ID or Beneficiary ID or Folio No.: Enter your 16 digit DP ID/ Client ID or Beneficiary ID or Folio Number registered with the Company
  - a. PAN: Enter your 10 digit Permanent Account Number (PAN)
  - b. Mobile No.
  - c. Email ID
2. Click "Go to Meeting"

**Note:**

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or Call us: - Tel: (022-49186175)

**InstaMeet Support Desk**

**Link Intime India Private Limited**

**Instructions for Shareholders/Members to register themselves as Speakers during Annual General Meeting:**

Shareholders/ Members who would like to express their views/ ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id, mobile number at [compliance@naxparlab.com](mailto:compliance@naxparlab.com) from 27th September, 2020 (9.00 a.m. IST) to 29th September, 2020 (5.00 p.m. IST).

Shareholders/ Members, who would like to ask questions, may send their questions in advance mentioning their name demat account number/folio number, email id, mobile number at [compliance@naxparlab.com](mailto:compliance@naxparlab.com). The same will be replied by the company suitably.



**Note:**

Those shareholders/members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the Annual General Meeting. Shareholders/ Members should allow to use camera and are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

**Instructions for Shareholders/Members to Vote during the Annual General Meeting through InstaMeet:**

Once the electronic voting is activated by the scrutiniser during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”.
2. Enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMeet and click on 'Submit'.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/ Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

**Note:**

Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.

Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or Call us: - Tel: ( 022-49186175 )

**InstaMeet Support Desk**

**Link Intime India Private Limited**

**Details of the Directors seeking appointment/re-appointment in forthcoming Annual General Meeting**

(Pursuant to Regulation 36 (3) of the SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 and clause 1.2.5 of Secretarial Standard – 2 on General Meetings issued by the Institute of Company Secretaries of India)

<b>DETAILS OF DIRECTORS SEEKING RE-APPOINTMENT IN 38<sup>TH</sup> ANNUAL GENERAL MEETING</b>		
Name of Director	Mr. Prakash Shah	Mr.Tirunillai Venkateswara Anatharaman
DIN	00440980	07147028
Date of First Appointment	07.12.2010	31.03.2015
Qualification	Graduate	Graduate
Shareholding of directors	675426	Nil
Directors Inter-se relationship	Brother of Baiju Mahasukhlal Shah	Nil
Years of experience	45	40
Name of Company	Parnax Lab Limited	Parnax Lab Limited
Names of other listed entities in which the person also holds the directorship and the membership of Committees of the board	NIL	NIL

**By the order of the Board of Directors  
For Parnax Lab Ltd**

**Sd/-**

**Place: Mumbai  
Date: 25<sup>th</sup> August 2020**

**Namrata Kambli  
Company Secretary**



**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF COMPANIES ACT, 2013**

**Item No. 03:**

The Provisions of Section 188 read with Rule 15(3) of the Companies (Meeting of the Board and its Power) Rules 2014 of the Companies Act 2013 ("the Act") and Regulation 27(2) of Securities Exchange Board of India (Listing Obligations and Disclosure Requirement) Regulation 2015 provides that certain kind of transactions as tabled below with related parties as define u/s 2(76) of the Act, hereinafter referred to as 'Related Party Transactions' or 'RPT', beyond the prescribed limits requires approval of members of the Company.

In the light of provisions of Companies Act 2013, the Board of Directors of your Company has ratified, continued and approved the transactions with related parties entered or to be entered into with them, subject to the limit specified in the resolution.

The details as per the requirements of Rule 15(3) of the companies (Meeting of the Board and its Power) Rules 2014 are given in the resolution.

Your Directors propose to pass the above resolution as Ordinary Resolution.

- Except Mr. Prakash Shah, Mr. Baiju Shah, Mrs Ami Mihir Shah, Mr. Vinayak Babli Desai and Mr. Manharbhai Navalchand Jhavari none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.03.
- Further, no voting done by any members of the Company, if such member is related party, shall be counted for the purpose of passing of this resolution.

**Item No. 04:**

The Members of the Company, at the 33<sup>rd</sup> Annual General Meeting held on September 30, 2015 had approved the appointment of Mr. Tirunillai Venkateswara Anatharaman (DIN: 07147028), as Independent Directors of the Company, for a period of five consecutive years for a term upto 30<sup>th</sup> March, 2020.

A brief profile of the Independent Directors to be re-appointed is given in the table above on "Details of the Directors seeking appointment/re-appointment in forthcoming Annual General Meeting".

As per Section 149(10) of the Companies Act, 2013 ("the Act"), an Independent Director shall hold office for a term of upto five consecutive years on the Board of a Company but shall be eligible for re-appointment on passing a special resolution by the Company.

In line with the aforesaid provisions of the Act, and in view of long, rich experience, continued valuable guidance to the management, recommendation of the Nomination and Remuneration Committee and strong Board performance of the Independent Directors, it is proposed to re-appoint them for the second term as Independent Directors on the Board of the Company for a further period of five years, upto the conclusion of the 43<sup>rd</sup> Annual General Meeting (AGM), subject to the approval of the Members.

In the opinion of the Board, the Independent Directors fulfill the conditions specified in the Act and all of them are independent of the management. They are not disqualified from being appointed as a Director in terms of Section 164 of the Act and have given their consent to act as a Director.

Copy of the draft letter for appointment of Independent Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during normal business hours on any working day, between 11.00 a.m. to 5.00 p.m. up to the date of the Annual General Meeting.

The Board considers that their continued association would be of immense benefit to the Company and it is desirable to continue to avail services of the Independent Directors. The Board recommends passing of the Resolution at Item Nos. 4 of the Notice as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are in any way concerned or interested in the Resolutions, as set out in Item Nos. 4 of the Notice.

**By the order of the Board of Directors  
For Parnax Lab Ltd**

**Sd/-  
Namrata Kambli  
Company Secretary**

**Place: Mumbai  
Date: 25<sup>th</sup> August, 2020**

To,  
RTA  
Unit: Parnax Lab Ltd,

#### Add- Updation of Shareholding Information

I/We request you to record the following information against my/our Folio No:

#### General Information:

<b>Folio No:</b>	
<b>Name of the first Named Shareholder:</b>	
<b>PAN:*</b>	
<b>CIN/Registration No.:*</b> <b>(applicable to Corporate Shareholders)</b>	
<b>Tel No. with STD Code:</b>	
<b>Mobile No.:</b>	
<b>Email Id:</b>	

\*Self-attested copy of the Document(s) enclosed

#### Bank Details:

<b>IFSC:</b> <b>(11Digit)</b>	
<b>MICR:</b> <b>(9 Digit)</b>	
<b>Bank A/c Type:</b>	
<b>Bank A/c No.:</b>	
<b>Name of the Bank:</b>	
<b>Bank Branch Address:</b>	

\*A blank cancelled cheque is enclosed to enable verification of bank details

I/We hereby declare that the Particulars given above are correct and complete .If the transaction is delayed because of incomplete or incorrect information, I/We would not hold the Company/RTA responsible .I/we undertake to inform any subsequent changes in the above details shall be maintained till I/We held the securities under the above mentioned Folio No. /beneficiary account.

**Place:**

**Date:**

\_\_\_\_\_  
**Signature of Sole / First holder**



## DIRECTORS' REPORT

To,

**The members of  
Parnax Lab Limited.**

Your Directors have pleasure in presenting the 38<sup>th</sup> Annual Report together with the Audited Financial Statements for the year ended on 31<sup>st</sup> March, 2020.

### 1. FINANCIAL RESULTS:

(Standalone basis)

**Amount in Rs.**

Particulars	For the year ended on 31 <sup>st</sup> March, 2020	For the year ended on 31 <sup>st</sup> March, 2019
Revenue from Operations	7,67,95,425	6,49,26,243
Profit/ (Loss) before Depreciation and Tax	(42,81,898)	(46,00,248)
Less: Depreciation	4,38,360	4,83,938
Tax Expenses	1,53,24,837	31,90,367
<b>Net Profit/ (Loss) for the year</b>	<b>(2,00,45,095)</b>	<b>(82,74,553)</b>
Add. Profit & Loss A/c Bal of Previous year	(7,09,54,327)	(6,26,79,774)
Appropriations:		
Proposed Dividend	NIL	NIL
Dividend Distribution Tax – on Proposed Dividend	N.A.	N.A.
Transfer to General Reserve	NIL	NIL
<b>Balance c/fd to Balance Sheet as at 31.03.2020.</b>	<b>(9,09,99,422)</b>	<b>(7,09,54,327)</b>

### 2. STATEMENT OF COMPANY'S AFFAIRS:

During the year the net income from operations on standalone basis Increased from 649.26 lakh to 767.95 lakh. The Company is hopeful to improve the result in coming years.

### 3. DIVIDEND:

The Board recommended no dividend shall be declared for the Financial Year ended on 31<sup>st</sup> March, 2020.

### 4. TRANSFER TO RESERVES:

The Company has not transferred amount to any reserve.

### 5. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO:

The particulars of Conservation of Energy, Technology Absorption and Foreign Exchange Earnings/outgo are set out in **Annexure I** to this Report.

### 6. EXTRACT OF ANNUAL RETURN:

The Extract of Annual Return in Form MGT – 9 pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12 (1) of Companies (Management and Administration), Rules 2014 are as per **Annexure II** to this Report.

### 7. MANAGEMENT DISCUSSION AND ANALYSIS:

Management Discussion and Analysis is presented as a separate section as **Annexure III** forming part of this Annual Report.

**8. SUBSIDIARY COMPANY:**

The Company has one Subsidiary Company as on March 31, 2020 namely Naxpar Pharma Private Limited. There has been no material change in the nature of business of the subsidiary company.

Pursuant to the provision of Section 129(3) of the act, a statement containing silent features of the financial statements of the company's subsidiary in Form AOC-1 is attached to the set Report in **Annexure IV** to this Report.

**9. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

During the year 2019-20 the Contract or Arrangements entered in to by the Company with related parties were approved by the Audit Committee pursuant to subsection (IV) (4) of Section 177 of Companies Act, 2013 and by the Board of Directors pursuant to Section 188 (1) of Companies Act, 2013.

The related party transactions were at arm's length basis and were in the ordinary course of business of the Company. The other details with respect to related party transactions in Form AOC – 2 are set out in **Annexure V** to this Report. The policy on Related Party Transactions is available on Company's website- [www.naxparlab.com](http://www.naxparlab.com).

**10. PARTICULARS OF REMUNERATION:**

In terms of provision of section 197 (12) of the Companies Act 2013 and Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing have been provided in **Annexure VI** however as there are no employees drawing remuneration in excess of the prescribed limits. The information as required the names and other particulars of employees drawing remuneration in excess of the limits set out in the said Rules forms part of the Report However, having regard to the provisions of the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report including the aforesaid information is being sent to the Members of the Company.

**11. DEPOSITS:**

During the Financial Year 2019-20 The Company has not accepted any public deposit covered under Section 76 of the Companies Act, 2013.

**12. CORPORATE SOCIAL RESPONSIBILITY:**

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135 of the Companies Act, 2013 and hence it is not required to formulate policy on corporate social responsibility.

**13. DISCLOSURE REQUIREMENTS**

Policy on dealing with related party transactions is available on the website of the Company at the link: [www.naxparlab.com](http://www.naxparlab.com)

The Company has formulated and disseminated a Whistle Blower Policy to provide vigil mechanism for employees and Directors of the Company to report genuine concerns that could have serious impact on the operations and performance of the business of the Company. This Policy is in compliance with the provisions of Section 177(9) of the Companies Act, 2013 and Regulation 4(d)(iv) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Policy on Whistle Blower is available on the website of the Company at the link: [www.naxparlab.com](http://www.naxparlab.com)

**14. BOARD OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:**

During the year 2019-20, there were no changes in the Composition of Board of Directors.

At the ensuing 38<sup>th</sup> (Thirty Eight) Annual General Meeting of the Company the Director **Mr. Prakash Shah (DIN 00440980)** is liable to retire by rotation and being eligible offers herself for re-appointment. Board recommends her re-appointment to the members for consideration in the ensuing 38<sup>th</sup> Annual General Meeting.

Ms. Bhoomi Thakkar, Company Secretary & Compliance officer of the Company resigned on 30th August, 2019 and Ms. Namrata Kambli was appointed as Company Secretary & Compliance Officer w.e.f. 26th November, 2019.

**15. NUMBER OF MEETINGS OF THE BOARD:**

Six (6) Board Meetings were held during the year 2019-20 pursuant to Section 173 (1) of Companies Act, 2013 on 30th May 2019, 14th August 2019, 14th November 2019, 26<sup>th</sup> November, 2019, 14<sup>th</sup> February 2020 and 16<sup>th</sup> March, 2020.



**16. DIRECTORS RESPONSIBILITY STATEMENT:**

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

- (a) in the preparation of Annual Accounts for the year ended on 31<sup>st</sup> March, 2020, the applicable accounting standards have been followed and there are not material departures from the same.,
- (b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31<sup>st</sup> March, 2020 and the profit and loss of the Company for that period.,
- (c) the Directors have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.,
- (d) the Directors have prepared Accounts on 'going concern' basis., and
- (e) The Directors have laid down internal financial controls to be followed by the Company and that such financial controls are adequate and are operating effectively.
- (f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

**17. DECLARATIONS GIVEN BY INDEPENDENT DIRECTORS:**

The Company has received necessary declarations from all the Independent Directors under Section 149(7) of the Act that they meet the criteria of independence laid down in Section 149(6) of the Act and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**18. NOMINATION AND REMUNERATION COMMITTEE:**

The Board had constituted Nomination and Remuneration Committee pursuant to the provisions of subsection (1) of Section 178 of Companies Act, 2013. Pursuant to subsection (3) of Section 178 of Companies Act, 2013 the Nomination and Remuneration Committee has formulated the criteria for determining qualifications, positive attributes and independence of a Director and recommended to the Board the policy, relating to the remuneration of directors, key managerial personnel and other employees. The policy is available at Company's website on [www.naxparlab.com](http://www.naxparlab.com).

**19. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The particulars of Loans, Guarantees and investment made under Section 186 of the Companies Act, 2013 have been disclosed in the financial statements in Notes of the Financial Statement.

**20. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:**

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of the report.

**21. PERFORMANCE EVALUATION OF BOARD:**

Pursuant to the applicable provisions of the Act and the Listing Regulations, the Board has carried out an Annual Evaluation of its own performance and working of its Committees. The Board's functioning was evaluated on various aspects, including inter alia degree of fulfillment of key responsibilities, its structure and composition, establishment and delegation of responsibilities to various Committees. Directors were evaluated on aspects such as attendance and contribution at Board/ Committee Meetings and guidance/ support to the management of the Company. Areas on which the Committees of the Board were assessed included degree of fulfillment of key responsibilities, adequacy of Committee composition and effectiveness of meetings. The performance evaluation of the Independent Directors was carried out by the entire Board, excluding the Director being evaluated.

The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors, who also reviewed the performance of the Board as a whole.

**22. STATUTORY AUDITORS:**

In the Annual General Meeting held on September 29, 2017, M/s Ladha Singhal & Associates. were appointed as Statutory Auditors of the Company to hold office till conclusion of 39<sup>th</sup> Annual General Meeting.

**23. EXPLANATION OR COMMENTS ON QUALIFICATIONS, RESERVATIONS OR ADVERSE REMARKS OR DISCLAIMERS MADE BY THE AUDITORS AND THE PRACTICING COMPANY SECRETARY IN THEIR REPORTS:**

There are no qualifications, reservation or adverse remark or disclaimer made by **M/s Ladha Singhal & Associates**, Chartered Accountants audit report for the year ended on 31st March, 2020.

The Statutory Auditors have not reported any incident of fraud to the Audit Committee of the Company in the year under review.

However, the secretarial Audit Report contains qualifications which are tabled below along with the Directors Report.

Secretarial Auditor's Remarks	Director's Comments
Financial Results in XBRL Format for the June Quarter have been updated on the Stock Exchange later than 24 hours.	The Board meeting concluded on 14.08.2019 at 6.00 pm. and next day being a National Holiday, the results are uploaded day after.
Compliance Certificate as per 7 (3) for September Quarter has been uploaded to Stock Exchange in May 2020.	The Compliance Certificate for the September Quarter was inadvertently missed, and the same was uploaded once it was brought to the Company's attention.

**24. INTERNAL AUDITORS:**

As per section 138 of the Companies Act, 2013. The Company has appointed **M/s P S D & Associates, Chartered Accountants**, as the internal auditors for the financial year to 2020-2021 to conduct the internal audit and to ensure adequacy of the Internal controls, adherence to Company's policies and ensure statutory and other compliance through, periodical checks and internal audit.

**25. SECRETARIAL AUDITORS REPORT:**

The Secretarial Audit Report of **M/s HS Associates, Company Secretaries** for the year ended on 31<sup>st</sup> March, 2020 is attached to this report as **Annexure VII**. The Board has re-appointed **HS Associates, Company Secretaries** as the Secretarial Auditors of the Company for the Secretarial Audit of the financial year ended on 31st March, 2020.

**26. COMMITTEES OF THE BOARD:**

The Board has constituted necessary Committees pursuant to the provisions of Companies Act, 2013, rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchanges. The Committees of the Board held by company are Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee. The details about Committee Meetings are given below:

Sr. No.	Particulars	No. of Meetings held
1.	Audit Committee	4
2.	Stakeholder's Relationship Committee	1
3.	Nomination & Remuneration Committee	4

**27. COMPOSITION OF COMMITTEE OF BOARD OF DIRECTORS:****I. Audit Committee:**

1. Mr. Vinayak Desai - Chairman
2. Mr. Manhar Jhavari - Member
3. Mr. Baiju Shah - Member

**II. Stakeholder's Relationship Committee**

1. Mr. Vinayak Desai - Chairman
2. Mr. Manhar Jhavari - Member
3. Mr. Baiju Shah - Member

**III. Nomination & Remuneration Committee**

1. Mr. Vinayak Desai - Chairman
2. Mr. Manhar Jhavari - Member
3. Mrs. Ami Shah - Member

**28. WHISTLE BLOWER:**

The Board of Directors have set up the Whistle Blower Policy i.e. Vigil Mechanism for Directors and Employees of the Company to report concerns about unethical behaviour, actual or suspected fraud, or violations of Company's Code of Conduct or Ethics Policy. The detailed Vigil Mechanism Policy is available at Company's Website [www.naxparlab.com](http://www.naxparlab.com).

**29. CORPORATE GOVERNANCE:**

The Company falls under the criteria 15(2) (a) of the Listing Obligations & Disclosure requirements (LODR) Regulations, 2015 and the Paid-up capital of the Company was below Rs. 10/- Crores and net worth was below Rs. 25/- Crores as on the last day of the previous financial year. Hence, Corporate Governance Report is not applicable to the Company.

**30. POLICIES:**

The Company seeks to Promote Highest levels of ethical standards in the normal business transaction guided by the value system. The SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, mandates formulation of certain policies for Listed Companies. The Policies are reviewed periodically by the Board and are updated based on the need and compliance as per the applicable laws and rules and amended from time to time. The policies are available on the website of the Company at [www.naxparlab.com](http://www.naxparlab.com).

**31. INTERNAL FINANCIAL CONTROLS:**

The Board hereby reports that the Internal Financial Controls were reviewed by the Audit Committee and there were adequate Internal Financial Controls existed in the Company with respect to the Financial Statements for year ended on 31<sup>st</sup> March, 2020 and the Internal Financial Controls are operating effectively.

**32. ASSET CLASSIFIED AS HELD FOR SALE:**

The company intends to dispose off plant and equipment pertaining to the Silvassa Factory, as it no longer intends to be utilized. It was previously utilized in its manufacturing facility. The Company is in search of a buyer for sale of plant and equipment.

**33. COMPLIANCE WITH SECRETARIAL STANDARDS**

The Company has been in compliance with the applicable Secretarial Standards during the Financial year 2019-2020.

**34. DISCLOSURE UNDER SEXUAL HARASSMENT ACT:**

As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace with a mechanism of lodging complaints, Redressal for the benefits of its employees. There were no complaints filed against any of the employees of the Company under this Act.

**35. ACKNOWLEDGEMENT:**

Your Company wishes to sincerely thank all the customers, commercial banks, financial institution, creditors etc. for their continuing support and co-operation.

Your Directors express their appreciation for the dedicated and sincere services rendered by the employees of the company and also sincerely thank the shareholders for the confidence reposed by them in the company and from the continued support and co-operation extended by them.

