



R. MEHNDIRATTA & ASSOCIATES

CHARTERED ACCOUNTANTS

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Independent Auditors' Report

To

The Members of
Pinnacle Life Science Private Limited
Manpura, Baddi

Report on the Financial Statements

We have audited the accompanying financial statements of **Pinnacle Life Science Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2017 the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

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



Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. 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. In making those risk assessments; the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 issued by the Central Government of India in terms of Section 143(11) of the Companies Act 2013, we give in the Annexure-A, a statement on the matters specified in paragraph 3 & 4 of the order.
2. 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, and the Cash Flow Statement 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 the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 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".

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

i. The Company does not have any pending litigations as at March 31, 2017.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 24.14 to the standalone financial statements.

For and on behalf of
R. Mehndiratta & Associates
Chartered Accountants

(R.K. Mehndiratta)
Proprietor
Membership No. 096132
FRN. 15800N



"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report, as required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government in terms of Section 143 (11) of the Companies Act 2013, on the basis of checks, as we considered appropriate, we report on the matters specified in paragraph 3 and 4 of the said order to the extent applicable to the company.

1)

(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 in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.

(c) The title deeds of immovable properties are held in the name of the company.

2) The stock of inventory has been physically verified during the year by the Management at reasonable intervals, except stock lying with the third parties, confirmation of such stocks with the third parties has been obtained by the Company. In our opinion, the procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business. The discrepancies noticed on physical verification of stocks as compared to book records were not material; however the same have been dealt with the books of account.

3) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.

4) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.

5) The Company has not accepted any deposits from the public during the year.



6) The company has maintained cost records as required under such section 1 of section 148 of the Companies act, 2013. We have not, however, carried out a detailed examination of such records.

7)

(a) According to information and explanations given to us and on the basis of our examination of the books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31 2017 for a period of more than six months from the date on when they become payable.

b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax outstanding on account of any dispute.

8) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company has not taken any loan either from financial institutions or from the government and has not issued any debentures.

9) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

10) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.

11) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act;

12) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of clause 4 (xii) of the Order are not applicable to the Company.



13) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

14) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of clause 3 (xiv) of the Order are not applicable to the Company and hence not commented upon.

15) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.

16) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

**For and on behalf of
R. Mehndiratta & Associates
Chartered Accountants**

**(R.K. Mehndiratta)
Proprietor
Membership No.096132
FRN. 15800N**



**Place: Baddi (Camp Office)
Date: May 17, 2017**

"Annexure B" to the Independent Auditor's Report of even date on the Financial Statements of Pinnacle Life Science Private Limited

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

I have audited the internal financial controls over financial reporting of Pinnacle Life Sciences Private Limited("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended and which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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".] These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate



internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls 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.

I believe that the audit evidence I 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

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

- (1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to



future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, 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 and on behalf of
R. Mehndiratta & Associates
Chartered Accountants**

**(R.K. Mehndiratta)
Proprietor
Membership No.096132
FRN. 15800N**



Place: **Baddi (Camp Office)**
Date: **May 17, 2017**

Pinnacle Life Science Private Limited
BALANCE SHEET AS AT 31ST MARCH 2017

<u>Particulars</u>	Note No		As at 31st Mar, 2017	As at 31st March 2016
EQUITIES AND LIABILITIES				
Shareholders' funds				
Share Capital	1	7,78,27,500		7,78,27,500
Reserves & Surplus	2	12,06,19,831		5,80,49,817
			19,84,47,331	13,58,77,317
Non current liabilities				
Long term borrowings	3	14,10,00,000		16,02,04,848
Deferred tax liability (Net)		31,61,080		61,080
Other long term liability	4	2,46,39,420		43,86,287
			16,88,00,500	16,46,52,215
Current liabilities				
Short term borrowings	5	15,09,07,796		1,03,87,792
Trade payables	6	38,95,31,284		33,67,60,672
Other current liabilities	7	2,50,84,670		1,56,02,920
Short term provisions	8	86,18,552		62,87,499
			57,41,42,302	36,90,38,883
TOTAL			94,13,90,133	66,95,68,416
ASSETS				
Non current assets				
Fixed assets	9	38,76,94,165		30,64,82,681
Capital WIP	10	14,71,136		-
Non current investment	11	50,000		50,000
Long term loans & advances	12	80,09,764		13,20,188
			39,72,25,065	30,78,52,869
Current assets				
Inventories	13	21,07,44,099		11,32,00,398
Trade receivable	14	30,81,00,154		23,45,00,752
Cash and cash equivalents	15	17,47,383		31,76,973
Short-terms loans and advances	16	1,44,41,376		40,09,063
Other current assets	17	91,32,056		68,28,361
			54,41,65,067	36,17,15,548
TOTAL			94,13,90,133	66,95,68,416

AS PER OUR REPORT OF EVEN DATE.

For R. Mehndiratta & Associates
Chartered Accountants
Firm Registration No: 15800N

(R.K. Mehndiratta)
Proprietor

Membership No: 096132
PLACE : Baddi (Camp Office)
DATE:

For and on Behalf of the Board of Directors of
Pinnacle Life Science Private Limited

(Harit P Shah)
Director
DIN: 00005501

(Vishwa H Savla)
Director
DIN: 03619810

PLACE : Mumbai

DATE: 17 MAY 2017

Pinnacle Life Science Private Limited

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31st MARCH 2017

	Particulars	Note No	For The Year Ended		For The Year Ended	
			Mar-17	%	Mar-16	%
1	Income from Operations					
	(a) Gross Sales / Income from Operations		1,46,77,08,704		86,60,51,908	
	Less : Excise Duty & Sales Tax		1,42,26,539	0.01	1,14,78,515	1.34%
	Net Sales / Income from Operations		1,45,34,82,165		85,45,73,394	
2	Other Income	18	47,09,392		38,33,606	
	Total revenue		1,45,81,91,557		85,84,07,000	
3	Expenditure					
	(a). Cost of materials consumed	19	1,00,75,81,109	82.25	58,95,74,763	85.43
	(b). Purchase of stock-in-trade		22,47,78,317	86.80	14,45,50,159	90.03
	(d). Changes in inventories of finished goods, work-in-progress and stock-in-trade		(4,09,11,580)		33,24,094	
	(e). Employee benefits expense	20	5,34,21,918	3.66	3,39,84,804	3.96
	(f). Depreciation and amortisation expense	21	1,76,97,164	1.21	94,35,344	1.10
	(g). Other expenses	22	9,19,85,680	6.31	4,50,49,888	5.25
	Total expenses		1,35,45,52,608	92.89	82,59,19,051	96.22
4	Profit from Operations before Other Income, finance costs and exceptional items (1-2)		10,36,38,949	7.11	3,24,87,949	3.78
5	Other Income		-		-	
6	Profit from ordinary activities before finance cost and exceptional items		10,36,38,949	7.11	3,24,87,949	3.78
7	Finance costs (interest)	23	1,93,68,379	1.33	79,15,434	0.92
8	Profit from ordinary activities after finance cost but before Exceptional Items		8,42,70,570	5.78	2,45,72,515	2.86
9	Exceptional Items -					
10	Profit from Ordinary Activities before Tax		8,42,70,570	5.78	2,45,72,515	2.86
11	Tax Expenses (Includes)		1,91,00,000		-	
	Provision for Taxation - Current		1,60,00,000			
	- MAT Credit Entitlement					
	- Earlier Year					
	Provision for Deferred Taxation		31,00,000		-	
12	Net profit from ordinary Activities after Tax		6,51,70,570	4.47	2,45,72,515	2.86
13	Extraordinary items					
14	Net Profit for the period		6,51,70,570	4.47	2,45,72,515	2.86

AS PER OUR REPORT OF EVEN DATE.