**For and on behalf of the Board  
of Parnax Lab Limited**

Sd/-

Sd/-

**Baiju M. Shah  
Managing Director & CFO  
(DIN 00440806)**

**Prakash M. Shah  
Director & CEO  
(DIN 00440980)**

**Date : 25<sup>th</sup> August 2020  
Place : Mumbai**

## ANNEXURE-I

**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO PROVISIONS OF SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 8 (3) OF COMPANIES (ACCOUNTS) RULES, 2014****A) CONSERVATION OF ENERGY:**

- (i) The steps taken or impact on conservation of energy - Energy conservation continues to receive priority attention at all levels by regular monitoring of all equipments and devices which consume electricity.
- (ii) The steps taken by the company for utilizing alternate sources of energy - Company ensures that there is optimum utilization and maximum possible savings of energy is achieved.
- (iii) The capital investment on energy conservation equipments–Since Company is having adequate equipment; no capital investment on energy conservation equipments is made during the year.

**B) TECHNOLOGY ABSORPTION:**

- (i) The efforts made towards technology absorption - Not Applicable
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution - Not Applicable
- (iii) In the case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Not Applicable.
- (a) The details of technology imported - Not Applicable
- (b) The year of import - Not Applicable
- (c) Whether the technology been fully absorbed - Not Applicable
- (d) If not fully absorbed, areas where absorption has not taken place, and the reasons thereof - Not Applicable
- (iv) The expenditure incurred on Research and Development –At present the Company does not have separate division for carrying out research and development work. No expenditure has therefore been earmarked for this activity.

**C) FOREIGN EXCHANGE EARNING AND OUTGO:**

(Rs in 000)

Particulars	2019-20	2018-19
(a) Foreign Exchange Earnings	73955.16	64853.11
(b) Foreign Exchange Outgo:		
Import of Capital Goods	Nil	Nil
Import of Raw Materials	Nil	Nil
Stores and Consumables	Nil	Nil
Expenses for Foreign Travel	Nil	Nil

**For and on behalf of the Board  
of Parnax Lab Limited**

Sd/-

Sd/-

Date : 25<sup>th</sup> August 2020  
Place : Mumbai

**Baiju M. Shah**  
Managing Director & CFO  
(DIN 00440806)

**Prakash M. Shah**  
Director & CEO  
(DIN 00440980)



**ANNEXURE-II**  
**FORM NO. MGT - 9**

**EXTRACT OF ANNUAL RETURN**

As on the financial year ended 31.03.2020

[Pursuant to Section 92(3) of the Companies Act, 2013, and Rule 12(1) of the  
Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

<b>i</b>	<b>CIN</b>	L36912MH1982PLC027925
<b>ii</b>	<b>Registration Date</b>	03/08/1982
<b>iii</b>	<b>Name of the Company</b>	PARNAX LAB LIMITED
<b>iv</b>	<b>Category/Sub-Category of the Company</b>	Public Company Limited by shares
<b>v</b>	<b>Whether listed Company (Yes/No)</b>	Yes
<b>vi</b>	<b>Address of the Registered Office and contact details</b>	Gala no.114, Bldg no. 8, Jogani Industrial Complex, Chunabhatti, Mumbai -400022. Tel: 022-68252525 , fax - 022-4057708, Email - info@naxparlab.com
<b>vii</b>	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	<b>Link Intime India Pvt Ltd.</b> C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai - 400 083. Tel.: + 91 22 4918 6000 Fax.: + 91 22 4918 6060 Email: mumbai@linkintime.co.in Website: www.linkintime.co.in

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

<b>Sr. No.</b>	<b>Name and Description of Main Product/Services</b>	<b>NIC Code of the Product /Service</b>	<b>% to total turnover of the company</b>
1	Manufacture and Trading of Pharmaceuticals, Medicinal Products.	21002 & 21003	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -**

<b>Sr. No.</b>	<b>Name and address of the Company</b>	<b>Company Identification Number / Global Location Number</b>	<b>Holding/Subsidiary/ Associate</b>	<b>% of shares held</b>	<b>Applicable Section of Companies Act,2013</b>
1.	Naxpar Pharma Private Limited, Bldg. No. 08, First Floor,104-107, Jogani Ind., Complex, Chunabhatti, Mumbai - 400 022.	U52310MH2004PTC144449	Subsidiary	99.80%	2(87)

## IV SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e.01.04.2019				No. of Shares held at the end of the year i.e.31.03.2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	5323016	-	5323016	62.59	5323016	-	5323016	62.59	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s).	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Bank/ FI	-	-	-	-	-	-	-	-	-
f) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(1)</b>	<b>5323016</b>	<b>-</b>	<b>5323016</b>	<b>62.59</b>	<b>5323016</b>	<b>-</b>	<b>5323016</b>	<b>62.59</b>	<b>-</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	-	-	-	-	-	-	-	-	-
b) Other-Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Bank/ FI	-	-	-	-	-	-	-	-	-
e) Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total (A)(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total shareholding of Promoter (A) (A)(1) + (A)(2)</b>	<b>5323016</b>	<b>-</b>	<b>5323016</b>	<b>62.59</b>	<b>5323016</b>	<b>-</b>	<b>5323016</b>	<b>62.59</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Bank/ FI	-	-	-	-	-	-	-	-	-
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s).	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-Total (B)(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



IV SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e.01.04.2019				No. of Shares held at the end of the year i.e.31.03.2020				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non- Institutions</b>									
a) Bodies Corp.									
l) Indian	216065	3150	219215	2.58	163003	3150	166153	1.95	(0.62)
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1233190	40800	1273990	14.98	1207315	40800	1248115	14.68	(0.30)
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	1417759	0	1417759	16.67	1558893	0	1558893	18.33	1.66
a. Others (specify)									
NBFC registered with RBI	954	0	954	0.01	0	0	0	0	(0.01)
(c-i) Foreign Bodies	0	0	0	0	0	0	0	0	0
(c-ii) Non-Resident Indians (Repat and Non Repat)	74163	0	74163	0.87	49793	0	49793	0.56	(0.29)
(c-iii) HUF	151120	0	151120	1.78	155786	0	155786	1.83	0.05
(c-iv) Clearing Members	44649	0	44649	0.53	3110	0	3110	0.04	(0.49)
Total Public shareholding									
(B) (B)(1) + (B)(2)	3137900	43950	3181850	37.41	3137900	43950	3181850	37.41	0
C. Shares held by Custodian for GDRs & ADRs									
<b>Grand Total(A+B+C)</b>	<b>8460916</b>	<b>43950</b>	<b>8504866</b>	<b>100.00</b>	<b>8460916</b>	<b>43950</b>	<b>8504866</b>	<b>100.00</b>	<b>0</b>

## (ii) Shareholding of Promoters-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Mrs.Ami Shah	307720	3.62	0	307720	3.62	0	0
2.	Mr. Baiju MahasukhlalShah	628261	7.39	0	628261	7.39	0	0
3.	Mr.BinoyBaiju Shah	1369600	16.10	4.59	1369600	16.10	4.59	0
4.	Mrs. Ila B Shah	660872	7.77	0	660872	7.77	0	0
5.	Mr.Mihir Prakash Shah	1141250	13.42	4.59	1141250	13.42	4.59	0
6.	Mrs.Pragna Prakash Shah	539887	6.35	0	539887	6.35	0	0
7.	Mr. Prakash Mahasukhlal Shah	675426	7.94	0	675426	7.94	0	0
<b>TOTAL</b>		<b>5323016</b>	<b>62.59</b>	<b>9.18</b>	<b>5323016</b>	<b>62.59</b>	<b>9.18</b>	<b>0</b>

(iii) Change in Promoters' Shareholding: There was no change in the Shareholding of the Promoters during the year.

## (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year- 01st April,2019		Shareholding at the end of the year- 31st March, 2020	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Dheeraj Kumar Lohia	100973	1.19	142036	1.67
2.	Harsha N Agarwal	0	0	83264	0.98
3.	Ashish Chugh	73389	0.86	73389	0.86
4.	Suresh Vege	60415	0.71	70310	0.83
5.	Hitesh Ramji Javeri	63648	0.75	63648	0.75
6.	Mukesh Badola Huf	61900	0.73	61900	0.73
7.	Lincoln P Coelho	60000	0.71	60000	0.71
8.	Raj Kumar Lohia	19679	0.23	58135	0.68
9.	Sunil Jeetmalji Kothari	53800	0.63	53800	0.63
10.	Sheela Sunil Kothari	52000	0.61	52000	0.61





(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Mr. Baiju Mahasukhlal Shah	628261	7.39	628261	7.39
				628261	7.39
2.	Mr. Prakash Mahasukhlal Shah	675426	7.94	675426	7.94
				675426	7.94
3.	Mrs. Ami Mihir Shah	307720	3.62	307720	3.62
				307720	3.62
4.	Mr. Vinayak Babli Desai	Nil	Nil	Nil	Nil
				Nil	Nil
5.	Mr. Manharbhai Navalchand Jhavari	Nil	Nil	Nil	Nil
				Nil	Nil
6.	Mr. Tirunillai Venkateswara Anantharaman	Nil	Nil	Nil	Nil
				Nil	Nil

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment : (Rs. In '000)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	36,063.33	76,219.04	--	1,12,287.37
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>36,063.33</b>	<b>76,219.04</b>	<b>--</b>	<b>1,12,287.37</b>
<b>Change in Indebtedness during the financial year</b>				
• Addition	--	1,05,544.65	--	1,05,544.65
• Reduction	(5,765.34)	(1,01,449.21)	--	(1,07,214.55)
<b>Net Change</b>	<b>(5,765.34)</b>	<b>4,095.44</b>	<b>--</b>	<b>(1,669.90)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	30,302.99	80,314.48	--	(1,10,617.48)
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>30,302.99</b>	<b>80,314.48</b>	<b>--</b>	<b>(1,10,617.48)</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Director's, Managing Director, Whole-Time Directors and Key Managerial Personnel of the Company are not paid any Remuneration and Sitting Fees for the Financial Year 2019-20.

Sr. No	Particulars of Remuneration	Ms.Bhoomi Thakkar (1.04.2019 to 30.08.2019)	Ms.Namrata Kambli (26.11.2019 to 31.03.2020)	Total
1.	Gross Salary			
	a) Salary as per the provisions contained in section 17 (1) of the Income-tax Act, 1961	1,50,000	1,44,665	2,94,665
	b) Value of perquisites u/s 17(2) of Income-tax Act, 1961	-	-	-
	c) Profits in lieu of salary u/s 17(3) of Income-tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	a) as % of profit	-	-	-
	b) Others	-	-	-
5.	Others	-	-	-
	<b>Total</b>	<b>1,50,000</b>	<b>1,44,665</b>	<b>2,94,665</b>

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>B. DIRECTORS</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board  
of Parnax Lab Limited

Sd/-

Sd/-

Baiju M. Shah  
Managing Director & CFO  
(DIN 00440806)

Prakash M. Shah  
Director & CEO  
(DIN 00440980)

Date : 25<sup>th</sup> August 2020  
Place : Mumbai



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**ANNEXURE III****MANAGEMENT DISCUSSION AND ANALYSIS REPORT****INDUSTRY STRUCTURE AND DEVELOPMENT:**

Indian pharma industry enjoys an important position in the global pharmaceuticals industry. Industry is gearing up for the next level of growth driven by shift towards specialty products, customer centricity, focus on improving quality, operational efficiency and productivity and selective mergers & acquisitions.

With a distinct niche of a wide range of products in the veterinary markets, we are poised to take advantage of this unique opportunity available to producers in India. Our focus is not the developed markets of America, Europe and Japan but the developing markets in rest of the world. While these are price sensitive, the opportunity exists to enlarge market presence and deepen the reach. We plan to extend our reach in these markets and improve our performance by being one of the most cost competitive producers.

**SEGMENTWISE PERFORMANCE:**

The Company is engaged in Trading of Pharmaceuticals, Medicinal products and this may be considered as the only segment. Therefore, the requirement of segment wise reporting is not applicable.

**OPPORTUNITIES / OUTLOOK:**

The Company is exploring overseas market for its products and optimistic to achieve good results. The growth in industrial output and increase in investment in core and infrastructure sector should improve the sentiments of Economy.

On the whole, your Company is optimistic for the outlook of growth in the short to medium term in terms of total revenues/turnover and operating margins considering overall expected positive trend in Pharmaceutical industry.

**THREATS:**

The global markets have slowed in the past decade from double digit growth rates seen earlier to single digit growth rates. The US and European markets have slowed down even more.

The technological developments in healthcare as a whole, such as artificial intelligence and 3D printing and their impacts on business models, operations, workforce needs and cybersecurity risks need careful understanding as obsolescence can quickly steal in. Also, As the regulators and society demands on industry to minimise the footprint on environment gets stiffer, the industry needs to raise its standard and attain global standards in environment and workforce health.

**RISKS AND CONCERNS:**

Every company is exposed to certain risk and Parnax Lab Limited is not an exception. The Company has risk management system to mitigate the risk.

Due to non-profitable operations in the market, it could adversely affect the Company's business, operations and financial condition. This scenario poses the risk of concentration and dependence on one market. In order to reduce the concentration risk, the Company has been spreading its business and with its effective marketing strategy is also increasing sales volumes in existing markets and is making regular efforts to widen geographical spread.

**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

Parnax Lab Limited has an inclusive internal control system, furnished with qualified and experienced personnel in several departments. This enables smooth functioning within the Company. The internal control commensurate with its size and nature of the business. These procedures ensure efficient use and protection of the resources. It ensures reasonable assurance about the reliability and integrity of financial statements. Additionally, the internal audit process is designed in such a way, that it reviews all significant areas of the Company's operations.

**HUMAN RESOURCES POLICIES:**

The Company treats all its employees equally and considers them the most valuable assets. It has implemented human resource policies for effective and efficient staffing. The Company's main focus is to attract and retain its pool of scientific and managerial resources. Performance of employees are recognised individually, through a thoughtful mix of incentives & performance bonuses.

**CAUTIONARY STATEMENT:**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

**For and on behalf of the Board  
of Parnax Lab Limited**

Sd/-

Sd/-

**Date: 25<sup>th</sup> August, 2020**

**Place: Mumbai**

**Baiju M. Shah  
Managing Director & CFO  
(DIN 00440806)**

**Prakash M. Shah  
Director & CEO  
(DIN 00440980)**



## ANNEXURE IV

## FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

## Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in Rs.)

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Naxpar Pharma Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	No
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
4.	Share capital	5,00,00,000/-
5.	Reserves & surplus	32,02,66,405/-
6.	Total assets	99,54,40,814/-
7.	Total Liabilities	62,51,74,409/-
8.	Investments	13,51,000/-
9.	Turnover	89,24,36,198/-
10.	Profit before taxation	(1,49,52,471/-)
11.	Provision for taxation	58,36,696/-
12.	Profit after taxation	(91,15,775/-)
13.	Proposed Dividend	NIL
14.	% of shareholding	99.80%

**Notes:**

**The following information shall be furnished at the end of the statement:**

- Names of subsidiaries which are yet to commence operations: NA
- Names of subsidiaries which have been liquidated or sold during the year: NA.

For and on behalf of the Board  
of Parnax Lab Limited

Sd/-

Sd/-

Date: 25<sup>th</sup> August, 2020  
Place: Mumbai

Baiju M. Shah  
Managing Director & CFO  
(DIN 00440806)

Prakash M. Shah  
Director & CEO  
(DIN 00440980)

## ANNEXURE V

## FORM AOC - 2-:

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

**1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS WITH RELATED PARTIES:**

The Company has not entered into any contract or arrangement or transaction with its related parties which not at arm's length during financial year 2019-20.

**2. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS WITH RELATED PARTIES:**

The below mentioned entities are the related parties where the Directors of the Company holds Directorship, Partnership, Membership control or interests so these entities are considered as related entities of the Company. The below mentioned values are the value of the transaction amounts paid or payable for the year ended on 31st March, 2020.

Sr. No.	Name of the Related Parties.	Nature of Contract/ arrangement/ transactions	Duration of Contract/ arrangement/ transactions	Salient terms of the contract or arrangements or transactions including the value, if any	Date(s) of Approval by the Board, if any	Amount Paid as Advance, if any.
1.	Naxpar Pharma Pvt. Ltd.	Sales and Purchase of Materials	01 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March 2020	As per Sales/ Purchase orders placed from time to time.	30/05/2019	Nil
2.	Mr. Binoy B. Shah	Salary paid	01 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March 2020	As Salary paid.	30/05/2019	Nil
3.	Nithyasha Healthcare Pvt. Ltd.	Purchase of Material	01 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March 2020	As per Purchase orders placed from time to time.	30/05/2019	Nil
4.	Naxpar Medicamentos LLP	Sale of Material	01 <sup>st</sup> April, 2019 to 31 <sup>st</sup> March 2020	As per Sales orders placed from time to time.	30/05/2019	Nil
5.	Naxpar Pharma FZ LLC	Sale of Material	01 <sup>st</sup> April 2019 to 31 <sup>st</sup> March 2020	As per Sales orders placed from time to time.	30/05/2019	Nil
6.	Naxpar Medicamentos LLP	Rent received	01 <sup>st</sup> April 2019 to 31 <sup>st</sup> March 2020	As rent received	30/05/2019	Nil

Note: Approval of the Audit Committee / Board of Directors has been obtained from time to time

**For and on behalf of the Board  
of Parnax Lab Limited**

Sd/-

Sd/-

Date: 25<sup>th</sup> August, 2020  
Place: Mumbai

**Baiju M. Shah**  
Managing Director & CFO  
(DIN 00440806)

**Prakash M. Shah**  
Director & CEO  
(DIN 00440980)



## CEO/CFO CERTIFICATION

To,

**The Board of Directors,  
PARNAX LAB LIMITED.  
Gala No. 114, Bldg. No. 8,  
Jogani Industrial Complex,  
Chunabhatti, Mumbai-400022.**

We, Prakash Mahasukhlal Shah, Director cum CEO and Baiju Mahasukhlal Shah, Director Cum CFO of the Company hereby certify that in respect of the financial year ended on March 31, 2020.

1. We have reviewed the financial statement and the cash flow statements for the year and that to the best of our knowledge and belief:
  - a. These statements do not contain any materially untrue statement or omit any material fact or contain statement that might be misleading;
  - b. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the Company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls and that we have evaluated the effectiveness of the internal control systems of the Company and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of internal controls, if any of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. to the auditors and the Audit Committee:
  - a. Significant changes, if any, in internal control over financial reporting during the year;
  - b. Significant changes, if any, in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and,

Instances of significant fraud, if any, of which we have become aware and the involvement therein, if any, of management or an employee having a significant role in the Company's internal control system over financial reporting.

**For and on behalf of the Board  
of Parnax Lab Limited**

Sd/-

Sd/-

**Date: 31<sup>st</sup> July, 2020  
Place: Mumbai**

**Baiju M. Shah  
Managing Director & CFO  
(DIN 00440806)**

**Prakash M. Shah  
Director & CEO  
(DIN 00440980)**

## DECLARATION

In accordance with Regulation 34(3) of SEBI Listing obligation and Disclosure Requirements, Regulation 2015, I hereby confirm that all the board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management as applicable to them for the financial year ended 31<sup>st</sup> March, 2020.

**For Parnax Lab Limited**

**Date: 31<sup>st</sup> July, 2020  
Place: Mumbai**

**Sd/-  
Prakash M. Shah  
Director & CEO  
(DIN 00440980)**

## ANNEXURE VI

The information required under section 197 of the Act read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

*\*During the Financial Year 2019-20 none of the Director's and KMP's of Company were drawing Remuneration and any fees from the Company. However, to ensure good corporate practice, our company is in compliance of providing the said Disclosure of Remuneration.*

- a. The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year:

Name of the directors	Ratio to median Remuneration
<b>Non-executive directors</b>	
Mr. Vinayak B Desai	N. A.
Mrs. Manhar N Jhavari	N. A.
Mr. Tirunillai V Anantharaman	N. A.
Mrs. Ami M Shah	N.A.
<b>Executive directors</b>	
Mr. Prakash M Shah	NIL
Mr. Baiju M Shah	NIL

- b. The percentage increase in remuneration of each director, chief executive officer, chief financial officer, company secretary in the financial year:

Directors, Chief Executive Officer, Chief Financial Officer and Company Secretary	% increase in remuneration in the financial year
Mr. Prakash M Shah	NIL
Mr. Baiju M Shah	NIL
Mr. Vinayak B Desai	N. A.
Mrs. Manhar N Jhavari	N. A.
Mr. Tirunillai V Anantharaman	N. A.
Mrs. Ami M Shah	N. A.
Ms. Namrata Kambli – Company Secretary	NIL

- c. The percentage increase in the median remuneration of employees in the financial year: 10

- d. The number of permanent employees on the rolls of Company: 07

- e. Average percentile increases already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase was around 07% to 10 % Approximately.