For R. Mehndiratta & Associates
Chartered Accountants
Firm Registration No: 15800N


(R.K. Mehndiratta)
Proprietor

Membership No: 096132
PLACE : Baddi (Canp Office)
DATE:

For and on Behalf of the Board of Directors of
Pinnacle Life Science Private Limited


(Harit P Shah)
Director
DIN: 00005501


(Vishwa H Savla)
Director
DIN: 03619810

PLACE : Mumbai
DATE: 17-May-2017

Pinnacle Life Science Private Limited
NOTES FORMING PART OF BALANCE SHEET AS AT 31ST MARCH 2017

NOTE NO 1 SHARE CAPITAL		
	As at 31st Mar' 2017	As at 31st Mar' 2016
AUTHORISED :		
1,00,00,000 Equity shares of Rs. 10/- each	10,00,00,000	10,00,00,000
	10,00,00,000	10,00,00,000
ISSUED, SUBSCRIBED & PAID-UP :		
7782750 'Equity Shares of Rs. 10/- each Issued ,subscribed and fully paid	7,78,27,500	7,78,27,500

Reconciliation	Numbers	Value
Opening outstanding shares	77,82,750	7,78,27,500
Add Issued During the Year	-	-
Closing outstanding shares	77,82,750	7,78,27,500

Disclosures of shares held by each shareholders more than 5% shares				
	Mar' 2017	Mar' 2016	Mar' 2017	Mar' 2016
Name of holder	No of Shares		% of Holding	
Aarti Drugs Limited	7782750	7782750	100%	100%

NOTE NO 2 RESERVES & SURPLUS		
Particulars	As at 31st Mar' 2017	As at 31st Mar' 2016
PROFIT & LOSS APPORPATION A/C	(2,69,33,386)	(5,15,05,901)
Addition During the year	6,51,70,570	2,45,72,515
Cl balance of P&L a/c	3,82,37,184	(2,69,33,386)
Op balance of Revaluation Reserve	8,49,83,203	8,75,83,759
Less: transferred to P&L	26,00,556	26,00,556
Cl balance of Revaluation Reserve	8,23,82,647	8,49,83,203
TOTAL	12,06,19,831	5,80,49,817

NOTE NO 3 LONG TERM BORROWINGS		
Term loans		
Secured borrowings		
From Scheduled Banks	14,10,00,000	16,02,04,848
TOTAL	14,10,00,000	16,02,04,848

NOTE NO 4 OTHER LONG TERM LIABILITY		
Other payables		
Capital expenses payable	2,46,39,420	43,86,287
TOTAL	2,46,39,420	43,86,287



NOTE NO 5 SHORT TERM BORROWINGS		
	As at 31st Mar' 2017	As at 31st Mar' 2016
Loans repayable on demand		
From Banks		
Secured Borrowings	15,09,07,796	1,02,31,560
Unsecured Loan- Related party		
From Directors	-	1,56,232
TOTAL	15,09,07,796	1,03,87,792

NOTE NO 6 TRADE PAYABLE		
Trade payables of Goods, Services & Expenses		
Due to micro enterprises and small enterprises		
Due to others	38,95,31,284	33,67,60,672
TOTAL	38,95,31,284	33,67,60,672

NOTE NO 7 OTHER CURRENT LIABILITY		
Long Term borrowing payable within 12 months	2,40,00,000	1,50,00,000
Other Payable - indirect taxes	10,84,670	6,02,920
TOTAL	2,50,84,670	1,56,02,920

NOTE NO 8 SHORT TERM PROVISION		
Provision for Employee Liability	52,65,822	36,73,673
Other Short Term Provisions	33,52,730	26,13,826
Income Tax provision (Net of Advance Tax & TDS)	-	-
TOTAL	86,18,552	62,87,499

NOTE NO 10 CAPITAL WORK IN PROCESS		
Capital WIP	14,71,136	-
TOTAL	14,71,136	-

NOTE NO 11 NON CURRENT INVESTMENT		
Investment in Shares	50,000	50,000
TOTAL	50,000	50,000

NOTE NO 12 LONG TERM LOANS & ADVANCES		
Unsecured - consider good		
Capital Advances	53,88,913	13,20,188
Advance Tax and TDS(Net of provisions)	26,20,851	-
TOTAL	80,09,764	13,20,188



NOTE NO 13 INVENTORIES		
	As at 31st Mar' 2017	As at 31st Mar' 2016
Packing Materials	5,09,32,916	1,85,81,960
Raw Materials	8,44,89,917	6,02,08,753
Finished Goods	2,66,87,527	34,95,063
Work in process	4,86,33,739	3,09,14,624
Total Stock	21,07,44,099	11,32,00,398
Less Provision for Obsoulte & Non moving Stock	-	-
TOTAL	21,07,44,099	11,32,00,398

NOTE NO 14 TRADE RECEIVABLES		
Unsecured, considered good		
Trade Receivable O/s exceeding 6 months	1,23,12,421	74,83,923
Others	29,57,87,733	23,38,49,214
	30,81,00,154	24,13,33,137
Less: Provision for Doubtful Debts	-	68,32,385
TOTAL	30,81,00,154	23,45,00,752

NOTE NO 15 CASH & CASH EQUIVALENTS		
Cash on Hand	10,23,902	9,70,790
Cheques on Hand	1,00,000	5,69,964
Balances with Scheduled Banks :		
- Current Accounts	5,68,906	7,92,629
- Deposit Accounts	54,574	8,43,590
TOTAL	17,47,383	31,76,973

NOTE NO 16 SHORT TERM LOANS & ADVANCES		
Unsecured , Consider good		
Loans and advances - staff & employees	61,646	3,87,812
Advances recoverable in cash or kind or for the value to be recd	1,43,79,730	36,21,251
TOTAL	1,44,41,376	40,09,063

NOTE NO 17 OTHER CURRENT ASSETS		
Deposits	29,91,605	7,79,000
Duties & Taxes	61,40,451	60,49,361
TOTAL	91,32,056	68,28,361



Pinnacle Life Science Private Limited
NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS
FOR THE PERIOD ENDED 31st MARCH 2017

	For the Year Ended			
	Mar-17		Mar-16	
Note No 18 - Other Income				
Reversal of Dep on Revalued FA	26,00,556	0.18	26,00,556	0.30
Discount Received	7,77,517	0.05		
Dividend Income	6,250	0.00		
Interest on deposit	1,93,254	0.01	98,836	0.01
Interest on income tax refund	-	0.00	4,947	0.00
Sundry Balance W/Back	11,31,815	0.08	11,29,267	0.13
Total	47,09,392	0.25	38,33,606	0.45
Note No 19 - Cost of materials consumed				
Raw Material Consumption	91,55,64,295	73.89	50,67,07,715	73.01
Packing Materials	9,05,70,349	7.65	8,12,10,270	11.70
Freight Inward	14,46,466	0.12	16,56,778	0.24
Total	1,00,75,81,109	81.67	58,95,74,763	84.95
Note No 20 - Employee benefits expense				
Salaries,Wages and Bonus (Mfg)	4,48,66,526	3.08	2,89,44,759	3.37
Salaries and Bonus (Admin)	61,33,718	0.42	30,15,635	0.35
Staff Welfare Expenses	9,17,438	0.06	6,88,318	0.08
Directors' Remuneration	15,04,236	0.10	13,36,092	0.16
Total	5,34,21,918	3.66	3,39,84,804	3.96
Note No 21 - Depreciation and Amortisation				
Depreciation	1,76,97,164	1.21	94,35,344	1.10
Total	1,76,97,164	1.21	94,35,344	1.10
Note No 22- Other expenses				
Manufacturing Expenses				
Processing fees	10,15,384	0.07	2,62,157	0.03
Testing Charges	18,94,215	0.13	-	-
Labour Charges	2,52,08,806	1.73	1,00,79,812	1.17
Insurance Expenses	8,01,722	0.05	8,11,000	0.09
Power & Fuel	2,77,59,751	1.90	1,26,88,167	1.48
Stores & Spares	99,60,839	0.68	59,68,694	0.70
Repairs & Maintenance - Building	18,72,587	0.13	7,92,167	0.09
- Plant & Machinery	11,69,079	0.08	9,15,021	0.11
Other Factory Expenses	91,70,714	0.63	96,44,646	1.12
SubTotal (a)	7,88,53,097	5.41	4,11,61,664	4.80
Office & Administartion Expenses				
Auditors' Remuneration	2,20,800	0.02	2,18,756	0.03
Conveyance Expenses	45,108	0.00	1,09,780	0.01
Legal & Professional Charges	29,26,617	0.20	15,23,476	0.18
Membership & Subscriptions	59,369	0.00	16,450	0.00
Postage,Telegram & Telephone	47,624	0.00	10,476	0.00
Office Electricity Charges	2,93,194	0.02	2,47,735	0.03
Miscellaneous Expenses	2,99,528	0.02	4,16,902	0.05
Travelling Expenses - Directors	2,88,802	0.02	3,500.00	0.00
Travelling Expenses - Others	4,52,245	0.03	1,92,358.00	0.02
Sub Total (b)	46,33,287	0.32	27,39,433	0.32