Increase in the managerial remuneration for the year :NIL

- f. Affirmation that the remuneration is as per the remuneration policy of the Company:

The Nomination and Remuneration Committee of the Company has affirmed at its meeting held on June 14, 2018 that the remuneration is as per the remuneration policy of the Company. The policy is available on the company's website: [www.naxparlab.com](http://www.naxparlab.com)

- g. The statement containing particulars of employees as required under section 197(12) of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is provided in a separate annexure forming part of this report. Further, the report and the accounts are being sent to the members excluding the aforesaid annexure. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

For and on behalf of the Board  
of Parnax Lab Limited

Sd/-

Baiju M. Shah  
Managing Director & CFO  
(DIN 00440806)

Sd/-

Prakash M. Shah  
Director & CEO  
(DIN 00440980)

Date: 25<sup>th</sup> August 2020  
Place: Mumbai





## ANNEXURE VII

**Form No. MR-3**  
**SECRETARIAL AUDIT REPORT**  
**FOR FINANCIAL YEAR ENDED ON 31ST MARCH, 2020.**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

**To,**  
**The Members,**  
**Parnax Lab Limited,**  
**114, Bldg. No. 8 Jogani Industrial Complex,**  
**Chunabhatti, Mumbai-400 022.**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PARNAX LAB LIMITED** (hereinafter called "The Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31<sup>st</sup> March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers and minute books, Forms and returns filed and other records maintained by the Company for the financial year ended on 31<sup>st</sup> March 2020, to the extent applicable provisions of:

- I. The Companies Act, 2013 ("The Act") and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ("SCRA") and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("SEBI Act") to the extent applicable to the Company:-
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009; (Not applicable during the audit period)
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993.
- VI. The Management has identified and confirmed the applicable Acts, Laws and Regulations specifically applicable to the Company:
  - i. Drugs and Cosmetics Act, 1945 and Rules.

We have also examined compliances with the applicable clauses of the following:

- i) Secretarial Standards 1 and 2 issued by The Institute of Company Secretaries of India along with revised Secretarial Standards 1 and 2 as issued by The Institute of Company Secretaries of India with effect from 1<sup>st</sup> October, 2017.

ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the year under review, the Company has in general complied with the provisions of the Act, Rules, Regulations, Guidelines, and Standards and Listing Obligations mentioned above subject to the following observations:

- *Financial Results in XBRL Format for the June Quarter have been updated on the Stock Exchange later than 24 hours.*
- *Compliance Certificate as per 7 (3) for September Quarter has been uploaded to Stock Exchange in May 2020.*

We further report that:

The Board of Directors of the Company is constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There were no changes in the composition of the Board of Directors took place during the year.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that during the audit period under review:

1. Ms. Bhoomi Thakkar, Company Secretary & Compliance officer of the Company resigned on 30<sup>th</sup> August, 2019 and Ms. Namrata Kambli was appointed as Company Secretary & Compliance Officer w.e.f. 26<sup>th</sup> November, 2019.
2. The Board approved the re-appointment of Mr. Tirunillai Venkateswara Anatharaman (DIN: 07147028) as Non-Executive Independent Director of the Company for second term of 5 consecutive years for the period starting from 31st March, 2020 to 30th March, 2025, subject to approval of the members in the ensuing Annual General Meeting.
3. The Company has obtained members approval in its Annual General Meeting held on 28<sup>th</sup> September, 2019:
  - (a) to sell, lease or otherwise dispose of the whole or substantially the whole of the undertaking of the company or any part of the moveable or immovable properties of the Company at a total consideration of not less than Rs 300 Lakhs (Three Hundred Lakhs only).
  - (b) to approve related party transactions with its Naxpar Pharma Private Limited, Subsidiary of the Company and Naxpar Pharma FZ LLC.
  - (c) The members approved the re-appointment of Mr. Vinayak Babli Desai (DIN: 03185850) and Mr. Manharbhai Navalchand Jhavari (DIN: 03571525) as Non-Executive Independent Directors of the Company for second term of 5 consecutive years for the period starting from 1<sup>st</sup> April, 2019 to 31<sup>st</sup> March, 2024.
  - (d) The members approved the re-appointment of Mr. Baiju M Shah (DIN: 00440806) as the Managing Director of the Company for a period of 5 Years starting from 12th August, 2019 to 11th August, 2024.

**For HS Associates  
Company Secretaries**

Sd/-

\_\_\_\_\_  
**Hemant Shetye**  
**Partner**  
**FCS No.: 2827**  
**CP No.: 1483**

**Date: 25<sup>th</sup> August, 2020**  
**Place: Mumbai**  
**ICSI UDIN: F002827B000612403**

Note: This report is to be read with our letter of even date which is annexed as **Annexure A** and forms as integral part of this report



**Annexure A**

**To,  
The Members,  
Parnax Lab Limited,  
114, Bldg. No. 8 Jogani Industrial Complex,  
Chunabhatti, Mumbai - 400 022.**

Our report of even date is to be read along with this letter.

Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial Records. We believe that processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts, and related documents of the Company.

Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events, etc.

The Compliance of the provisions of Corporate and the other applicable laws, rules, regulations, standards is the responsibility of Management. Our examination was limited to the verification of procedures on test basis.

The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

This Report is based on the data received from the Company partially through electronics mode as physical verification of the data & corresponding documents from the month of February 2020 could not be accessed during the course of Audit due to the ongoing nationwide lockdown on account of COVID-19 pandemic.

**For HS Associates  
Company Secretaries**

**Sd/-**

**Hemant Shetye  
Partner  
FCS No.: 2827  
CP No.: 1483**

**Date: 25<sup>th</sup> August, 2020  
Place: Mumbai  
ICSI UDIN: F002827B000612403**

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**INDEPENDENT AUDITOR'S REPORT**To The Members of **Parnax Lab Limited****Report on the Standalone Financial Statements**

1. We have audited the accompanying Standalone financial statements of **Parnax Lab Limited** ("the Company"), which comprises the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (Including Other Comprehensive Income), the Cash Flow Statement and the Statement of Change in Equity for the year then ended and, notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standard) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its Loss, total comprehensive income, its cash flows and the Statement of Change in Equity for the year ended on that date

**Basis of Opinion**

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

**Key Audit Matters**

4. Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined that there are no key audit matters to communicate in our report.

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

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

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

9. The Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and the Statement of Change in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes the maintenance of adequate accounting records in



accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

11. Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.
12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :
  - Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
  - Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### Report on other Legal and Regulatory Requirements

16. As required by section 197(16) of the Act, we report that the Company has not paid any remuneration to its directors during the year, hence the provisions of and limits laid down under section 197 read with Schedule V to the Act is not applicable to the Company.
17. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
18. As required by section 143(3) of the Act, we report that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and the Statement of Change in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors as on 31st March, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on 31st 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 of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i) The Company has disclosed the impact of pending litigations on its financial position in note no. 33 of its standalone financial statements;
    - ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses; and
    - iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Company.

#### For Ladha Singhal & Associates

Chartered Accountants

Firm Registration No.: 120241W

Sd/-

(Vinod Ladha)

Partner

M.No.: 104151

UDIN : 20104151AAAABT7480

Place : Mumbai

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



## Annexure A to Independent Auditor's Report

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

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

Name of Statute	Nature of the dues	Amount (in Lacs)	Period for which the amount relates (Assessment Year)	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty & Penalty	5.50	April 2003 to March 2005	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty & Penalty	0.26	April 2003 to Jan. 2006	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty & Penalty	0.43	Oct. 2001 to Oct. 2003	Custom, Excise, Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty & Penalty	0.82	June 2001 to Feb 2003	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty & Penalty	56.16	Jan. 2005 to Dec. 2006	Commissioner (Appeals)

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

**For Ladha Singhal & Associates**

Chartered Accountants

Firm Registration No.: 120241W

Sd/-

**(Vinod Ladha)****Partner**

M.No.: 104151

UDIN : 20104151AAAABT7480

Place : Mumbai

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





## Annexure B to Independent Auditor's Report

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

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

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

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

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

#### Auditors' Responsibility

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

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

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

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

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

**Opinion**

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

**For Ladha Singhal & Associates**

Chartered Accountants

Firm Registration No.: 120241W

Sd/-

**(Vinod Ladha)****Partner**

M.No.: 104151

UDIN : 20104151AAAABT7480

Place : Mumbai

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



## Standalone Balance Sheet as at 31st March, 2020

(Rs. in '000)

	Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
<b>I</b>	<b>ASSETS</b>			
	<b>1. Non - Current Assets</b>			
	(a) Property, plant and equipment	2	5,302.52	5,740.88
	(b) Intangible assets	3	5.85	5.85
	(c) Investments in subsidiaries	4	99,800.00	99,800.00
	(d) Financial assets			
	(i) Investments	5	895.48	895.48
	(ii) Other financial assets	6	534.30	534.30
	(e) Deferred tax asset (net)	31	10,602.13	25,938.73
			<b>1,17,140.27</b>	<b>1,32,915.23</b>
	<b>2. Current Assets</b>			
	(a) Inventories	7	1,504.63	4,177.15
	(b) Financial assets			
	(i) Trade Receivable	8	20,629.69	25,034.21
	(ii) Cash and Cash Equivalents	9	1,079.19	(5,298.98)
	(iii) Bank balances other than (ii) above	10	119.80	110.95
	(iv) Loans	11	248.06	263.56
	(c) Current tax assets(net)	12	1,328.62	1,478.62
	(d) Other current assets	13	7,055.32	8,129.63
			<b>31,965.31</b>	<b>33,895.14</b>
	<b>3. Assets classified as held for disposal</b>	14	37,405.13	37,272.84
	<b>TOTAL ASSETS</b>		<b>1,86,510.70</b>	<b>2,04,083.21</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>1. Equity</b>			
	(a) Share Capital	15	85,048.66	85,048.66
	(b) Other equity	16	(26,815.12)	(6,803.52)
			<b>58,233.54</b>	<b>78,245.14</b>
	<b>2. Liabilities</b>			
	Non-Current liabilities			
	(a) Financial Liabilities			
	(i) Long term borrowings	17	27,712.29	83,330.47
	(b) Long term provisions	18	132.42	126.80
			<b>27,844.71</b>	<b>83,457.27</b>
	Current Liabilities			
	(a) Financial Liabilities			
	(i) Short term borrowings	19	80,314.48	22,669.83
	(ii) Trade Payables	20	10,401.65	8,734.31
	(iii) Other financial Liabilities	21	7,737.37	10,799.61
	(b) Other current liabilities	22	1,961.29	161.13
	(c) Short Term Provision	23	17.66	15.91
			<b>1,00,432.45</b>	<b>42,380.80</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,86,510.70</b>	<b>2,04,083.21</b>
	<b>Significant Accounting Policies</b>	1		

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

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

Sd/-  
(Vinod Ladha)  
Partner  
M. No. 104151  
UDIN : 20104151AAAABT7480  
Place : Mumbai  
Date : 31<sup>st</sup> July, 2020

For and on behalf of the Board of Directors  
of Parnax Lab Ltd.

Sd/-  
(Prakash M. Shah)  
Director & CEO  
(DIN 00440980)

Sd/-  
(Baiju M. Shah)  
Managing Director & CFO  
(DIN 00440806)

Sd/-  
Namrata Kambli  
Company Secretary

## Standalone Statement of Profit and Loss for the year ended 31st March, 2020

(Rs. in '000)

	Particulars	Note No.	For the year ended 31st March 2020	For the year ended 31st March 2019
I	Revenue from Operations (gross)	24	76,795.42	64,926.24
II	Other Income	25	4,157.62	5,120.60
III	<b>Total Revenue (I + II)</b>		<b>80,953.04</b>	<b>70,046.85</b>
IV	<b>Expenses</b>			
	Cost of Materials Consumed	26	26,054.73	23,533.52
	Purchase of Stock In Trade	27	17,054.75	8,309.48
	Change in Inventories		-	-
	Employee Benefits Expenses	28	5,134.05	4,509.14
	Finance Costs	29	13,785.31	10,795.93
	Depreciation and Amortization Expense	2	438.36	483.94
	Other Expenses	30	23,206.10	27,499.02
	<b>Total Expenses</b>		<b>85,673.30</b>	<b>75,131.03</b>
V	Profit / (Loss) before tax (III-IV)		(4,720.26)	(5,084.19)
VI	Tax Expense:	31		
	(a) Current Tax		-	-
	(b) Deferred Tax (Asset) / Liability		15,324.84	3,190.37
	(c) Short (Excess) Prov for Tax for Earlier Years		-	-
VII	Profit / (Loss) after tax (V-VI)		(20,045.10)	(8,274.55)
VIII	<b>Other Comprehensive Income</b>			
	A. (i) Items that will not be reclassified to profit & loss			
	Remeasurements of post-employment benefit obligations		(45.26)	1.70
	A. (ii) Income tax relating to items that will not be reclassified to profit or loss		11.77	-
	<b>Total Other Comprehensive income</b>		<b>(33.49)</b>	<b>1.70</b>
	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR(VII+VIII)</b>		<b>(20,011.60)</b>	<b>(8,276.25)</b>
IX.	<b>Earnings Per Equity Share of Rs.10/- each :</b>			
	Weighted average no. of shares (Basic & Diluted)		85,04,866	85,04,866
	Basic & Diluted Earnings Per Share (Rs.)		(0.97)	(2.82)
	<b>Significant Accounting Policies</b>	1		

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

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

Sd/-  
(Vinod Ladha)  
Partner  
M. No. 104151  
UDIN : 20104151AAAABT7480  
Place : Mumbai  
Date : 31<sup>st</sup> July, 2020

For and on behalf of the Board of Directors  
of Parnax Lab Ltd.

Sd/-  
(Prakash M. Shah)  
Director & CEO  
(DIN 00440980)

Sd/-  
(Baiju M. Shah)  
Managing Director & CFO  
(DIN 00440806)

Sd/-  
Namrata Kambli  
Company Secretary



## Standalone Cash Flow Statement for the year ended 31st March, 2020

(Rs. in '000)

	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit/(Loss) before tax	(4,720.26)	(5,084.19)
	<b>Adjustments for</b>		
	Depreciation	438.36	483.94
	Finance Cost	13,785.31	10,795.93
	Loss on sale of fixed asset	34.06	-
	Sundry Balances written off	40.09	635.41
	Interest & Dividend income	(55.92)	(6.93)
	<b>Operating Loss Before Working Capital Adjustments</b>	<b>9,521.64</b>	<b>6,824.18</b>
	<b>Changes in Working Capital</b>		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	2,672.52	(107.73)
	Trade receivables	4,404.52	15,408.48
	Other assets (Financials and Non Financial assets)	1,089.80	1,524.81
	<b>Adjustments for increase / (decrease) in operating liabilities:</b>		
	Trade payables	1,627.25	(4,197.55)
	Other liabilities (Financials and Non Financial liabilities)	2,486.91	(3,368.82)
	<b>Cash generated from operations</b>	<b>21,802.65</b>	<b>16,083.37</b>
	Direct Tax Paid (Refund) [Net]	(150.00)	(700.55)
	<b>Net cash flow from / (used in) operating activities (A)</b>	<b>21,952.65</b>	<b>16,783.92</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Expenditure on asset held for disposal	(466.35)	-
	Proceeds from sale of fixed assets	300.00	754.30
	Proceeds/(Purchase) from sale of Non Current Investments	-	(490.00)
	Interest & Dividend income	47.08	6.93
	<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(119.27)</b>	<b>271.23</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from borrowings (net)	(1,669.90)	(17,180.40)
	Finance Cost	(13,785.31)	(5,359.44)
	<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(15,455.21)</b>	<b>(22,539.84)</b>
	<b>Net increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>6,378.17</b>	<b>(5,484.69)</b>
	<b>Cash and cash equivalents at the beginning of the year</b>	<b>(5,298.98)</b>	<b>185.72</b>
	<b>Cash and cash equivalents at the end of the year</b>	<b>1,079.19</b>	<b>(5,298.98)</b>

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

Sd/-

(Vinod Ladha)

Partner

M. No. 104151

UDIN : 20104151AAAABT7480

Place : Mumbai

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

For and on behalf of the Board of Directors  
of Parnax Lab Ltd.

Sd/-

(Prakash M. Shah)

Director &amp; CEO

(DIN 00440980)

Sd/-

(Baiju M. Shah)

Managing Director &amp; CFO

(DIN 00440806)

Sd/-

Namrata Kambli  
Company Secretary

### Standalone Statement of Changes in Equity for the year ended 31st March, 2020

**(A) Equity Share Capital** (Rs. in '000)

	Amount
<b>Balance as at April 01, 2018</b>	<b>85,048.66</b>
Changes in share capital during the year	-
<b>Balance as at March 31, 2019</b>	<b>85,048.66</b>
Changes in share capital during the year	-
<b>Balance as at March 31, 2020</b>	<b>85,048.66</b>

**(B) Other Equity**

(Rs. in '000)

	General Reserve	Surplus in Statement of profit & loss	Accumulated other comprehensive income - Acturial Gains/(Losses)	Total
<b>Balance as at April 01, 2018</b>	<b>63,665.78</b>	<b>(62,679.77)</b>	<b>486.73</b>	<b>1,472.73</b>
Profit/(Loss) for the year	-	(8,274.55)	-	(8,274.55)
Other comprehensive income for the year	-	-	(1.70)	(1.70)
Amortisation of land transfer to asset held for disposal	-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>63,665.78</b>	<b>(70,954.33)</b>	<b>485.03</b>	<b>(6,803.52)</b>
Profit/(Loss) for the year	-	(20,045.10)	-	(20,045.10)
Other comprehensive income for the year	-	-	33.49	33.49
Amortisation of land transfer to asset held for disposal	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>63,665.78</b>	<b>(90,999.42)</b>	<b>518.52</b>	<b>(26,815.12)</b>

The accompanying notes are an integral part of these financial statements

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

Sd/-  
(Vinod Ladha)  
Partner  
M. No. 104151  
UDIN : 20104151AAAABT7480  
Place : Mumbai  
Date : 31<sup>st</sup> July, 2020

For and on behalf of the Board of Directors  
of Parnax Lab Ltd.

Sd/-  
(Prakash M. Shah)  
Director & CEO  
(DIN 00440980)

Sd/-  
(Baiju M. Shah)  
Managing Director & CFO  
(DIN 00440806)

Sd/-  
Namrata Kambli  
Company Secretary

**Notes to Standalone Financial Statements for the year ended 31st March, 2020****Note - 1****A. CORPORATE INFORMATION:**

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

**B. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Preparation of Financial Statements:**

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

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

- (i) Certain financial assets and liabilities are measured at Fair value (Refer note no. 7)
- (ii) Defined benefit employee plan (Refer note no. 13)

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

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

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

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

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

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

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

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

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipments, investments, inventories, receivables, and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information. There is no material adverse impact of CoVID - 19 pandemic on the Company and its operations/profitability during the financial year ended March 31, 2020. However, CoVID - 19 pandemic effect if any, on the Company's operation / profitability in the current FY 2020-21 can only be assessed in due course.

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**Notes to Standalone Financial Statements for the year ended 31st March, 2020****3. Property, plant and equipment (PPE)**

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

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

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

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

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

**4. Intangible assets**

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

**5. Depreciation and Amortization:****(a) Property plant and equipment (PPE)**

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

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

**(b) Intangible assets**

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortized on a straight-line basis over the period of their expected useful lives. The amortization period and the amortization method for finite life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate. For indefinite life intangible assets, the assessment of indefinite life is reviewed annually to determine whether it continues, if not, it is impaired or changed prospectively basis revised estimates."

**6. Investment Properties:**

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

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

**7. Financial Instruments:****Financial assets - Initial recognition:**

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





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**Notes to Standalone Financial Statements for the year ended 31st March, 2020****Subsequent measurement:**

Financial assets are subsequently classified as measured at:

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

The above classification is being determined considering the:

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

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

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

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

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

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

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

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

**Equity instruments:**

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

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

**Impairment**

The Company recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost and at FVOCI. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable including that which is forward looking.

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**Notes to Standalone Financial Statements for the year ended 31st March, 2020**

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

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

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

**Derecognition**

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

**Financial Liabilities****Initial Recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss.

The Company's financial liabilities includes trade and other payables, loans and borrowings including bank overdrafts.