	For the Year Ended			
	Mar-17		Mar-16	
Selling & Distribution				
Advertisement & Sales Promotion	2,70,593	0.02	1,88,883	0.02
Freight & Forwarding -	51,59,898	0.35	2,15,584	0.03
Commission Expenses	26,87,854	0.18	9,417	0.00
Bad Debts & other written off	-	-	-	0.00
Sub Total (c)	81,18,345	0.56	4,13,884	0.05
Finance Cost				
Bank Charges	3,27,550	0.02	7,16,606	0.08
SubTotal (d)	3,27,550	0.02	7,16,606	0.08
Non Operative Expenses				
Donations	53,401	0.00	18,300.00	0.00
SubTotal (e)	53,401	0.00	18,300.00	0.00
Total (a+b+c+d+e)	9,19,85,680	3.64	4,50,49,888	0.45
Note No 23 - Finance Cost				
Interest on Term Loans	1,76,54,962	1.21	59,20,673	0.69
Interest on Working Capital	17,13,417	0.12	9,89,960	0.12
Interest on Others	-	-	-	-
Interest on Unsecured loan	-	-	10,04,801	0.12
Total	1,93,68,379	1.33	79,15,434	0.92



PINNACLE LIFE SCIENCE PRIVATE LIMITED

Note 9 : Fixed assets

Sl. No.	Particulars	GROSS BLOCK				DEPRECIATION			NET BLOCK	
		Opening as on 01-Apr-16	Sikim Unit capitalised 15-Mar-17	Total additions for the year	Closing as on 31-Mar-17	Opening as on 1-Apr-16	Total Depreciation for Current Year	Closing as on 31-Mar-17	As at 31-Mar-17	As at 31-Mar-16
	(i) Tangible assets									
1	LAND	2,42,29,000	2,74,00,000	2,74,00,000	5,16,29,000	-	-	-	5,16,29,000	2,42,29,000
2	BUILDING	13,26,84,764	1,83,37,307	2,01,69,842	15,28,54,606	1,39,71,496	43,29,087	1,83,00,583	13,45,54,024	11,87,13,268
3	PLANT & MACHINERY	13,53,39,370	2,09,36,737	3,11,19,365	16,64,58,735	1,80,27,748	69,23,150	2,49,50,898	14,15,07,837	11,73,11,622
4	ELECTRIC INSTALLATION	1,10,51,427	41,62,886	54,43,103	1,64,94,530	24,04,785	12,34,373	36,39,158	1,28,55,371	86,46,642
5	FURNITURE & FIXTURES	28,11,849	31,682	8,27,128	36,38,977	5,45,428	2,55,431	8,00,859	28,38,117	22,66,421
6	GENERATOR SET	47,46,767	-	-	47,46,767	8,48,398	4,74,411	13,72,809	34,23,958	38,98,369
7	COMPUTERS	17,95,122	-	7,06,696	25,01,818	5,20,113	7,05,140	12,25,253	12,76,565	12,75,009
8	LAB EQUIPMENTS	56,41,486	5,73,411	23,18,907	79,60,393	3,90,280	6,88,055	10,78,335	68,82,058	52,51,206
9	AIR HANDLING UNITS	2,81,91,913	96,54,945	1,02,94,923	3,84,86,836	39,47,336	28,59,460	68,06,796	3,16,80,040	2,42,44,577
10	FIRE FIGHTING EQUIPMENTS	2,69,776	-	73,415	3,43,191	1,12,650	35,363	1,48,013	1,95,178	1,57,126
11	MISCELLANEOUS ASSETS	10,000	-	58,470	68,470	1,559	1,753	3,312	65,158	8,441
12	COMPUTER SOFTWARE	5,20,000	-	4,96,800	10,16,800	39,000	1,90,940	2,29,940	7,86,860	4,81,000
	Total	34,72,91,474	8,10,96,968	9,89,08,649	44,62,00,123	4,08,08,793	1,76,97,164	5,85,05,958	38,76,94,165	30,64,82,681