**Subsequent measurement**

Financial liabilities measured at amortised cost are subsequently measured at using EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

**Loans & Borrowings:**

After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using EIR method. Gains and losses are recognized in profit & loss when the liabilities are derecognized as well as through EIR amortization process.

**Financial Guarantee Contracts**

Financial guarantee contracts issued by the Company are those contracts that requires a payment to be made or to reimburse the holder for a loss it incurs because the specified debtors fails to make payment when due in accordance with the term 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.



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**Notes to Standalone Financial Statements for the year ended 31st March, 2020****De-recognition**

A financial liability is derecognised 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

**Derivative financial instruments**

The Company uses derivative financial instruments, such as forward foreign exchange contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value, with changes in fair value recognised in Statement of Profit and Loss.

**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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**8. Fair Value Measurement**

The Company measures financial instruments, such as, derivatives, investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

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

- (i) Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above"

**9. Inventory**

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

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**Notes to Standalone Financial Statements for the year ended 31st March, 2020****10. Cash and Cash Equivalents:**

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

**11. Foreign Currency Transactions:****a) Initial Recognition**

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

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

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

**12. Revenue Recognition:**

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

**Sale of Goods**

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

**Rendering of Services**

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

**Interest**

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

**Dividend**

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

**13. Employee Benefits:**

The Company provides following post-employment plans:

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

**a) Defined-benefit plan:**

The liability or asset recognised in the balance sheet in respect of defined benefit gratuity plan is the present value of defined benefit obligations at the end of the reporting period less fair value of plan assets. The defined benefit obligations is calculated annually by actuaries through actuarial valuation using the projected unit credit method. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:




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**Notes to Standalone Financial Statements for the year ended 31st March, 2020**

- (a) Service costs comprising current service costs, past-service costs, gains and losses on curtailment and non-routine settlements; and
- (b) Net interest expense or income.

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

Re-measurement comprising of actuarial gains and losses arising from

- (a) Re-measurement of Actuarial(gains)/losses
- (b) Return on plan assets, excluding amount recognized in effect of asset ceiling
- (c) Re-measurement arising because of change in effect of asset ceiling are recognised in the period in which they occur directly in Other comprehensive income. Re-measurement are not reclassified to profit or loss in subsequent periods.

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

**b) Defined-contribution plan:**

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

**c) Other employee benefits:**

- (a) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation."
- (b) Undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the related services.

**14. Taxes on Income:**

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

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

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

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

**Notes to Standalone Financial Statements for the year ended 31st March, 2020**

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

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

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

**15. Borrowing Cost:**

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

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

**16. Earnings Per Share:**

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

**17. Assets held for disposal**

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

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

**18. Leases:**

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

**The Company as lessor**

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

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

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

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

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



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**Notes to Standalone Financial Statements for the year ended 31st March, 2020**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contingent assets are neither recognized nor disclosed in financial statements.

## Notes to Standalone Financial Statements for the year ended 31st March, 2020

## Note 2 : Property, plant &amp; equipments

(Rs. in '000)

Particulars	Office Premises	Furniture	Motor Car	Computer	Office Equipments	Air Conditioner	Total
<b>Gross carrying amount</b>							
Balance as at April 01, 2018 (refer (2) below)	5,401.47	153.95	1,715.38	98.19	210.73	1,106.00	8,685.73
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transferred to assets held for disposal	-	-	-	-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>5,401.47</b>	<b>153.95</b>	<b>1,715.38</b>	<b>98.19</b>	<b>210.73</b>	<b>1,106.00</b>	<b>8,685.73</b>
Additions	-	-	-	-	-	-	-
Disposals	-	-	-	-	-	-	-
Transferred to assets held for disposal	-	-	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>5,401.47</b>	<b>153.95</b>	<b>1,715.38</b>	<b>98.19</b>	<b>210.73</b>	<b>1,106.00</b>	<b>8,685.73</b>
<b>Accumulated depreciation/Amortisation</b>							
Balance as at April 01, 2018	626.57	94.86	1,336.65	36.73	88.81	296.53	2,480.16
Depreciation/Amortisation charge for the year	313.29	13.03	-	-	26.95	111.43	464.69
Disposals	-	-	-	-	-	-	-
Transferred to assets held for disposal	-	-	-	-	-	-	-
<b>Accumulated depreciation as at March 31, 2019</b>	<b>939.86</b>	<b>107.89</b>	<b>1,336.65</b>	<b>36.73</b>	<b>115.75</b>	<b>407.97</b>	<b>2,944.85</b>
Depreciation/Amortisation charge for the year	313.29	13.03	-	-	10.00	102.05	438.36
Disposals	-	-	-	-	-	-	-
Transferred to assets held for disposal	-	-	-	-	-	-	-
<b>Accumulated depreciation as at March 31, 2020</b>	<b>1,253.15</b>	<b>120.92</b>	<b>1,336.65</b>	<b>36.73</b>	<b>125.75</b>	<b>510.02</b>	<b>3,383.21</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>4,461.61</b>	<b>46.06</b>	<b>378.73</b>	<b>61.46</b>	<b>94.98</b>	<b>698.03</b>	<b>5,740.88</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>4,148.32</b>	<b>33.04</b>	<b>378.73</b>	<b>61.46</b>	<b>84.99</b>	<b>595.99</b>	<b>5,302.52</b>

Note:

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





## Notes to Standalone Financial Statements for the year ended 31st March, 2020

## Note 3 : Intangible assets

(Rs. in '000)

Particulars	Software	Total
<b>Gross carrying amount</b>		
<b>Balance as at April 01, 2018</b>	<b>63.59</b>	<b>63.59</b>
Additions	-	-
Disposals	-	-
<b>Balance as at March 31, 2019</b>	<b>63.59</b>	<b>63.59</b>
Additions	-	-
Disposals	-	-
<b>Balance as at March 31, 2020</b>	<b>63.59</b>	<b>63.59</b>

## Accumulated depreciation/Amortisation

Particulars	Software	Total
<b>Balance as at April 01, 2018</b>	<b>38.49</b>	<b>38.49</b>
Depreciation/Amortisation charge for the year	19.25	19.25
Disposals	-	-
<b>Accumulated depreciation as at March 31, 2019</b>	<b>57.74</b>	<b>57.74</b>
Depreciation/Amortisation charge for the year	-	-
Disposals	-	-
<b>Accumulated depreciation as at March 31, 2020</b>	<b>57.74</b>	<b>57.74</b>

Particulars	Software	Total
<b>Net carrying amount as at March 31, 2019</b>	<b>5.85</b>	<b>5.85</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>5.85</b>	<b>5.85</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2020

## Note 4 : Investments in Subsidiaries

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Investment in Equity instruments - Subsidiaries - Carried at Cost Unquoted, fully paid up</b>		
49,90,000 (As at March 31, 2019, 49,90,000) Equity Share of Rs. 10/- each of Naxpar Pharma Pvt. Ltd.	99,800.00	99,800.00
<b>Total</b>	<b>99,800.00</b>	<b>99,800.00</b>
Aggregate amount of unquoted investments before impairment	99,800.00	99,800.00
Aggregate amount of impairment in the value of investment	-	-

## Note 5 : Non-Current Investments

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Other Equity instruments, at fair value through profit &amp; loss Unquoted, fully paid-up</b>		
The Shamrao Vithal Co-op. Bank Ltd. (319 Shares of Rs. 25/- each)	7.98	7.98
Apna Sahakari Bank Ltd (20,000 Shares of Rs. 25/- each)	500.00	500.00
Maratha Sahakari Bank Ltd. (15,500 Shares of Rs. 25/- each)	387.50	387.50
<b>Total</b>	<b>895.48</b>	<b>895.48</b>
Aggregate amount of Unquoted investments at cost	895.48	895.48
Aggregate amount of impairment in the value of investment	-	-

## Note 6 : Other financial assets (Non-Current)

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured, Considered good</b>		
Security Deposit	534.30	534.30
<b>Total</b>	<b>534.30</b>	<b>534.30</b>

## Note 7 : Inventories

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>(As taken, valued and certified by the Management) (Valued at Cost or Market value, whichever is lower)</b>		
Raw Material	972.18	2,253.39
Finished Goods	-	-
Packing Material	532.45	1,923.76
<b>Total</b>	<b>1,504.63</b>	<b>4,177.15</b>
Note: Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value.		



Notes to Standalone Financial Statements for the year ended 31st March, 2020

Note 8 : Trade Receivable

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, Considered good	20,629.69	25,034.21
<b>Total</b>	<b>20,629.69</b>	<b>25,034.21</b>

Note 9 : Cash and Cash Equivalents

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Cash on Hand	19.86	31.23
(b) Balance with Scheduled Banks - In Current Accounts	1,059.33	(5,330.21)
<b>Total</b>	<b>1,079.19</b>	<b>(5,298.98)</b>

Note 10 : Bank balances other than cash & cash equivalents

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Balance with Scheduled Banks</b> - In Fixed Deposit Account (Lodged as margin money against bank guarantee)	119.80	110.95
<b>Total</b>	<b>119.80</b>	<b>110.95</b>

Note 11 : Loans

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured, considered good</b> Loans and Advances to Employees	248.06	263.56
<b>Total</b>	<b>248.06</b>	<b>263.56</b>

Note 12 : Current tax assets (net)

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance Income Tax	1,328.62	1,478.62
<b>Total</b>	<b>1,328.62</b>	<b>1,478.62</b>

Note 13 : Other current assets

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advances recoverable in cash or in kind or for value to be received	2,846.56	1,471.30
Advance to Supplier	1,097.09	1,410.54
<b>Balance with Government Authorities</b>		
Balance with GST	858.05	2,520.96
GST Refund Receivable	2,107.24	1,875.85
Sales Tax	146.38	850.99
<b>Total</b>	<b>7,055.32</b>	<b>8,129.63</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2020

## Note 14 : Assets classified as held for sale

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Land	5,570.91	5,104.56
Other Property, Plant & Equipments	31,834.22	32,168.28
Less: Impairment of assets classified as held for sale	-	-
<b>Total</b>	<b>37,405.13</b>	<b>37,272.84</b>

**Note:**

The Company intends to dispose off its certain of property, plant & equipment as it no longer intends to utilise in the next 12 months. It was previously used in its manufacturing facility at Silvassa.

An impairment loss has been recognised on reclassification of the Plant, Property & equipment as held for sale and the Company expects to realise fair value less cost to sell to be higher than carrying amount.

An active program to locate the buyer and to complete the sale has already been initiated.

## Note 15 : Share Capital

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Authorised:</b> 100,00,000 (100,00,000) Equity Shares of Rs. 10/- each	1,00,000.00	1,00,000.00
<b>Total</b>	<b>1,00,000.00</b>	<b>1,00,000.00</b>
<b>Issued, Subscribed and Paid up:</b> 85,04,866 (85,04,866) Equity Shares of Rs.10/- each fully paid up (of the above 53,04,866 shares of Rs. 10/- each were issue at the time of scheme of amalgamation)	85,048.66	85,048.66
<b>Total</b>	85,048.66	85,048.66
<b>(i) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period :</b> Number of shares at the beginning of the year	85,04,866	85,04,866
Add: Issued during the year		
Number of shares at the end of the year	<b>85,04,866</b>	<b>85,04,866</b>

**(ii) Terms/rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of Rs. 10 per shares. Each holder of Equity Shares is entitled to one vote per share. 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.

<b>(iii) Detail of shares held by the holding company, the ultimate holding company, their subsidiaries and associates :</b>	Nil	Nil
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**(iv) Details of Shares held by each shareholder holding more than 5% shares :**

Name of Shareholder	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	%	No. of Shares	%
Baiju Shah	6,28,261	7.39%	6,28,261	7.39%
Binoy Shah	13,69,600	16.10%	13,69,600	16.10%
Ila Shah	6,60,872	7.77%	6,60,872	7.77%
Mihir Shah	11,41,250	13.42%	11,41,250	13.42%
Pragna Shah	5,39,887	6.35%	5,39,887	6.35%
Prakash Shah	6,75,426	7.94%	6,75,426	7.94%



Notes to Standalone Financial Statements for the year ended 31st March, 2020

Note 16 : Reserves & Surplus

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
General Reserve	63,665.78	63,665.78
Surplus in Statement of profit & loss	(90,999.42)	(70,954.33)
Accumulated other comprehensive income - Acturial Gains/(Losses)	518.52	485.03
<b>Total</b>	<b>(26,815.12)</b>	<b>(6,803.52)</b>

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>A) General Reserve Account</b>		
Opening Balance	63,665.78	63,665.78
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Closing Balance	63,665.78	63,665.78
<b>B) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	(70,954.33)	(62,679.77)
Add/(Less): profit/(loss) for the year	(20,045.10)	(8,274.55)
Add/(Less): Amortisation of land transfer to asset held for disposal	-	-
Closing Balance	(90,999.42)	(70,954.33)
<b>C) Other Comprehensive income</b>		
Opening Balance	485.03	486.73
Add/(Less): for the year	33.49	(1.70)
Closing balance	518.52	485.03
<b>Total</b>	<b>(26,815.12)</b>	<b>(6,803.52)</b>

Note 17 : Borrowings

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Secured</b>		
<b>Term Loans</b>		
- From Banks	27,712.29	29,781.26
<b>Unsecured</b>		
From Intercorporates	-	53,549.21
<b>Total</b>	<b>27,712.29</b>	<b>83,330.47</b>

Terms and Conditions

- Term loan from Apna Sahakari Bank Ltd is secured mortgage of office premises situated at Building No 8, Jogani Industrial Complex, Chunabhatti, Mumbai
- Repayment Profile of Term Loans is as set out below:

Nature of Loan	Rate of Interest (%)	Balance No of Installments	Installments ending on
Apna Sahakari Bank Ltd	10.25	55	October 2024

## Notes to Standalone Financial Statements for the year ended 31st March, 2020

## Note 18 - Long Term Provisions

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for Gratuity	68.89	99.70
Provision for Leave Encashment	63.52	27.10
<b>Total</b>	<b>132.42</b>	<b>126.80</b>

## Note 19 : Short Term Borrowing

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured</b>		
From Directors, Payable on demand	80,314.48	22,669.83
<b>Total</b>	<b>80,314.48</b>	<b>22,669.83</b>

## Note 20 : Trade Payables

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Payables:		
Sundry Creditors for Goods	10,401.65	8,734.31
<b>Total</b>	<b>10,401.65</b>	<b>8,734.31</b>

## Note 21 : Other Financial Liabilities

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current Maturities of Long Term Debts	2,590.70	6,287.07
Other Payables:		
Sundry Creditors for Expenses	5,146.68	4,512.54
<b>Total</b>	<b>7,737.37</b>	<b>10,799.61</b>

## Note 22 - Other current liabilities

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Statutory Remittances	577.60	161.13
Advances from Customers	1,383.69	-
<b>Total</b>	<b>1,961.29</b>	<b>161.13</b>



## Notes to Standalone Financial Statements for the year ended 31st March, 2020

## Note 23 - Short-Term Provision

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for Gratuity	15.01	14.68
Provision for Leave Encashment	2.66	1.23
<b>Total</b>	<b>17.66</b>	<b>15.91</b>

## Note 24 : Revenue from Operations

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Sale of Goods	76,795.42	64,926.24
<b>Total</b>	<b>76,795.42</b>	<b>64,926.24</b>

## Note 25 : Other Income

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Dividend	47.08	0.09
(b) Interest Received on FDR	8.85	6.84
(c) Interest on Income Tax Refund	8.78	49.04
(d) Duty Drawback Received	907.15	1,658.03
(e) Export Incentives (MEIS)	2,000.26	2,961.66
(f) Exchange Gain	1,005.50	444.94
(g) Rent Received	180.00	-
<b>Total</b>	<b>4,157.62</b>	<b>5,120.60</b>

## Note 26 : Cost of Material Consumed

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Opening Stock	4,177.15	4,069.42
Add:- Purchases during the year	23,382.21	23,641.25
	27,559.36	27,710.67
Less: - Closing Stock	1,504.63	4,177.15
<b>Total</b>	<b>26,054.73</b>	<b>23,533.52</b>

## Note 27 : Purchase of Stock in Trade

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Opening Stock of Finished Goods Traded	-	-
Add: Purchases during the year	17,054.75	8,309.48
	17,054.75	8,309.48
Less: Closing Stock of Finished Goods Traded	-	-
<b>Total</b>	<b>17,054.75</b>	<b>8,309.48</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2020

## Note 28 : Employees Benefit Expenses

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Salaries and Wages	4,390.36	3,946.21
(b) Bonus & Exgratia	261.60	240.52
(c) Staff Welfare Expenses	132.73	69.43
(d) Gratuity Paid	63.44	56.28
(e) Employer's Contribution to Providend Fund	257.47	244.71
(f) Leave encashment	28.45	(48.02)
<b>Total</b>	<b>5,134.05</b>	<b>4,509.14</b>

## Note 29 : Finance Cost

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Bank Charges & Commission	381.58	1,185.99
(b) Interest Paid to Bank - Working Capital	-	0.03
(c) Interest Paid to Bank - Term Loan	3,446.64	4,173.41
(d) Interest Paid on Unsecured Loans	3,838.50	-
(e) Interest paid to Others	67.80	0.02
(f) Interest expenses on unwinding of discounts	6,050.79	5,436.49
<b>Total</b>	<b>13,785.31</b>	<b>10,795.93</b>

## Note 30 : Other Expenses

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>(A) Manufacturing Expenses</b>		
(a) Analytical Charges, Chemical & Glassware Consumed	143.44	162.90
(b) Consumable & Stores	-	6.76
(c) Power & Fuel Consumed	1,345.64	1,284.24
(d) Factory Expenses	24.79	21.24
(e) Freight & Octroi	193.48	205.17
(f) Loading Unloading & Packing Charges	96.15	248.55
(g) License Fees	27.10	75.21
(h) Job Work Charges Paid	3,042.59	3,889.40
(i) Repair & Maintenance		
-Other	6.85	40.92
(j) Security Charges	595.63	645.88
	<b>5,475.67</b>	<b>6,580.26</b>





## Notes to Standalone Financial Statements for the year ended 31st March, 2020

## Note 30 : Other Expenses

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>(B) Selling and Distribution Expenses</b>		
(a) Sales Promotion Expenses	-	66.00
(b) Advertisement Expenses	47.04	45.24
(c) Commission on Sale	-	661.36
(d) CHA Charges	1,842.97	1,424.88
(e) Freight & Octroi (Export & Outward)	2,044.89	1,825.04
(f) Export Insurance	92.01	90.80
(g) Export Expenses	9.05	39.00
(h) Product Development & Registration Charges	235.63	198.78
(i) Travelling Expenses	68.31	133.54
	<b>4,339.91</b>	<b>4,484.63</b>
<b>(C) Administrative and General Expenses</b>		
(a) Rent Rates & Taxes	764.07	405.85
(b) Insurance	685.02	381.71
(c) Legal & Professional Fees	869.02	978.23
(d) Payment to Auditors -Audit fees	250.00	250.00
(e) ROC Filing Fees	10.20	6.00
(f) Office Expenses	11.43	7.48
(g) Conveyance	156.92	130.96
(h) Sundry Balances W/off	40.09	635.41
(i) Printing & Stationery	97.75	164.22
(j) Telephone Expenses	56.20	62.01
(k) Postage & Courier	198.75	129.52
(l) Motor Car Expenses	54.74	53.66
(m)Electricity Charges	180.64	302.31
(n) Membership & subscription	51.48	45.09
(o) Other Expenses	159.69	1,052.46
(p) Listing Fees	300.00	250.00
(q) Loss on sale of Fixed Asset	34.06	-
(r) Expected credit losses	9,470.47	11,579.20
	<b>13,390.52</b>	<b>16,434.13</b>
<b>Total</b>	<b>23,206.10</b>	<b>27,499.02</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2020

## 31 Income taxes

(Rs. in '000)

## (a) Tax expense recognised in the Statement of profit and loss:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Current tax</b>		
Current year	-	-
Short Provision for Tax for earlier years	-	-
<b>Total current tax</b>	-	-
<b>Deferred tax</b>		
Relating to origination and reversal of temporary difference	15,324.84	3,190.37
<b>Total deferred income tax expense/(credit)</b>	<b>15,324.84</b>	<b>3,190.37</b>
<b>Total income tax expense/(credit)</b>	<b>15,324.84</b>	<b>3,190.37</b>

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

## (b) Reconciliation of effective tax rate

(Rs. in '000)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit /(loss) before taxation	(4,720.26)	(5,084.19)
Enacted income tax rate in India	26.00%	26.00%
Tax at the enacted income tax rate	(1,227.27)	(1,321.89)
<b>Reconciliation line items:</b>		
Tax credits not recognised	(16,552.10)	(4,512.26)
Others	-	-
<b>Tax expense/ (credit)</b>	<b>15,324.84</b>	<b>3,190.37</b>

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

(Rs. in '000)

Particulars	As at April 01, 2019	Credit/ (charge) in Statement of profit and loss	As at March 31, 2020
<b>Deferred tax assets/(liabilities)</b>			
On losses and unabsorbed depreciation	31,003.63	(14,732.71)	16,270.93
On account of depreciation	(5,101.65)	(606.17)	(5,707.82)
On expenses allowable on payment basis	36.75	2.27	39.02
	<b>25,938.73</b>	<b>(15,336.60)</b>	<b>10,602.13</b>

Particulars	As at April 01, 2018	Credit/ (charge) in Statement of profit and loss	As at March 31, 2019
<b>Deferred tax assets/(liabilities)</b>			
On losses and unabsorbed depreciation	36,825.67	(5,822.04)	31,003.63
On account of depreciation	(7,757.73)	2,656.07	(5,101.65)
On expenses allowable on payment basis	61.15	(24.41)	36.75
	<b>29,129.10</b>	<b>(3,190.37)</b>	<b>25,938.73</b>



Notes to Standalone Financial Statements for the year ended 31st March, 2020

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

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

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

**A. Balance Sheet**

(Rs. in '000)

Particulars	Defined benefit plans	
	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	877.52	820.76
Fair value of plan assets	793.62	706.38
<b>Asset/(Liability) recognised</b>	<b>83.90</b>	<b>114.38</b>

**B. Movements in plan assets and plan liabilities**

(Rs. in '000)

Particulars	Present value of obligations	Fair Value of Plan assets
<b>As at 1st April 2019</b>	<b>820.76</b>	<b>706.38</b>
Current service cost	46.39	-
Past service cost	-	-
Interest Cost/(Income)	62.63	49.52
Return on plan assets excluding amounts included in net finance income/cost	-	2.40
Actuarial (gain)/loss arising from changes in financial assumptions	53.33	-
Actuarial (gain)/loss arising from experience adjustments	(105.59)	-
Employer's contribution	-	35.32
Benefit payments	-	-
<b>As at 31st March 2020</b>	<b>877.52</b>	<b>793.62</b>

Particulars	Present value of obligations	Fair Value of Plan assets
<b>As at 1st April 2018</b>	<b>715.70</b>	<b>642.40</b>
Current service cost	46.55	-
Past service cost	-	-
Interest Cost/(Income)	55.47	49.52
Return on plan assets excluding amounts included in net finance income/cost	-	1.34
Actuarial (gain)/loss arising from changes in financial assumptions	8.73	-
Actuarial (gain)/loss arising from experience adjustments	(5.69)	-
Employer's contribution	-	13.12
Benefit payments	-	-
<b>As at 31st March 2019</b>	<b>820.76</b>	<b>706.38</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2020

## C. Statement of Profit and Loss

(Rs. in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Employee Benefit Expenses:</b>		
Current service cost	46.39	46.55
Interest cost/(income)	13.10	5.95
<b>Total amount recognised in Statement of Profit &amp; Loss</b>	<b>59.49</b>	<b>52.50</b>
<b>Remeasurement of the net defined benefit liability:</b>		
Return on plan assets excluding amounts included in net finance income/(cost)	(2.40)	(1.34)
Actuarial gains/(losses) arising from changes in financial assumptions	53.33	8.73
Experience gains/(losses)	(105.59)	(5.69)
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(54.65)</b>	<b>1.70</b>

## D. Assumptions

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

The significant actuarial assumptions were as follows:

	As at March 31, 2020	As at March 31, 2019
<b>Financial Assumptions</b>		
Discount rate	6.84%	7.63%
Salary Escalation Rate	5.00%	5.00%

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

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

## F. Sensitivity

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

(Rs. in '000)

Particulars	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	810.99	954.06
Salary Escalation Rate	1.00%	959.71	804.93

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



Notes to Standalone Financial Statements for the year ended 31st March, 2020

**G. The defined benefit obligations shall mature after year end 31st March, 2020 as follows: (Rs. in '000)**

Year ending March 31, 2020	Defined benefit obligation
2021	15.01
2022	253.20
2023	12.03
2024	12.81
2025	13.65
Thereafter	449.47

The weighted average duration of the defined benefit obligation is 12.39

**33 Contingent liabilities (Rs. in '000)**

Particulars	As at March 31, 2020	As at March 31, 2019
Claims against the Company not acknowledged as debts		
(i) Guarantees given by banks	-	-
(ii) liabilities that may arise in respect of disputed matters in relation to - Excise duty	6,317.00	6,317.00
	<b>6,317.00</b>	<b>6,317.00</b>

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

**34 Commitments**

The Company does not have any commitments (including capital commitments) as on March 31, 2020. (As at March 31, 2019 - Nil)

**35 Earning Per share (Rs. in '000)**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit after tax available for equity shareholders	(20,045.10)	(8,274.55)
Weighted average number of equity shares	85,04,866	85,04,866
Nominal value of equity shares	10	10
Basic and diluted Earning Per Share	(2.36)	(0.97)

**36 Net debt reconciliations (Rs. in '000)**

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current borrowings	27,712.29	83,330.47
Current borrowings (including current maturities)	82,905.18	28,956.90
	<b>1,10,617.48</b>	<b>1,12,287.37</b>

## Notes to Standalone Financial Statements for the year ended 31st March, 2020

(Rs. in '000)

Particulars	For the year ended March 31, 2020
<b>Net debt as at April 01, 2019</b>	<b>1,12,287.37</b>
Cash flows	(7,720.69)
Unwinding of discounts on Interest free loan	6,050.79
Borrowing cost	-
<b>Net debt as at March 31, 2020</b>	<b>1,10,617.48</b>

**37 Financial instruments**

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

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

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

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

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

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

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

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

As at March 31, 2020

(Rs. in '000)

Particulars	FVOCI	FVTPL	Amortised cost	Total fair value	Carrying amount
<b>Financial assets</b>					
Investments	-	-	895.48	895.48	895.48
Trade receivables	-	-	20,629.69	20,629.69	20,629.69
Cash and cash equivalents	-	-	1,079.19	1,079.19	1,079.19
Other bank balances	-	-	119.80	119.80	119.80
Loans	-	-	248.06	248.06	248.06
Other financial assets	-	-	534.30	534.30	534.30
<b>Total</b>	-	-	<b>23,506.51</b>	<b>23,506.51</b>	<b>23,506.51</b>
<b>Financial liabilities</b>					
Borrowings	-	-	1,10,617.48	1,10,617.48	1,10,617.48
Trade payables	-	-	10,401.65	10,401.65	10,401.65
Others	-	-	5,146.68	5,146.68	5,146.68
<b>Total</b>	-	-	<b>1,26,165.80</b>	<b>1,26,165.80</b>	<b>1,26,165.80</b>



## Notes to Standalone Financial Statements for the year ended 31st March, 2020

As at March 31, 2019

(Rs. in '000)

Particulars	FVOCI	FVTPL	Amortised cost	Total fair value	Carrying amount
<b>Financial assets</b>					
Investments	-	-	895.48	895.48	895.48
Trade receivables	-	-	25,034.21	25,034.21	25,034.21
Cash and cash equivalents	-	-	(5,298.98)	(5,298.98)	(5,298.98)
Other bank balances	-	-	110.95	110.95	110.95
Loans	-	-	263.56	263.56	263.56
Other financial assets	-	-	534.30	534.30	534.30
<b>Total</b>	-	-	<b>21,539.52</b>	<b>21,539.52</b>	<b>21,539.52</b>
<b>Financial liabilities</b>					
Borrowings	-	-	1,12,287.37	1,12,287.37	1,12,287.37
Trade payables	-	-	8,734.31	8,734.31	8,734.31
Others	-	-	4,512.54	4,512.54	4,512.54
<b>Total</b>	-	-	<b>1,25,534.22</b>	<b>1,25,534.22</b>	<b>1,25,534.22</b>

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

**38 Financial risk factors**

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

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

**(a) Liquidity risk**

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

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

## Notes to Standalone Financial Statements for the year ended 31st March, 2020

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

Particulars	Carrying amount	Payable on demand	1-12 months	More than 12 months
<b>As at March 31, 2020</b>				
<b>Non-derivative liabilities</b>				
Borrowings	1,10,617.48	-	82,905.18	27,712.29
Trade payables	10,401.65	-	10,401.65	-
Other financial liabilities	5,146.68	-	5,146.68	-
	<b>1,26,165.80</b>	<b>-</b>	<b>98,453.50</b>	<b>27,712.29</b>
<b>As at March 31, 2019</b>				
<b>Non-derivative liabilities</b>				
Borrowings	1,12,287.37	-	28,956.90	83,330.47
Trade payables	8,734.31	-	8,734.31	-
Other financial liabilities	4,512.54	-	4,512.54	-
	<b>1,25,534.22</b>	<b>-</b>	<b>42,203.75</b>	<b>83,330.47</b>

## (b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk includes investment, deposits, foreign currency receivables and payables. The Company's treasury team manages the Market risk, which evaluates and exercises independent control over the entire process of market risk management.

## (i) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. The exchange rates have been volatile in the recent years and may continue to be volatile in the future. Hence the operating results and financials of the Company may be impacted due to volatility of the rupee against foreign currencies.

(Amount in '000)

Particulars	Trade receivables	
	In Foreign Currency	In INR
<b>As at March 31, 2020</b>		
- USD/Euro	126.94	10,913.67
<b>As at March 31, 2019</b>		
- USD/Euro	184.32	24,236.59

## (ii) Interest rate risk

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

(Rs. in '000)

Exposure to Interest rate risk	As at March 31, 2020	As at March 31, 2019
Total borrowings	1,10,617.48	1,12,287.37
% of Borrowings out of above bearing variable rate of interest	27.39%	32.12%





Notes to Standalone Financial Statements for the year ended 31st March, 2020

**Interest rate sensitivity**

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

(Rs. in '000)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
50 bp increase would decrease the profit before tax by	151.52	180.34
50 bp decrease would increase the profit before tax by	(151.52)	(180.34)

**(c) Credit risk**

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

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

(Rs. in '000)

Exposure to the Credit risks	As at March 31, 2020	As at March 31, 2019
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL) - Trade Receivables	20,629.69	25,034.21

**Trade and other receivables**

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

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

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

**Ageing of the accounts receivables**

(Rs. in '000)

	As at March 31, 2020	As at March 31, 2019
< 180 days	18,242.90	14,107.65
> 180 days	2,386.80	10,926.56
	<b>20,630.69</b>	<b>25,034.21</b>

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

## Notes to Standalone Financial Statements for the year ended 31st March, 2020

## 39 (a) Financial risk factors

**Capital risk management**

The Company's objectives when managing capital are to :

- (i) safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) maintain an optimal capital structure to reduce the cost of capital

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

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

(Rs. in '000)

	As at March 31, 2020	As at March 31, 2019
Total equity	58,233.54	78,245.14
Net debt (Total borrowings less cash and cash equivalents)	1,09,538.29	1,17,586.35
<b>Total capital (Borrowings and Equity)</b>	<b>1,67,771.83</b>	<b>1,95,831.49</b>
<b>Gearing ratio</b>	<b>65.29%</b>	<b>60.04%</b>

**(b) Dividends**

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

## 40 Segment Reporting

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

## 41 Related party disclosure under Ind AS 24

**Name of related parties and description of relationship****(a) Subsidiary**

Naxpar Pharma Pvt. Ltd.

**(b) Key managerial personnel**

Mr. Prakash M. Shah, Director

Mr. Baiju M. Shah, Director

Ms. Ami M. Shah, Director

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

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

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

M/s Nithyasha Healthcare Pvt. Ltd.

M/s. Naxpar Medicamentos LLP

M/s Naxpar Pharma FZ LLC



Notes to Standalone Financial Statements for the year ended 31st March, 2020

Transactions with Related parties

(Rs. in '000)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Sale of Material</b>		
- Naxpar Pharma Pvt. Ltd., Subsidiary	431.37	1.92
- Naxpar Medicamentos LLP	1,223.91	-
- Naxpar Pharma FZ LLC	7,028.71	4,402.37
<b>Purchase of Material</b>		
- Naxpar Pharma Pvt. Ltd., Subsidiary	17,976.66	2,991.85
- Nithyasha Healthcare Pvt. Ltd.	1,517.65	-
<b>Rent Received</b>		
- Naxpar Medicamentos LLP	212.40	-
<b>Sale of Property, plant &amp; equipments</b>		
- Naxpar Pharma Pvt. Ltd., Subsidiary	-	392.10
<b>Salary paid to KMP</b>		
- Mr. Binoy B. Shah	600.00	600.00
<b>Interest paid on loan</b>		
- Mrs. Ami M Shah	3,838.50	-
<b>Loan taken</b>		
- Mr. Prakash M Shah	-	235.00
- Mr. Baiju M Shah	51,090.00	2,961.08
- Mrs. Ami M Shah	51,000.00	-
<b>Loan repaid</b>		
- Mr. Baiju M Shah	47,225.00	-
- Mr. Prakash M Shah	675.00	-

Balances as at

(Rs. in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Receivable</b>		
- Naxpar Pharma Pvt. Ltd., Subsidiary	-	40.38
- Naxpar Medicamentos LLP	1,436.31	-
- Naxpar Pharma FZ LLC	1,985.46	4,416.30
<b>Payables</b>		
- Naxpar Pharma Pvt. Ltd., Subsidiary	107.01	1,112.38
- Mr. Baiju M Shah, Director	65.37	61.37
- Mr. Binoy B Shah, KMP	707.41	181.91
<b>Unsecured loan from</b>		
- Mr. Prakash M Shah	11,226.75	11,901.75
- Mr. Baiju M Shah	14,633.08	10,768.08
- Mrs. Ami M Shah	54,454.65	-
<b>Deposit receivable</b>		
- M/s. Naxpar Medicamentos LLP	30.00	30.00

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**Notes to Standalone Financial Statements for the year ended 31st March, 2020****42 Leases****The Company as a Lessor  
Leasing Arrangements**

The Company has entered into operating lease arrangements for premises. These arrangements are cancellable in nature and range between one to three years. Lease rental income earned by the Company is set out in Note 25 as 'Rent Received'.

- 43** The Company is yet to receive balance confirmations in respect of certain financial assets and financial liabilities. The Management does not expect any material difference affecting the current year's financial statements due to the same.
- 44** The financial statements were approved for issue by the Board of Directors on July 31, 2020.
- 45** The figures of the previous year's have been regrouped or reclassified wherever necessary to make them comparable.
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**For Ladha Singhal and Associates  
Chartered Accountants  
Firm's Registration No : 120241W**

**Sd/-  
(Vinod Ladha)  
Partner  
M. No. 104151  
UDIN : 20104151AAAABT7480  
Place : Mumbai  
Date : 31<sup>st</sup> July, 2020**

**For and on behalf of the Board of Directors  
of Parnax Lab Ltd.**

**Sd/-  
(Prakash M. Shah)  
Director & CEO  
(DIN 00440980)**

**Sd/-  
(Baiju M. Shah)  
Managing Director & CFO  
(DIN 00440806)**

**Sd/-  
Namrata Kambli  
Company Secretary**



# **CONSOLIDATED FINANCIAL STATEMENTS**

**INDEPENDENT AUDITOR'S REPORT****To the Members of Parnax Lab Limited****Report on the Consolidated Financial Statements**

1. We have audited the accompanying consolidated financial statements of **Parnax Lab Limited** (hereinafter referred to as "the Holding Company") and its subsidiary **Naxpar Pharma Private Limited** (the holding company and its subsidiary constitute "the Group") which comprise the consolidated Balance Sheet as at March 31, 2020, and the consolidated Statement of Profit and Loss (including Other Comprehensive Income) the consolidated Cash Flow Statement and the Statement of changes in Equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information. (hereinafter referred to as "the consolidated financial statements").
2. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 as amended ("Ind AS") and other accounting principles generally accepted in India, of the consolidated state of affairs of the group as at 31<sup>st</sup> March, 2020, and its consolidated losses (including other comprehensive income) their consolidated cash flows and consolidated changes in equity for the year ended on that date.

**Basis of Opinion**

3. We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder; and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

**Key Audit Matters**

4. 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 period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.
5. We have determined that there are no key audit matters to communicate in our report.

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

6. The Holding Company's management and Board of Directors are responsible for the preparation of the other information. The other information comprises the information included in the Holding 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.
7. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
8. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. When we read the Annual Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance

**Management's Responsibility for the Consolidated Financial Statements**

9. The Holding Company's management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated cash flows and consolidated Statement of changes in Equity of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Group and for preventing and detecting the frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting



policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

10. In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so. The respective Board of Directors of the Companies included in the Group is responsible for overseeing the financial reporting process of each company.

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

11. Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.
12. As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also :
  - Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
  - Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
  - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
  - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
  - Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
  - Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in para (a) of the section titled 'Other Matters' in this audit report.
  - We believe that the audit evidence obtained by us along with the consideration of audit reports of the other auditors referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.
13. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

14. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.
15. From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

16. As required by section 197(16) of the Act, in our opinion and according to the information and explanations given to us, we report that the Holding Company, and its subsidiary company covered under the Act, paid remuneration to their respective directors during the year in accordance with the provisions of and limits laid down under section 197 of the Act read with Schedule V to the Act.
17. 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 of the aforesaid consolidated financial statements.
  - b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor.
  - c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), Consolidated Cash Flow Statement and the Consolidated Statement of changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of written representations received from the directors of the Holding Company as on 31<sup>st</sup> March, 2020, and taken on record by the Board of Directors of the Holding Company and on the basis of the report of the statutory auditor of its subsidiary company, none of the directors of the Group is disqualified as on 31<sup>st</sup> March, 2020, from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our report in "Annexure A".
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors on separate financial statements of the subsidiary, as noted in the 'Other Matters' paragraph:
    - i) The Consolidated financial statements disclosed the impact of pending litigation as at 31<sup>st</sup> March 2020 on the consolidated financial position of the Group – Refer Note 34 to the consolidated financial statements;
    - ii) The Group did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses; and
    - iii) There has been no delay in transferring amounts, required to be transferred to the Investor Education and Protection Fund by the Group.

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

Chartered Accountants

Firm Registration No.: 120241W

Sd/-

**(Vinod Ladha)**

**Partner**

M.No.: 104151

UDIN : 20104151AAAABU8343

Place : Mumbai

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





## **Annexure A to the Independent Auditors' Report**

Referred to as "Annexure A" in paragraph 17(f) under Independent Auditors' Report of even date to the members of **Parnax Lab Limited** on the consolidated financial statements for the year ended on 31st March, 2020.

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

1. We have audited the internal financial controls over financial reporting of **Parnax Lab Limited** ("the Holding Company") and its subsidiary company which are incorporated in India, as on 31<sup>st</sup> March, 2020 in conjunction with our audit of the consolidated financial statements of the Company for the year ended and as on that date.

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

2. The Respective Board of Directors of the Holding Company and its subsidiary company incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("the Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditors' Responsibility**

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

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

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

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

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

**Opinion**

8. In our opinion, the Holding Company and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31<sup>st</sup> March 2020, based on the internal control over financial reporting criteria established by the Company and its subsidiary company incorporated in India considering the essential components of internal control stated in the Guidance Note.