PINNACLE LIFE SCIENCE PVT LTD
CASH FLOW STATEMENT As on 31ST MARCH 2017

S.No	Particulars	FOR THE PERIOD ENDED 31st Mar 2017	FOR THE YEAR ENDED 31st March 2016
A.	Cash Flow from Operating Activities		
	Net Profit before Tax and Extraordinary items	842.71	245.73
	ADJUSTMENT FOR:		
	Depreciation & Amortisation	150.97	94.35
	Provision for Bad & doubt ful Debts	-	(26.01)
	Interest Paid	193.68	79.15
	Interest Received	(1.93)	(1.04)
	Dividend Received	(0.06)	-
	Loss on Sale of Investment	-	-
	Loss on Sale of Asset	-	-
	Extraordinary Items	-	-
	Operating Profit before Working Capital Charges	1,185.36	392.19
	Trade & Other Receivable	(678.35)	(1,430.60)
	Changes in Inventories	(975.44)	(34.66)
	Trade & Other Payable	688.37	1,626.30
	Cash generated from operation	219.93	553.23
	Direct Taxes Paid	(185.00)	-
	Net Cash Flow from Operating Activities	34.93	553.23
B.	Cash Flow from Investing Activities		
	Increase In CWIP-Sikkim	(14.71)	302.36
	Increase in Fixed Asset	(989.09)	(1,461.15)
	Sales/ (Purchase) of Investment	-	(0.25)
	Increase in Loans Advances	(66.90)	286.76
	Right Issue		
	Interest Received	1.93	1.04
	Dividend Received	0.06	-
	Net Cash Flow from Investing Activities	(1,068.70)	(871.25)
C.	Cash Flow from Financing Activities		
	Proceeds from Long Term Borrowings	(192.05)	402.05
	Proceeds from Unsecured Loans & from Scheduled Bank	1,405.20	11.86
	Dividend Paid		
	Interest Paid	(193.68)	(79.15)
	Net Cash Flow from Financing Activities	1,019.47	334.75
	Net Increase in Cash and Cash Equivalents (A+B+C)	(14.30)	16.73
	Opening Cash and Cash Equivalents	31.77	15.04
	Closing Cash and Cash Equivalents	17.47	31.77

Note : (i) Figures in brackets indicate outflows

(ii) Cash and cash equivalent is cash and bank balance as per balance sheet

(iii) Fixed Deposits with bank amounting to Rs.lakhs (previous year Rs. lakhs) under lien are considered as cash and cash equivalents.

AS PER OUR REPORT OF EVEN DATE.