**For Ladha Singhal & Associates**

Chartered Accountants

Firm Registration No.: 120241W

Sd/-

**(Vinod Ladha)****Partner**

M.No.: 104151

UDIN : 20104151AAAABU8343

Place : Mumbai

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



## Consolidated Balance Sheet as at 31st March, 2020

(Rs. in '000)

	Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
<b>I</b>	<b>ASSETS</b>			
	<b>1. Non - Current Assets</b>			
	(a) Property, plant and equipment	2	5,67,344.09	5,07,832.22
	(b) Capital Work in Progress		29,140.06	1,415.00
	(c) Intangible assets	3	2,060.37	2,723.66
	(d) Right-of-use-asset	43	7,376.81	-
	(e) Financial assets			
	(i) Investments	4	2,246.48	2,146.48
	(ii) Other financial assets	5	4,845.50	4,137.92
	(f) Other non current assets	6	2,295.00	59,600.00
			<b>6,15,308.31</b>	<b>5,77,855.27</b>
	<b>2. Current Assets</b>			
	(a) Inventories	7	1,11,511.43	84,703.33
	(b) Financial assets			
	(i) Trade Receivable	8	2,30,841.96	1,91,842.31
	(ii) Cash and Cash Equivalents	9	3,868.31	(519.13)
	(iii) Bank balances other than (ii) above	10	9,094.78	6,472.67
	(iv) Loans	11	6,007.26	6,521.72
	(c) Current tax assets(net)	12	19,693.44	8,609.92
	(d) Other current assets	13	37,711.76	34,046.48
			<b>4,18,728.94</b>	<b>3,31,677.31</b>
	<b>3. Assets classified as held for disposal</b>	14	37,405.13	37,272.84
	<b>TOTAL ASSETS</b>		<b>10,71,442.38</b>	<b>9,46,805.43</b>
<b>II</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>1. Equity</b>			
	(a) Share Capital	15	85,048.66	85,048.66
	(b) Other equity	16	2,42,901.71	2,72,256.02
	Equity attributable to owners		<b>3,27,950.37</b>	<b>3,57,304.68</b>
	Non-Controlling Interest		749.57	768.29
	<b>Total equity</b>		<b>3,28,699.94</b>	<b>3,58,072.97</b>
	<b>2. Liabilities</b>			
	<b>Non-Current liabilities</b>			
	(a) Financial Liabilities			
	(i) Long term borrowings	17	1,91,530.49	2,15,833.18
	(ii) Lease Liabilities	43	7,199.54	-
	(b) Long term provisions	18	2,691.27	2,891.20
	(c) Deferred tax liabilities (net)	32	16,893.71	7,119.35
			<b>2,18,315.00</b>	<b>2,25,843.73</b>
	<b>Current Liabilities</b>			
	(a) Financial Liabilities			
	(i) Short term borrowings	19	2,81,138.96	1,56,850.73
	(ii) Trade Payables	20	1,08,412.71	72,583.63
	(iii) Lease Liabilities	44	191.49	-
	(iv) Other financial Liabilities	21	1,25,170.73	1,20,536.49
	(b) Other current liabilities	22	9,183.28	12,543.02
	(c) Short Term Provision	23	330.27	374.86
			<b>5,24,427.44</b>	<b>3,62,888.73</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>		<b>10,71,442.38</b>	<b>9,46,805.43</b>
	<b>Significant Accounting Policies</b>	1		

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

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

Sd/-  
(Vinod Ladha)  
Partner

M. No. 104151  
UDIN : 20104151AAAABU8343  
Place : Mumbai  
Date : 31<sup>st</sup> July, 2020

For and on behalf of the Board of Directors  
of Parnax Lab Ltd.

Sd/-  
(Prakash M. Shah)  
Director & CEO  
(DIN 00440980)

Sd/-  
(Baiju M. Shah)  
Managing Director & CFO  
(DIN 00440806)

Sd/-  
Namrata Kambli  
Company Secretary

## Consolidated Statement of Profit and Loss for the year ended 31st March, 2020

(Rs. in '000)

	Particulars	Note No.	For the year ended 31st March 2020	For the year ended 31st March 2019
I	Revenue from Operations (gross)	24	9,53,148.37	10,87,800.28
II	Other Income	25	6,623.03	21,101.65
III	<b>Total Revenue (I + II)</b>		<b>9,59,771.40</b>	<b>11,08,901.93</b>
IV	<b>Expenses</b>			
	Cost of Materials Consumed	26	4,52,959.01	4,39,197.63
	Purchase of Stock In Trade	27	8,797.36	90,156.99
	Change in Inventories	28	(9,034.50)	(2,208.07)
	Employee Benefit Expenses	29	1,40,798.30	1,30,604.24
	Finance Cost	30	46,017.64	38,875.87
	Depreciation and Amortization Expense	2	44,594.37	38,235.20
	Other Expenses	31	2,95,311.96	3,27,841.37
	<b>Total Expenses</b>		<b>9,79,444.13</b>	<b>10,62,703.22</b>
V	Profit / (Loss) before tax (III-IV)		<b>(19,672.73)</b>	<b>46,198.71</b>
VI	Tax Expense:	32		
	(a) Current Tax		-	12,000.00
	(b) Deferred Tax (Asset) / Liability		9,848.90	674.15
	(c) Short (Excess) Prov for Tax for Earlier Years		(360.76)	470.99
			<b>9,488.14</b>	<b>13,145.14</b>
VII	Profit / (Loss) after tax (V-VI)		<b>(29,160.87)</b>	<b>33,053.57</b>
VIII	<b>Other Comprehensive Income</b>			
	A. (i) Items that will not be reclassified to profit & loss			
	Remeasurements of post-employment benefit obligations		(286.70)	(799.94)
	A. (ii) Income tax relating to items that will not be reclassified to profit or loss		74.54	-
	<b>Total Other Comprehensive income</b>		<b>(212.16)</b>	<b>(799.94)</b>
	<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR(VII+VIII)</b>		<b>(29,373.03)</b>	<b>32,253.62</b>
	<b>Total profit/(loss) for the year attributable to:</b>			
	- Owners of the Company		(29,142.64)	32,987.46
	- Non-controlling interests		(18.23)	66.11
	<b>Other Comprehensive income attributable to :</b>			
	- Owners of the Company		(211.66)	(798.34)
	- Non-controlling interests		(0.49)	(1.60)
	<b>Total Comprehensive income attributable to:</b>			
	- Owners of the Company		(29,354.31)	32,189.12
	- Non-controlling interests		(18.72)	64.51
IX	<b>Earnings Per Equity Share of Rs.10/- each :</b>			
	Weighted average no. of shares (Basic & Diluted)		85,04,866	85,04,866
	Basic & Dilute Earning Per Share (Rs.)		(3.43)	3.89
	<b>Significant Accounting Policies</b>	1		

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

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

Sd/-  
(Vinod Ladha)  
Partner  
M. No. 104151  
UDIN : 20104151AAAABU8343  
Place : Mumbai  
Date : 31<sup>st</sup> July, 2020

For and on behalf of the Board of Directors  
of Parnax Lab Ltd.

Sd/-  
(Prakash M. Shah)  
Director & CEO  
(DIN 00440980)

Sd/-  
(Baiju M. Shah)  
Managing Director & CFO  
(DIN 00440806)

Sd/-  
Namrata Kambli  
Company Secretary



## Consolidated Cash Flow Statement for the year ended 31st March, 2020

(Rs. in '000)

	Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit/(Loss) before tax	(19,672.73)	46,198.71
	<b>Adjustments for</b>		
	Depreciation	44,594.37	38,235.20
	Finance Cost	46,017.64	38,875.87
	Loss on sale of Property, plant & equipments	34.06	-
	Sundry Balances written off	(44.97)	716.81
	Interest & Dividend income	(895.05)	(796.59)
	<b>Operating Loss Before Working Capital Adjustments</b>	<b>70,033.33</b>	<b>1,23,230.00</b>
	<b>Changes in Working Capital</b>		
	<u>Adjustments for (increase) / decrease in operating assets:</u>		
	Inventories	(26,808.10)	(7,965.29)
	Trade receivables	(39,106.66)	(5,205.90)
	Other assets (Financials and Non Financial assets)	53,446.61	4,533.53
	<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
	Trade payables	35,981.06	(4,175.98)
	Other liabilities (Financials and Non Financial assets)	4,631.13	(9,248.58)
	<b>Cash generated from operations</b>	<b>98,177.36</b>	<b>1,01,167.78</b>
	Direct Tax Paid (Refund) [Net]	10,722.77	14,010.25
	<b>Net cash flow from / (used in) operating activities (A)</b>	<b>87,454.60</b>	<b>87,157.53</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Purchase of property, plant & equipment	(1,03,620.22)	(1,13,206.12)
	Expenditure on capital work in progress	(27,725.06)	-
	Expenditure on asset held for disposal	(466.35)	-
	Investment in fixed deposit	(2,613.27)	-
	Proceeds from sale of fixed assets	300.00	754.30
	Proceeds/(Purchase) from sale of Non Current Investments	(100.00)	186.48
	Interest & Dividend income	886.21	796.59
	<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(1,33,338.69)</b>	<b>(1,11,468.75)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from borrowings (net)	96,289.17	46,867.05
	Finance Cost	(46,017.64)	(32,667.65)
	<b>Net cash flow from / (used in) financing activities (C)</b>	<b>50,271.53</b>	<b>14,199.41</b>
	<b>Net increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>4,387.44</b>	<b>(10,111.81)</b>
	<b>Cash and cash equivalents at the beginning of the year</b>	<b>(519.13)</b>	<b>9,592.68</b>
	<b>Cash and cash equivalents at the end of the year</b>	<b>3,868.31</b>	<b>(519.13)</b>

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

Sd/-  
(Vinod Ladha)  
Partner  
M. No. 104151  
UDIN : 20104151AAAABU8343  
Place : Mumbai  
Date : 31<sup>st</sup> July, 2020

For and on behalf of the Board of Directors  
of Parnax Lab Ltd.

Sd/-  
(Prakash M. Shah)  
Director & CEO  
(DIN 00440980)

Sd/-  
(Baiju M. Shah)  
Managing Director & CFO  
(DIN 00440806)

Sd/-  
Namrata Kambli  
Company Secretary

### Standalone Statement of Changes in Equity for the year ended 31st March, 2020

**(A) Equity Share Capital** (Rs. in '000)

	Amount
<b>Balance as at April 01, 2018</b>	<b>85,048.66</b>
Changes in share capital during the year	-
<b>Balance as at March 31, 2019</b>	<b>85,048.66</b>
Changes in share capital during the year	-
<b>Balance as at March 31, 2020</b>	<b>85,048.66</b>

**(B) Other Equity**

(Rs. in '000)

	Capital Reserve on Consolidation	General Reserve	Surplus in Statement of profit & loss	Accumulated other comprehensive income - Acturial Gains/(Losses)	Total
<b>Balance as at April 01, 2018</b>	<b>1,622.61</b>	<b>63,665.78</b>	<b>1,74,098.26</b>	<b>680.25</b>	<b>2,40,066.90</b>
Profit/(Loss) for the year	-	-	32,987.46	-	32,987.46
Other comprehensive income for the year	-	-	-	(798.34)	(798.34)
Amortisation of land transfer to asset held for disposal	-	-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>1,622.61</b>	<b>63,665.78</b>	<b>2,07,085.72</b>	<b>(118.10)</b>	<b>2,72,256.02</b>
Profit/(Loss) for the year	-	-	(29,142.64)	-	(29,142.64)
Other comprehensive income for the year	-	-	-	(211.66)	(211.66)
Amortisation of land transfer to asset held for disposal	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>1,622.61</b>	<b>63,665.78</b>	<b>1,77,943.08</b>	<b>(329.76)</b>	<b>2,42,901.71</b>

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

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

Sd/-  
(Vinod Ladha)  
Partner  
M. No. 104151  
UDIN : 20104151AAAABU8343  
Place : Mumbai  
Date : 31<sup>st</sup> July, 2020

For and on behalf of the Board of Directors  
of Parnax Lab Ltd.

Sd/-  
(Prakash M. Shah)  
Director & CEO  
(DIN 00440980)

Sd/-  
(Baiju M. Shah)  
Managing Director & CFO  
(DIN 00440806)

Sd/-  
Namrata Kambli  
Company Secretary




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**Notes to Consolidated Financial Statements for the year ended 31st March, 2020**
**Note 1 :****A. CORPORATE INFORMATION:**

The consolidated financial statements comprises financial statements of Parnax Lab Limited (Parent Company ) and its subsidiary Naxpar Pharma Private Limited (hereinafter to be referred as the Group) for the year ended March 31, 2020.

Parnax Lab Limited is a public Group incorporated under the provisions of the Companies Act, 1956. The Group is principally engaged in the business activities of manufacturing and export of Pharmaceutical Formulations.

**B. SIGNIFICANT ACCOUNTING POLICIES:****1. Basis of Preparation of Financial Statements:**

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

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

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

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

**Basis of Consolidation**

The consolidated financial statements comprise the financial statements of the Parent Company and its subsidiaries as at March 31, 2020.

**Subsidiaries**

Subsidiaries are all entities over which the Group has control. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Specifically, the Group controls an investee if and only if the Group has

- (a) Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- (b) Exposure, or rights, to variable returns from its involvement with the investee
- (c) The ability to use its power over the investee to affect its returns

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the Group losses control of the subsidiary.

**Consolidation Procedure****Subsidiaries**

- (a) Combine, on line by line basis like items of assets, liabilities, equity, income, expenses and cash flows of the Parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) Offset (eliminate) the carrying amount of the Parent's investment in each subsidiary and the Parent's portion of equity of each subsidiary. Business combinations policy explains how to account for any related goodwill.

**Notes to Consolidated Financial Statements for the year ended 31st March, 2020**

- (c) Eliminate in full intra-group assets and liabilities, equity, income, expenses and Cash flows relating to transactions between entities of the group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and property, plant and equipment (PPE), are eliminated in full). Intra-group losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Parent Company and to the noncontrolling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Parent Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Consolidated Financial Statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that Groupmember's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

**Changes in the Group's ownership interest in existing subsidiaries:**

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the group.

When the Group loses control of a subsidiary, a gain or loss is recognised in consolidated statement of profit and loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any noncontrolling interests.

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

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

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

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

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

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

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

The Group has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of property, plant and equipments, investments, inventories, receivables, and other current assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the





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**Notes to Consolidated Financial Statements for the year ended 31st March, 2020**

Group, as at the date of approval of these financial statements has used internal and external sources of information. There is no material adverse impact of CoVID - 19 pandemic on the Group and its operations/profitability during the financial year ended March 31, 2020. However, CoVID - 19 pandemic effect if any, on the Group's operation / profitability in the current FY 2020-21 can only be assessed in due course.

**3. Property, plant and equipment (PPE):**

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

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

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

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

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

**4. Intangible assets:**

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

**5. Depreciation and Amortization:****(a) Property plant and equipment (PPE)**

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

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

**(b) Intangible assets**

The useful lives of intangible assets are assessed as either finite or indefinite. Finite-life intangible assets are amortised on a straight-line basis over the period of their expected useful lives. The amortisation period and the amortisation method for finite life intangible assets is reviewed at each financial year end and adjusted prospectively, if appropriate. For indefinite life intangible assets, the assessment of indefinite life is reviewed annually to determine whether it continues, if not, it is impaired or changed prospectively basis revised estimates.

**6. Investment Properties:**

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

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

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**Notes to Consolidated Financial Statements for the year ended 31st March, 2020****7. Financial Instruments:****Financial assets - Initial recognition:**

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

**Subsequent measurement:**

Financial assets are subsequently classified as measured at:

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

The above classification is being determined considering the:

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

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

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

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

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

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

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

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

**Equity instruments:**

On initial recognition, the Group can make an irrevocable election (on an instrument-by instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'Reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to Statement of Profit and Loss on disposal of the investments. Dividends on these investments in equity instruments are recognised in Statement of Profit and Loss when the Group's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in Statement of Profit and Loss are included in the 'Other income' line item.



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**Notes to Consolidated Financial Statements for the year ended 31st March, 2020****Impairment**

The Group recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost and at FVOCI. The credit loss is difference between all contractual cash flows that are due to an entity in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate. This is assessed on an individual or collective basis after considering all reasonable and supportable including that which is forward looking.

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

Under simplified approach, the Group does not track changes in credit risk. Rather it recognizes impairment loss allowance based on the lifetime ECL at each reporting date right from its initial recognition. The Group uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

**Derecognition**

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers rights to receive cash flows from an asset, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

**Financial Liabilities****Initial Recognition and measurement**

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instruments. Financial liabilities are initially recognised at fair value net of transaction costs for all financial liabilities not carried at fair value through profit or loss.

The Group's financial liabilities includes trade and other payables, loans and borrowings including bank overdrafts.

**Subsequent measurement**

Financial liabilities measured at amortised cost are subsequently measured at using EIR method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss. Loans & Borrowings: After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using EIR method. Gains and losses are recognized in profit & loss when the liabilities are derecognized as well as through EIR amortization process. Financial Guarantee Contracts : Financial guarantee contracts issued by the Group are those contracts that requires a payment to be made or to reimburse the holder for a loss it incurs because the specified debtors fails to make payment when due in accordance with the term 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.

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**Notes to Consolidated Financial Statements for the year ended 31st March, 2020****De-recognition**

A financial liability is derecognised 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 derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit or loss.

Derivative financial instruments :The Group uses derivative financial instruments, such as forward foreign exchange contracts, to hedge its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value, with changes in fair value recognised in Statement of Profit and Loss.

**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 recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**8. Fair Value Measurement:**

The Group measures financial instruments, such as, derivatives, investments at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either: (a) In the principal market for the asset or liability, or (b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group. 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 Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

**9. Inventory:**

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



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**Notes to Consolidated Financial Statements for the year ended 31st March, 2020****10. Cash and Cash Equivalents:**

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

**11. Foreign Currency Transactions:****a) Initial Recognition**

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

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

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

**12. Revenue Recognition:**

Revenue is measured at the value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, discounts, loyalty discount, value added taxes and amounts collected on behalf of third parties.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria have been met for each of the Group's activities as described below."

**Sale of Goods**

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

**Rendering of Services**

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

**Interest**

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

**Dividend**

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

**13. Employee Benefits:**

The Group provides following post-employment plans:

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

**a) Defined-benefit plan:**

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

**Notes to Consolidated Financial Statements for the year ended 31st March, 2020**

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

- (a) Service costs comprising current service costs, past-service costs, gains and losses on curtailment and non-routine settlements; and
- (b) Net interest expense or income

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

Re-measurement comprising of actuarial gains and losses arising from

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

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

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

**b) Defined-contribution plan:**

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

**c) Other employee benefits:**

- (a) Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognised as a liability at the present value of the obligation as at the Balance sheet date determined based on an actuarial valuation.
- (b) Undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the period when the employee renders the related services.

**14. Taxes on Income:**

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

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

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

**Notes to Consolidated Financial Statements for the year ended 31st March, 2020**

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

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

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

**15. Borrowing Cost:**

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

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

**16. Earnings Per Share:**

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

**17. Assets held for disposal:**

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

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

**18. Leases:**

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

**Where the Group is lessor**

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

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

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

**The Group as lessee (Till March 31, 2019)**

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

**Notes to Consolidated Financial Statements for the year ended 31st March, 2020**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Contingent assets are neither recognized nor disclosed in financial statements.





Notes to Standalone Financial Statements for the year ended 31st March, 2020

Note 2 : Property, plant & equipments

(Rs. in '000)

Particulars	Freehold Land	Factory Building	Office Premises	Plant & Machinery	Electrical Installation	Furniture	Motor Car	Computer Equipments	Office Equipments	Other Equipment	Q.C Equipments	Air Conditioner	Bus	Total
<b>Gross carrying amount</b>														
as at April 01, 2018 (refer note (2) below)	15,486.94	1,93,561.63	5,401.47	1,15,680.60	14,387.73	12,519.91	20,349.38	2,684.96	2,162.87	1,03,419.67	13,510.14	2,542.19	376.78	5,02,084.27
Additions	7,128.14	22,554.20	-	35,348.16	5,608.99	4,391.91	-	1,074.17	420.65	24,158.20	9,939.00	63.22	-	1,10,686.66
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to assets held for disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2019</b>	<b>22,615.08</b>	<b>2,16,115.83</b>	<b>5,401.47</b>	<b>1,51,028.76</b>	<b>19,996.73</b>	<b>16,911.83</b>	<b>20,349.38</b>	<b>3,759.13</b>	<b>2,583.52</b>	<b>1,27,577.87</b>	<b>23,449.14</b>	<b>2,605.41</b>	<b>376.78</b>	<b>6,12,770.93</b>
Additions	-	15,205.17	-	52,866.41	5,240.50	3,439.89	2,316.31	1,006.29	392.15	11,755.85	10,908.32	250.07	-	1,03,380.95
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to assets held for disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2020</b>	<b>22,615.08</b>	<b>2,31,321.00</b>	<b>5,401.47</b>	<b>2,03,895.17</b>	<b>25,237.23</b>	<b>20,351.72</b>	<b>22,665.69</b>	<b>4,765.42</b>	<b>2,975.67</b>	<b>1,39,333.73</b>	<b>34,357.46</b>	<b>2,855.48</b>	<b>376.78</b>	<b>7,16,151.88</b>
<b>Accumulated depreciation/Amortisation</b>														
Balance as at April 01, 2018	-	11,770.86	626.57	17,279.23	5,228.46	3,776.53	6,633.46	1,779.08	678.03	16,696.65	1,924.81	517.23	326.46	67,237.37
Depreciation/Amortisation charge for the year	-	7,397.04	313.29	11,392.79	1,425.93	1,490.00	2,898.43	514.43	444.37	10,022.32	1,550.86	251.88	-	37,701.34
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to assets held for disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as at March 31, 2019</b>	<b>-</b>	<b>19,167.91</b>	<b>939.86</b>	<b>28,672.02</b>	<b>6,654.39</b>	<b>5,266.53</b>	<b>9,531.89</b>	<b>2,293.51</b>	<b>1,122.41</b>	<b>26,718.97</b>	<b>3,475.67</b>	<b>769.11</b>	<b>326.46</b>	<b>1,04,938.71</b>
Depreciation/Amortisation charge for the year	-	8,121.59	313.29	13,632.09	1,571.76	1,938.90	3,107.93	858.81	458.63	11,530.33	2,089.42	246.32	-	43,869.08
Disposals	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transferred to assets held for disposal	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Accumulated depreciation as at March 31, 2020</b>	<b>-</b>	<b>27,289.50</b>	<b>1,253.15</b>	<b>42,304.11</b>	<b>8,226.15</b>	<b>7,205.43</b>	<b>12,639.83</b>	<b>3,152.32</b>	<b>1,581.04</b>	<b>38,249.30</b>	<b>5,565.09</b>	<b>1,015.43</b>	<b>326.46</b>	<b>1,48,807.79</b>
<b>Net carrying amount as at March 31, 2019</b>	<b>22,615.08</b>	<b>1,96,947.92</b>	<b>4,461.61</b>	<b>1,22,356.74</b>	<b>13,342.34</b>	<b>11,645.29</b>	<b>10,817.48</b>	<b>1,465.62</b>	<b>1,461.12</b>	<b>1,00,858.91</b>	<b>19,973.48</b>	<b>1,836.30</b>	<b>50.33</b>	<b>5,07,832.22</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>22,615.08</b>	<b>2,04,031.50</b>	<b>4,148.32</b>	<b>1,61,591.06</b>	<b>17,011.08</b>	<b>13,146.29</b>	<b>10,025.86</b>	<b>1,613.10</b>	<b>1,394.63</b>	<b>1,01,084.43</b>	<b>28,792.38</b>	<b>1,840.05</b>	<b>50.33</b>	<b>5,67,344.09</b>

Note:

1. Refer note no. 35 for disclosure on contractual commitments for the acquisition of property, plant and equipment.
2. The Group has availed the deemed cost exemption in relation to the property, plant and equipment on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date.

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## Note 3 : Intangible assets

(Rs. in '000)

Particulars	Software	Total
<b>Gross carrying amount</b>		
<b>Balance as at April 01, 2018</b>	<b>2,621.25</b>	<b>2,621.25</b>
Additions	1,104.46	1,104.46
Disposals	-	-
<b>Balance as at March 31, 2019</b>	<b>3,725.71</b>	<b>3,725.71</b>
Additions	-	-
Disposals	-	-
<b>Balance as at March 31, 2020</b>	<b>3,725.71</b>	<b>3,725.71</b>

## Accumulated depreciation/Amortisation

Particulars	Software	Total
<b>Balance as at April 01, 2018</b>	<b>468.19</b>	<b>468.19</b>
Depreciation/Amortisation charge for the year	533.86	533.86
Disposals	-	-
<b>Accumulated depreciation as at March 31, 2019</b>	<b>1,002.05</b>	<b>1,002.05</b>
Depreciation/Amortisation charge for the year	663.29	663.29
Disposals	-	-
<b>Accumulated depreciation as at March 31, 2020</b>	<b>1,665.34</b>	<b>1,665.34</b>

Particulars	Software	Total
<b>Net carrying amount as at March 31, 2019</b>	<b>2,723.66</b>	<b>2,723.66</b>
<b>Net carrying amount as at March 31, 2020</b>	<b>2,060.37</b>	<b>2,060.37</b>



## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## Note 4 : Non-Current Investments

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Other Equity instruments, at fair value through profit &amp; loss Unquoted, fully paid-up</b>		
The Shamrao Vithal Co-op. Bank Ltd. (319 Shares of Rs. 25/- each)	7.98	7.98
Apna Sahakari Bank Ltd (40,000 Shares of Rs. 25/- each)	1,000.00	1,000.00
Maratha Sahakari Bank Ltd. (25,540 Shares of Rs. 25/- each)	638.50	638.50
Janaseva Sahakari Bank Borivali Ltd (20,000 Shares of Rs. 25/- each)	500.00	500.00
Shivalik Solid Waste Management Ltd (10,000 Shares of Rs. 10/- each)	100.00	-
<b>Total</b>	<b>2,246.48</b>	<b>2,146.48</b>
Aggregate amount of Unquoted investments at cost	2,246.48	2,146.48
Aggregate amount of impairment in the value of investment	-	-

## Note 5 : Other financial assets (Non-Current)

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured, Considered good</b>		
Security Deposit	4,845.50	4,137.92
<b>Total</b>	<b>4,845.50</b>	<b>4,137.92</b>

## Note 6 : Other assets (Non-Current)

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured, Considered good</b>		
Capital Advance	2,295.00	59,600.00
<b>Total</b>	<b>2,295.00</b>	<b>59,600.00</b>

## Note 7 : Inventories

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>(As taken, valued and certified by the Management) (Valued at Cost or Market value, whichever is lower)</b>		
Raw Material	36,899.03	34,819.51
Work in Progress	10,164.85	4,953.58
Finished Goods	9,194.78	5,371.56
Packing Material	41,367.49	34,431.18
Others	13,885.29	5,127.50
<b>Total</b>	<b>1,11,511.43</b>	<b>84,703.33</b>

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

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## Note 8 : Trade Receivable

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, Considered good	2,30,841.96	1,91,842.31
<b>Total</b>	<b>2,30,841.96</b>	<b>1,91,842.31</b>

## Note 9 : Cash and Cash Equivalents

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Cash on Hand	539.11	363.60
(b) Balance with Scheduled Banks - In Current Accounts	3,329.20	(882.73)
<b>Total</b>	<b>3,868.31</b>	<b>(519.13)</b>

## Note 10 : Bank balances other than cash &amp; cash equivalents

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Balance with Scheduled Banks</b> - In Fixed Deposit Account (Lodged as margin money against bank guarantee)	9,094.78	6,472.67
<b>Total</b>	<b>9,094.78</b>	<b>6,472.67</b>

## Note 11 : Loans

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Unsecured, considered good</b> Loans and Advances to Employees	6,007.26	6,521.72
<b>Total</b>	<b>6,007.26</b>	<b>6,521.72</b>

## Note 12 : Current tax assets (net)

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance Income Tax	19,693.44	8,609.92
<b>Total</b>	<b>19,693.44</b>	<b>8,609.92</b>

## Note 13 : Other current assets

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advances recoverable in cash or in kind or for value to be received	18,171.54	21,623.13
Advance to Supplier	1,097.09	1,410.54
<b>Balance with Government Authorities</b>		
Balance with GST	16,189.50	8,285.98
GST Refund Receivable	2,107.24	1,875.85
Sales Tax	146.38	850.99
<b>Total</b>	<b>37,711.76</b>	<b>34,046.48</b>



Notes to Consolidated Financial Statements for the year ended 31st March, 2020

Note 14 : Assets classified as held for sale

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Land	5,570.91	5,104.56
Other Property, Plant & Equipments	31,834.22	32,168.28
Less: Impairment of assets classified as held for sale	-	-
<b>Total</b>	<b>37,405.13</b>	<b>37,272.84</b>

**Note:**

The Company intends to dispose off its certain of property, plant & equipment as it no longer intends to utilise in the next 12 months. It was previously used in its manufacturing facility at Silvassa.

An impairment loss has been recognised on reclassification of the Plant, Property & equipment as held for sale and the Company expects to realise fair value less cost to sell to be higher than carrying amount.

An active program to locate the buyer and to complete the sale has already been initiated.

Note 15 : Share Capital

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Authorised:</b> 100,00,000 (100,00,000) Equity Shares of Rs. 10/- each	1,00,000.00	1,00,000.00
<b>Total</b>	<b>1,00,000.00</b>	<b>1,00,000.00</b>
<b>Issued, Subscribed and Paid up:</b> 85,04,866 (85,04,866) Equity Shares of Rs.10/- each fully paid up (of the above 53,04,866 shares of Rs. 10/- each were issue at the time of scheme of amalgamation)	85,048.66	85,048.66
<b>Total</b>	<b>85,048.66</b>	<b>85,048.66</b>
<b>(i) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period :</b> Number of shares at the beginning of the year	85,04,866	85,04,866
Add: Issued during the year		
Number of shares at the end of the year	<b>85,04,866</b>	<b>85,04,866</b>

**(ii) Terms/rights attached to Equity Shares**

The Company has only one class of equity shares having a par value of Rs. 10 per shares. Each holder of Equity Shares is entitled to one vote per share. 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.

<b>(iii) Detail of shares held by the holding company, the ultimate holding company, their subsidiaries and associates :</b>	Nil	Nil
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**(iv) Details of Shares held by each shareholder holding more than 5% shares :**

Name of Shareholder	As at 31st March, 2020		As at 31st March, 2019	
	No. of Shares	%	No. of Shares	%
Baiju Shah	6,28,261	7.39%	6,28,261	7.39%
Binoy Shah	13,69,600	16.10%	13,69,600	16.10%
Ila Shah	6,60,872	7.77%	6,60,872	7.77%
Mihir Shah	11,41,250	13.42%	11,41,250	13.42%
Pragna Shah	5,39,887	6.35%	5,39,887	6.35%
Prakash Shah	6,75,426	7.94%	6,75,426	7.94%

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## Note 16 : Reserves &amp; Surplus

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital Reserve on Consolidation	1,622.61	1,622.61
General Reserve	63,665.78	63,665.78
Surplus in Statement of profit & loss	1,77,943.08	2,07,085.72
Accumulated other comprehensive income - Actuarial Gains/(Losses)	(329.76)	(118.10)
<b>Total</b>	<b>2,42,901.71</b>	<b>2,72,256.02</b>

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>A) Capital Reserve on Consolidation</b>		
Opening Balance	1,622.61	1,622.61
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Closing Balance	1,622.61	1,622.61
<b>B) General Reserve Account</b>		
Opening Balance	63,665.78	63,665.78
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Closing Balance	63,665.78	63,665.78
<b>C) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	2,07,085.72	1,74,098.26
Add/(Less): profit/(loss) for the year	(29,142.64)	32,987.46
Add/(Less): Amortisation of land transfer to asset held for disposal	-	-
Closing Balance	1,77,943.08	2,07,085.72
<b>D) Other Comprehensive income</b>		
Opening Balance	(118.10)	680.25
Add/(Less): for the year	(211.66)	(798.34)
Closing balance	(329.76)	(118.10)
<b>Total</b>	<b>2,42,901.71</b>	<b>2,72,256.02</b>

## Note 17 : Borrowings

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Secured</b>		
Term Loans		
- from Banks	1,89,666.82	1,60,073.85
<b>Car Loans</b>		
- From Banks	1,525.67	1,797.55
- From Others	-	74.57
<b>Unsecured</b>		
From Intercorporates	338.00	53,887.21
<b>Total</b>	<b>1,91,530.49</b>	<b>2,15,833.18</b>

## Terms and Conditions

- The term loan is secured by way of secured mortgage of office premises situated at Building No 8, Jogani Industrial Complex, Chunabhatti, Mumbai and equitable mortgage of Land, Building located at Plot No. 182, Village Gurumajra, Tehsil Nalagarh, Dist. Solan, Himachal Pradesh and other immovable & Hypothecation of movable machineries and personal guarantee by the directors.
- All the vehicle loans are secured by way of Hypothecation of respective vehicle.



Notes to Consolidated Financial Statements for the year ended 31st March, 2020

c) Repayment Profile of Term Loans is as set out below:

Nature of Loan	Rate of Interest (%)	Banlance No of Installments	Installments ending on
Apna Sahakari Bank Ltd	10.25%	55	October 2024
Apna Sahakari Bank Ltd	10.25%	6 to 102	September 2020 to October 2028
HDFC Bank Ltd	9.35%	9	December 2020
HDFC Bank Ltd	9.00%	52	July 2024
ICICI Bank Ltd	9.36%	13	April 2021

Note 18 - Long Term Provisions

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for Gratuity	994.34	1,780.94
Provision for Leave Encashment	1,696.92	1,110.26
<b>Total</b>	<b>2,691.27</b>	<b>2,891.20</b>

Note 19 : Short Term Borrowing

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Secured</b>		
Working Capital Facility		
- From banks	1,05,310.17	1,34,180.90
<b>Unsecured</b>		
From Directors , Payable on demand	1,75,828.79	22,669.83
<b>Total</b>	<b>2,81,138.96</b>	<b>1,56,850.73</b>

(Working Capital facility from Bank is secured by way of Hypothecation of stocks, book debts and entire current assets of the company. The facility is further secured by charge on fixed assets and personal guarantee

Note 20 : Trade Payables

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
<b>Trade Payables:</b>		
Sundry Creditors for Goods	1,08,412.71	72,583.63
<b>Total</b>	<b>1,08,412.71</b>	<b>72,583.63</b>

Note 21 : Other Financial Liabilities

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current Maturities of Long Term Debts	32,214.33	46,701.26
Other Payables:		
Sundry Creditors for Expenses	92,956.40	73,835.24
<b>Total</b>	<b>1,25,170.73</b>	<b>1,20,536.49</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## Note 22 - Other current liabilities

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Statutory Remittances	3,698.79	4,213.52
Advances from Customers	5,484.49	8,329.50
<b>Total</b>	<b>9,183.28</b>	<b>12,543.02</b>

## Note 23 - Short-Term Provision

(Rs. in '000)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for Gratuity	198.38	263.97
Provision for Leave Encashment	131.89	110.89
<b>Total</b>	<b>330.27</b>	<b>374.86</b>

## Note 24 : Revenue from Operations

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Sale of Goods	7,10,060.67	8,69,436.13
Sale of Services - Labour Charges	2,43,087.70	2,18,364.15
<b>Total</b>	<b>9,53,148.37</b>	<b>10,87,800.28</b>

## Note 25 : Other Income

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Dividend	199.23	80.27
(b) Interest Received on FDR	695.82	716.32
(c) Interest on Income Tax Refund	8.78	49.04
(d) Duty Drawback Received	1,048.49	4,254.72
(e) Export Incentives (MEIS)	2,325.60	8,970.99
(f) Exchange Gain	2,039.28	4,135.16
(g) Budgetary Support for GST	-	2,895.16
(h) Rent Received	180.00	-
(i) Interest from security deposit	65.80	-
(j) Interest on hundi	60.03	-
<b>Total</b>	<b>6,623.03</b>	<b>21,101.65</b>

## Note 26 : Cost of Material Consumed

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>(A) Raw Materials Consumed :</b>		
Opening Stock	69,250.69	66,717.10
Add:- Purchases during the year	4,61,974.83	4,41,731.22
	5,31,225.52	5,08,448.32
Less: Closing Stock	78,266.52	69,250.69
<b>Total</b>	<b>4,52,959.01</b>	<b>4,39,197.63</b>





## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## Note 27 : Purchase of Stock in Trade

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
Opening Stock of Finished Goods Traded	-	1,053.59
Add: Purchases during the year	8,797.36	89,103.41
	8,797.36	90,156.99
Less: Closing Stock of Finished Goods Traded	-	-
<b>Total</b>	<b>8,797.36</b>	<b>90,156.99</b>

## Note 28 : Changes In Inventories

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>(a) At the beginning of the period</b>		
(i) Finished Goods	5,371.56	820.69
(ii) Work in Progress	4,953.58	7,296.37
<b>(b) At the end of the period</b>		
(i) Finished Goods	9,194.78	5,371.56
(ii) Work in Progress	10,164.85	4,953.58
<b>Total</b>	<b>(9,034.50)</b>	<b>(2,208.07)</b>

## Note 29 : Employees Benefit Expenses

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Salaries and Wages	1,26,409.08	1,16,711.63
(b) Bonus & Exgratia	3,165.32	2,794.60
(c) Staff Welfare Expenses	2,652.03	3,283.29
(d) Gratuity Paid	1,430.31	1,243.58
(e) Employer's Contribution to Provident Fund	4,974.73	4,158.20
(f) Contribution to ESIC	1,665.26	1,975.82
(g) Leave encashment	501.57	437.12
<b>Total</b>	<b>1,40,798.30</b>	<b>1,30,604.24</b>

## Note 30 : Finance Cost

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
(a) Bank Charges & Commission	1,490.15	2,772.23
(b) Interest Paid to Bank - Working Capital	11,351.77	10,689.62
(c) Interest Paid to Bank - Term Loan	22,313.60	19,018.24
(d) Interest on Vehicle Loan	392.22	544.58
(e) Interest to Others	565.89	414.71
(f) Interest expenses on unwinding of discounts	6,050.79	5,436.49
(g) Interest paid on unsecured loans	3,838.50	-
(h) Interest on leased assets	14.72	-
<b>Total</b>	<b>46,017.64</b>	<b>38,875.87</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## Note 31 : Other Expenses

(Rs. in '000)

Particulars	For the year ended 31st March 2020	For the year ended 31st March 2019
<b>(A) Manufacturing Expenses</b>		
(a) Analytical Charges, Chemical & Glassware Consumed	14,242.01	20,158.06
(b) Consumable & Stores	6,966.47	6,256.20
(c) Power & Fuel Consumed	40,726.56	30,808.27
(d) Factory Expenses	6,551.74	1,125.97
(e) Freight & Octroi	11,361.24	8,542.05
(f) Loading Unloading & Packing Charges	82,592.12	69,986.60
(g) License Fees	343.84	370.60
(h) Job Work Charges Paid	3,100.59	4,094.78
(i) Repair & Maintenance		
-Plant & Machinery	19,649.62	18,095.62
-Building	14,270.84	15,714.05
-Other	7,339.27	2,070.71
(j) Security Charges	5,460.85	4,703.68
(k) Pollution Control Expenses	60.00	60.00
	<b>2,12,665.15</b>	<b>1,81,986.58</b>
<b>(B) Selling and Distribution Expenses</b>		
(a) Sales Promotion Expenses	2,160.09	5,030.41
(b) Advertisement Expenses	238.51	103.31
(c) Commission on Sale	-	47,244.05
(d) CHA Charges	2,552.07	2,118.93
(e) Freight & Octroi (Export & Outward)	8,039.85	12,286.26
(f) Export Insurance	129.58	1,600.68
(g) Export Expenses	9.05	39.00
(h) Product Dev & Registration	4,179.85	9,214.86
(i) Travelling Expenses	6,415.01	10,250.45
	<b>23,724.01</b>	<b>87,887.94</b>
<b>(C) Administrative and General Expenses</b>		
(a) Rent Rates & Taxes	13,506.54	10,472.19
(b) Insurance	2,155.62	1,752.31
(c) Legal & Professional Fees	19,013.54	18,415.91
(d) Payment to Auditors		
-Audit fees	600.00	600.00
(e) ROC Filing Fees	14.00	7.80
(f) Office Expenses	192.61	322.15
(g) Conveyance	3,237.10	2,549.60
(h) Sundry Balances W/off	(44.97)	716.81
(i) Printing & Stationery	1,102.12	2,846.34
(j) Telephone Expenses	825.47	1,013.37
(k) Postage & Courier	1,334.71	1,206.99
(l) Donation	2.10	132.40
(m) Motor Car Expenses	3,389.47	3,262.03
(n) Electricity Charges	452.09	490.48
(o) Membership & subscription	268.81	222.33
(p) Other Expenses	569.07	1,187.56
(q) Listing Fees	300.00	250.00
(r) Share of Loss of Partnership Firm	-	388.16
(s) Loss on Sale of Fixed Assets	34.06	-
(t) Corporate Social Responsibility Expenses	2,500.00	551.22
(u) Expected credit losses	9,470.47	11,579.20
	<b>58,922.80</b>	<b>57,966.84</b>
<b>Total</b>	<b>2,95,311.96</b>	<b>3,27,841.37</b>



## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## 32 Income taxes

## (a) Tax expense recognised in the Statement of profit and loss:

(Rs. in '000)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Current tax</b>		
Current year	-	12,000.00
Short Provision for Tax for earlier years	(360.76)	470.99
<b>Total current tax</b>	<b>(360.76)</b>	<b>12,470.99</b>
<b>Deferred tax</b>		
Relating to origination and reversal of temporary difference	9,848.90	674.15
<b>Total deferred income tax expense/(credit)</b>	<b>9,848.90</b>	<b>674.15</b>
<b>Total income tax expense/(credit)</b>	<b>9,488.14</b>	<b>13,145.14</b>

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

## (b) Reconciliation of effective tax rate

(Rs. in '000)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit /(loss) before taxation	(19,672.73)	46,198.71
Enacted income tax rate in India	26.00%	26.00%
Tax at the enacted income tax rate	(5,114.91)	12,011.66
<b>Reconciliation line items:</b>		
Tax rate difference for subsidiary	-	933.35
Tax credits not recognised	16,552.10	4,512.26
Others	(1,949.05)	(4,312.13)
<b>Tax expense/ (credit)</b>	<b>9,488.14</b>	<b>13,145.14</b>

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

(Rs. in '000)

Particulars	As at April 01, 2019	Credit/ (charge) in Statement of profit and loss	As at March 31, 2020
<b>Deferred tax assets/(liabilities)</b>			
On losses and unabsorbed depreciation	31,003.63	(8,063.04)	22,940.59
On account of depreciation	(39,028.65)	(1,643.51)	(40,672.16)
On expenses allowable on payment basis	905.66	(67.80)	837.86
	<b>(7,119.35)</b>	<b>(9,774.36)</b>	<b>(16,893.71)</b>

Particulars	As at April 01, 2018	Credit/ (charge) in Statement of profit and loss	As at March 31, 2019
<b>Deferred tax assets/(liabilities)</b>			
On losses and unabsorbed depreciation	36,825.67	(5,822.04)	31,003.63
On account of depreciation	(44,432.91)	5,404.26	(39,028.65)
On expenses allowable on payment basis	854.38	51.29	905.66
	<b>(6,752.86)</b>	<b>(366.49)</b>	<b>(7,119.35)</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

**33 DISCLOSURE PURSUANT TO IND AS - 19 "EMPLOYEE BENEFITS"**

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

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

**A. Balance Sheet**

(Rs. in '000)

Particulars	Defined benefit plans	
	As at March 31, 2020	As at March 31, 2019
Present value of plan liabilities	6,674.86	5,710.75
Fair value of plan assets	5,482.14	3,665.63
<b>Asset/(Liability) recognised</b>	<b>1,192.72</b>	<b>2,045.12</b>

**B. Movements in plan assets and plan liabilities**

(Rs. in '000)

Particulars	Present value of obligations	Fair Value of Plan assets
<b>As at 1st April 2019</b>	<b>5,710.75</b>	<b>3,665.83</b>
Current service cost	1,319.90	-
Past service cost	-	-
Interest Cost/(Income)	411.77	305.30
Return on plan assets excluding amounts included in net finance income/cost	-	80.81
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	491.45	-
Actuarial (gain)/loss arising from experience adjustments	(630.81)	-
Employer contributions	-	1,562.69
Benefit payments	(628.19)	(132.50)
<b>As at 31st March 2020</b>	<b>6,674.86</b>	<b>5,482.14</b>

Particulars	Present value of obligations	Fair Value of Plan assets
<b>As at 1st April 2018</b>	<b>4,241.97</b>	<b>2,791.34</b>
Current service cost	1,195.51	49.52
Past service cost	-	-
Interest Cost/Income	285.01	191.20
Return on plan assets excluding amounts included in net finance income/cost	-	9.55
Actuarial (gain)/loss arising from changes in demographic assumptions	-	-
Actuarial (gain)/loss arising from changes in financial assumptions	67.24	-
Actuarial (gain)/loss arising from experience adjustments	1,049.92	-
Employer contributions	-	1,653.32
Benefit payments	(1,128.89)	(1,029.09)
<b>As at 31st March 2019</b>	<b>5,710.75</b>	<b>3,665.83</b>



Notes to Consolidated Financial Statements for the year ended 31st March, 2020

C. Statement of Profit and Loss

(Rs. in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Employee Benefit Expenses:</b>		
Current service cost	1,319.90	1,195.51
Interest cost/(income)	106.46	44.29
<b>Total amount recognised in Statement of Profit &amp; Loss</b>	<b>1,426.36</b>	<b>1,239.80</b>
<b>Remeasurement of the net defined benefit liability:</b>		
Return on plan assets excluding amounts included in net finance income/(cost)	(80.81)	(9.55)
Actuarial gains/(losses) arising from changes in Demographic assumptions	-	-
Actuarial gains/(losses) arising from changes in financial assumptions	491.45	67.24
Experience gains/(losses)	(630.81)	1,049.92
<b>Total amount recognised in Other Comprehensive Income</b>	<b>(220.17)</b>	<b>1,107.61</b>

D. Assumptions

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

The significant actuarial assumptions were as follows:

	As at March 31, 2020	As at March 31, 2019
<b>Financial Assumptions</b>		
Discount rate	6.86%	7.63%
Salary Escalation Rate	5.00%	6.00%

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

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

F. Sensitivity

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

(Rs. in '000)

Particulars	Impact on defined benefit obligation		
	Change in assumption	Increase in assumption	Decrease in assumption
Discount rate	1.00%	6,043.50	7,427.05
Salary Escalation Rate	1.00%	7,466.33	5,999.85

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

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

**G. The defined benefit obligations shall mature after year end 31st March, 2020 as follows: (Rs. in '000)**

Year ending March 31, 2020	Defined benefit obligation
2021	198.38
2022	554.69
2023	532.28
2024	911.55
2025	338.20
Thereafter	2,491.32

The weighted average duration of the defined benefit obligation is 14.76

**34 Contingent liabilities (Rs. in '000)**

Particulars	As at March 31, 2020	As at March 31, 2019
Claims against the Company not acknowledged as debts		
(i) Guarantees given by banks	3,344.00	3,344.00
(ii) liabilities that may arise in respect of disputed matters in relation to		
- Excise duty	6,317.00	6,317.00
- Income tax	-	-
(iii) Others	-	-
	<b>9,661.00</b>	<b>9,661.00</b>

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

**35 Commitments**

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

**36 Earning Per share (Rs. in '000)**

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Profit after tax available for equity shareholders	(29,160.87)	33,053.57
Weighted average number of equity shares	85,04,866	85,04,866
Nominal value of equity shares	10	10
Basic and diluted Earning Per Share	(3.43)	3.89

**37 Net debt reconciliations (Rs. in '000)**

Particulars	As at March 31, 2020	As at March 31, 2019
Non-Current borrowings	1,91,530.49	2,15,833.18
Current borrowings (including current maturities)	3,13,353.29	2,03,833.18
	<b>5,04,883.78</b>	<b>4,19,385.17</b>

Notes to Consolidated Financial Statements for the year ended 31st March, 2020

(Rs. in '000)

Particulars	For the year ended March 31, 2020
<b>Net debt as at April 01, 2019</b>	<b>4,19,385.17</b>
Cash flows	80,360.74
Unwinding of discounts on Interest free loan	6,050.79
Borrowing cost	(912.92)
<b>Net debt as at March 31, 2020</b>	<b>5,04,883.78</b>

**38 Financial instruments**

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

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

1. Fair value of cash and short-term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to short term maturities of these instruments.
2. Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for expected losses of these receivables. Accordingly, fair value of such instruments is not materially different from their carrying amounts.

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

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

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

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

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

As at March 31, 2020

(Rs. in '000)

Particulars	FVOCI	FVTPL	Amortised cost	Total fair value	Carrying amount
<b>Financial assets</b>					
Investments	-	-	2,246.48	2,246.48	2,246.48
Trade receivables	-	-	2,30,841.96	2,30,841.96	2,30,841.96
Cash and cash equivalents	-	-	3,868.31	3,868.31	3,868.31
Other bank balances	-	-	9,094.78	9,094.78	9,094.78
Loans	-	-	6,007.26	6,007.26	6,007.26
Other financial assets	-	-	4,845.50	4,845.50	4,845.50
<b>Total</b>	-	-	<b>2,56,904.28</b>	<b>2,56,904.28</b>	<b>2,56,904.28</b>
<b>Financial liabilities</b>					
Borrowings	-	-	5,04,883.78	5,04,883.78	5,04,883.78
Trade payables	-	-	1,08,412.71	1,08,412.71	1,08,412.71
Others	-	-	92,956.40	92,956.40	92,956.40
<b>Total</b>	-	-	<b>7,06,252.89</b>	<b>7,06,252.89</b>	<b>7,06,252.89</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

As at March 31, 2019

(Rs. in '000)

Particulars	FVOCI	FVTPL	Amortised cost	Total fair value	Carrying amount
<b>Financial assets</b>					
Investments	-	-	2,146.48	2,146.48	2,146.48
Trade receivables	-	-	1,91,842.31	1,91,842.31	1,91,842.31
Cash and cash equivalents	-	-	(519.13)	(519.13)	(519.13)
Other bank balances	-	-	6,472.67	6,472.67	6,472.67
Loans	-	-	6,521.72	6,521.72	6,521.72
Other financial assets	-	-	4,137.92	4,137.92	4,137.92
<b>Total</b>	-	-	<b>2,10,601.97</b>	<b>2,10,601.97</b>	<b>2,10,601.97</b>
<b>Financial liabilities</b>					
Borrowings	-	-	4,19,385.17	4,19,385.17	4,19,385.17
Trade payables	-	-	72,583.63	72,583.63	72,583.63
Others	-	-	73,835.24	73,835.24	73,835.24
<b>Total</b>	-	-	<b>5,65,804.03</b>	<b>5,65,804.03</b>	<b>5,65,804.03</b>

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

**39 Financial risk factors**

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

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

**(a) Liquidity risk**

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

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





## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

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

Particulars	Carrying amount	Payable on demand	1-12 months	More than 12 months
<b>As at March 31, 2020</b>				
<b>Non-derivative liabilities</b>				
Borrowings	5,04,883.78	-	3,13,353.29	1,91,530.49
Trade payables	1,08,412.71	-	1,08,412.71	-
Other financial liabilities	92,956.40	-	92,956.40	-
	<b>7,06,252.89</b>	<b>-</b>	<b>5,14,722.40</b>	<b>1,91,530.49</b>
<b>As at March 31, 2019</b>				
<b>Non-derivative liabilities</b>				
Borrowings	4,19,385.17	-	2,03,551.98	2,15,833.18
Trade payables	72,583.63	-	72,583.63	-
Other financial liabilities	73,835.24	-	73,835.24	-
	<b>5,65,804.03</b>	<b>-</b>	<b>3,49,970.85</b>	<b>2,15,833.18</b>

## (b) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk includes investment, deposits, foreign currency receivables and payables. The Company's treasury team manages the Market risk, which evaluates and exercises independent control over the entire process of market risk management.

## (i) Foreign currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company has foreign currency trade payables and receivables and is therefore exposed to foreign exchange risk. The exchange rates have been volatile in the recent years and may continue to be volatile in the future. Hence the operating results and financials of the Company may be impacted due to volatility of the rupee against foreign currencies.

(Amount in '000)

Particulars	Trade receivables	
	In Foreign Currency	In INR
<b>As at March 31, 2020</b>		
- USD	126.94	10,913.67
<b>As at March 31, 2019</b>		
- USD	184.32	24,236.59

## (ii) Interest rate risk

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

(Rs. in '000)

Exposure to Interest rate risk	As at March 31, 2020	As at March 31, 2019
Total borrowings	5,04,883.78	4,19,385.17
% of Borrowings out of above bearing variable rate of interest	64%	81%

**Notes to Consolidated Financial Statements for the year ended 31st March, 2020****Interest rate sensitivity**

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

(Rs. in '000)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
50 bp increase would decrease the profit before tax by	1,625.69	1,693.74
50 bp decrease would increase the profit before tax by	(1,625.69)	(1,693.74)

**(c) Credit risk**

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

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

(Rs. in '000)

Exposure to the Credit risks	As at March 31, 2020	As at March 31, 2019
Financial assets for which loss allowance is measured using Life time Expected Credit Losses (ECL) - Trade Receivables	2,30841.96	1,91,842.31

**Trade and other receivables**

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

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

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

**Ageing of the accounts receivables**

(Rs. in '000)

	As at March 31, 2020	As at March 31, 2019
< 180 days	2,22,759.18	1,61,736.07
> 180 days	8,082.78	30,106.24
	<b>2,30,841.96</b>	<b>1,91,842.31</b>

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


**Notes to Consolidated Financial Statements for the year ended 31st March, 2020**
**40 (a) Financial risk factors**
**Capital risk management**

The Parent Company's objectives when managing capital are to :

- (i) safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- (ii) maintain an optimal capital structure to reduce the cost of capital

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

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

(Rs. in '000)

	As at March 31, 2020	As at March 31, 2019
Total equity	3,27,950.37	3,57,304.68
Net debt (Total borrowings less cash and cash equivalents)	5,01,015.48	4,19,904.29
<b>Total capital (Borrowings and Equity)</b>	<b>8,28,965.85</b>	<b>7,77,208.97</b>
<b>Gearing ratio</b>	<b>60.44%</b>	<b>54.03%</b>

**(b) Dividends**

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

**41 Segment Reporting**

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

**42 Related party disclosure under Ind AS 24**
**Name of related parties and description of relationship**
**(a) Key managerial personnel**

Mr. Prakash M. Shah, Director  
 Mr. Baiju M. Shah, Director  
 Mrs. Ami M. Shah, Director

**(b) Relative of key managerial personnel**

Mr. Binoy B. Shah, Son of Mr. Baiju M. Shah  
 Mr. Mihir P. Shah, Son of Mr. Prakash M. Shah  
 Mrs. Pragna P. Shah Wife of Mr. Prakash M. Shah  
 Mrs. Ila B. Shah, Wife of Mr. Baiju M. Shah  
 Mrs. Niyoshi B. Shah Wife of Mr. Binoy B. Shah

**(c) Concern in which KMP and/or Relatives of KMP is interested**

M/s Nithyasha Healthcare Pvt. Ltd.  
 M/s. Novomed Pharma Pvt. Ltd.  
 M/s. Naxpar Medicamentos LLP  
 M/s. Naxpar Pharma FZ LLC

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## Transactions with Related parties

(Rs. in '000)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Sale of Material</b>		
Nithyasha Healthcare Pvt. Ltd.	3,895.24	3,082.56
Naxpar Medicamentos LLP	4,442.26	-
Naxpar Pharma FZ LLC	7,028.71	4,999.86
<b>Purchase of Material</b>		
Nithyasha Healthcare Pvt. Ltd.	1,521.70	-
<b>Salary Paid to Key Management Personnel &amp; their Relatives</b>		
Mr. Prakash M. Shah	4,200.00	4,200.00
Mr. Baiju M. Shah	4,200.00	4,200.00
Mr. Mihir P. Shah	4,800.00	4,800.00
Mrs. Pragna P. Shah	240.00	720.00
Mrs. Ila B. Shah	240.00	720.00
Mrs. Ami M. Shah	600.00	1,800.00
Mr. Binoy Shah	4,800.00	4,800.00
<b>Interest Paid on Loan</b>		
Nithyasha Healthcare Pvt. Ltd.	-	44.88
Mrs. Ami M. Shah	3,838.50	-
<b>Rent Received</b>		
Naxpar Medicamentos LLP	212.40	-
<b>Rent Paid</b>		
Mr. Mihir P. Shah	198.00	198.00
Mrs. Ami M. Shah	480.00	-
Mrs. Niyoshi B. Shah	480.00	-
<b>Loan Taken</b>		
Mr. Mihir P. Shah	50,000.00	-
Mr. Baiju M. Shah	1,61,790.00	-
Mrs. Ami M. Shah	51,000.00	-
<b>Loan Repaid</b>		
Mr. Mihir P. Shah	24,135.69	-
Mr. Baiju M. Shah	88,275.00	-
Mr. Prakash M. Shah	675.00	-
<b>Deposit given</b>		
Mrs. Ami M. Shah	-	200.00
Mrs. Niyoshi B. Shah	-	200.00



## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

Balances as at

(Rs. in '000)

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Salary Payable</b>		
Mr. Prakash M. Shah	90.17	10.74
Mr. Baiju M. Shah	-	4.50
Mr. Mihir P. Shah	80.01	96.44
Mrs. Pragna P. Shah	-	62.44
Mrs. Ila B. Shah	-	3.92
Mrs. Ami M. Shah	-	4.18
Mr. Binoy Shah	737.92	200.73
<b>Unsecured loan from KMP</b>		
Mr. Prakash M. Shah	11,226.75	11,901.75
Mr. Baiju M. Shah	84,283.08	10,768.08
Mrs. Ami M. Shah	54,454.65	-
Mr. Mihir P. Shah	25,864.31	-
<b>Unsecured Loan from concern in which KMP and/or Relatives of KMP is interested</b>		
Novomed Pharma Pvt. Ltd.	338.00	338.00
<b>Receivable from Concern in which KMP and/or Relatives of KMP is interested</b>		
Nithyasha Healthcare Pvt. Ltd.	1,210.17	334.70
Naxpar Medicamentos LLP	4,087.06	9.38
Naxpar Pharma FZ LLC	1,985.46	5,005.57
<b>Deposit received from concern in which KMP and/or Relatives of KMP is interested</b>		
Naxpar Medicamentos LLP	30.00	30.00
<b>Payable to Key Management Personnel &amp; their Relatives</b>		
Mr. Mihir P. Shah	-	70.82
Mr. Baiju M. Shah	65.37	61.37
Mrs. Niyoshi B. Shah	14.20	-
<b>Deposit with Key Management Personnel &amp; their Relatives</b>		
Mrs. Ami M. Shah	200.00	200.00
Mrs. Niyoshi B. Shah	200.00	200.00

## Notes to Consolidated Financial Statements for the year ended 31st March, 2020

## 43 Leases

The Company as a Lessee

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

## (i) Amounts recognised in the Balance Sheet

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

(₹ in '000)

	As at March 31, 2020	As at March 31, 2019
<b>Right-of-use assets</b>		
Land	7,376.81	-
<b>Total</b>	<b>7,376.81</b>	-
<b>Leases Liabilities</b>		
Current	191.49	-
Non Current	7,199.54	-
<b>Total</b>	<b>7,391.03</b>	-

## Maturity analysis of lease liabilities

(₹ in '000)

	As at March 31, 2020	As at March 31, 2019
Within one year	191.49	-
Later than one year but within five years	781.23	-
Later than five year	6,418.31	-
<b>Total</b>	<b>7,391.03</b>	-

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

(₹ in '000)

	Note No.	As at March 31, 2020	As at March 31, 2019
Depreciation charge of right of use assets		61.99	-
Interest expense on lease liabilities (included in finance cost)	30	14.72	-
Expense relating to short term and low value leases (included in other expense)	31	12,742.47	10,066.33

## (iii) Extension and termination option

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

## 44 Note on Corporate Social Responsibility

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



Notes to Consolidated Financial Statements for the year ended 31st March, 2020

Amount spent during the year on:

(₹ in '000)

	As at March 31, 2020	As at March 31, 2019
i. Construction / acquisition of any asset	-	-
ii. On the purpose other than above - in cash	2,500.00	551.22
<b>Total</b>	<b>2,500.00</b>	<b>551.22</b>

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

46 For disclosures mandated by Schedule III of Companies Act, 2013, by way of additional information

Particulars	Parent Company	Subsidiary	Total
<b>Net assets i.e. total assets - total liabilities</b>			
Amount	58,233.54	2,70,466.40	3,28,699.94
As a % of Consolidated net assets	18%	82%	100%
<b>Share in Profit &amp; Loss</b>			
Amount	(20,045.10)	(9,115.78)	(29,160.87)
As a % of Consolidated Profit & loss	69%	31%	100%
<b>Share in Other Comprehensive Income</b>			
Amount	(33.49)	245.65	212.16
As a % of Consolidated other comprehensive income	-16%	116%	100%
<b>Share in Total Comprehensive Income</b>			
Amount	(20,011.60)	(9,361.42)	(29,373.03)
As a % of total Comprehensive income	68%	32%	100%

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

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

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

Sd/-  
(Vinod Ladha)  
Partner  
M. No. 104151  
UDIN : 20104151AAAABU8343  
Place : Mumbai  
Date : 31<sup>st</sup> July, 2020

For and on behalf of the Board of Directors  
of Parnax Lab Ltd.

Sd/-  
(Prakash M. Shah)  
Director & CEO  
(DIN 00440980)

Sd/-  
(Baiju M. Shah)  
Managing Director & CFO  
(DIN 00440806)

Sd/-  
Namrata Kambli  
Company Secretary