For R. Mehndiratta & Associates
Chartered Accountants
Firm Registration No: 15800N

(R.K. Mehndiratta)
Proprietor



Membership No: 096132
PLACE : Baddi (Canp Office)
DATE:

For and on Behalf of the Board of Directors of
Pinnacle Life Science Private Limited

(Harit P Shah)
Director
DIN: 00005501

(Vishwa H Savla)
Director
DIN: 03619810

PLACE : Mumbai
DATE: 17 MAY 2017

PINNACLE LIFE SCIENCE PVT LIMITED

NOTES ANNEXED TO AND FORMING PART OF ACCOUNTS FOR THE YEAR ENDED 31ST MARCH, 2017

PART - A

24.1 Significant Accounting Policies :

a. Basis of Preparation

The financial statement have been prepared and presented under the historical cost convention on as accrual basis of accounting and in accordance with Generally Accepted Accounting Principles in India and comply in all material aspects with the applicable accounting standards notified under the relevant provisions of the Companies Act 2013.

b. Fixed assets and depreciation

- i) Fixed assets include all expenditure of capital nature and are stated at cost of acquisition, installation and commissioning and related borrowing cost less depreciation. Fixed asset values are stated at historical cost. Depreciation on fixed assets other than land is charged under the straight-line method in accordance with Schedule II of the Companies Act, 2013. Any expenditure carried forward is amortized over the period of expected future economic benefit, from the related project, not exceeding 10 years.
- ii) Impairment loss indicates the carrying amount of assets exceeds their recoverable amount. Recoverable amount is higher of the net selling price of an asset or its value in use. Value in use is present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The Company will recognize such losses whenever they arise.

c. Investments

Investments are classified into Current and Non-Current Investments. Current Investments are valued at lower of cost and fair value. Non-Current Investments are stated at cost. Provisions are made for diminution in value of investments, if any, other than those of temporary nature.

d. Valuation of Inventories

Inventories are stated at lower of cost or net realizable value, on the following basis:

- i) Raw materials, packing materials, stores and spares - At cost on FIFO Method
- ii) Work in process - At cost plus appropriate allocation of overheads
- iii) Finished Goods - At cost plus appropriate allocation of Overheads

e. Revenue Recognition

Revenue is recognized to the extent that probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Revenue from sale of goods is recognized when significant risks and rewards of ownership of the goods have been passed to the buyer, and is stated net of excise duty, sales tax, returns and trade discounts.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and are accounted to the extent considered receivable.



Interest income is recognized using the time proportionate method, based on rates implicit in the transaction.

Dividend income is recognized when the right to receive is established.

f. Borrowing Cost

Borrowing costs that are directly attributable to acquisition or construction or production of qualifying assets are capitalized as a part of the cost of such assets, up to the date such assets are ready for their intended use. Other borrowing costs are recognised as an expense in the period in which they are incurred.

g. Foreign Currency Transactions.

Transaction denominated in foreign currencies is recorded at the exchange rate that approximates the actual rate prevailing at the date of transaction. Monetary item denominated in foreign currency at the year end are translated at year end rates. Non monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of transaction. The premium in case of forward contracts is dealt with in the profit and loss account proportionately over the period of contracts. The exchange differences arising on settlement/translation are dealt with in the statement of profit and loss.

h. Income Tax

Tax expenses comprise of current tax and deferred tax, current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income of the year and reversal of timing differences of earlier years. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the Balance Sheet date.

24.2 Contingent Liabilities:

- a. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) is Rs. 113.60 Lakhs. (As at 31st March 2016 Rs. 13.20 Lakhs).
- b. In respect of bank guarantee issued by the company's bankers Rs 32.96 Lakhs (As at 31st March 2016 Rs 32.96 Lakhs)

24.3 Securities for loans taken from Banks:

Bank Name	(Rs in Lakhs)			
	As at 31 st March, 2017	As at 31 st March 2016	Repayment in F. Y. 2017-18	Subsequent years
Saraswat Bank-Corporate Loan	510.00	600.00	120.00	390.00
Saraswar Bank-Term Loan	1140.00	1152.05	120.00	1020.00

- a. Corporate Loan are secured by way of Hypothecation of existing plant and machinery & Equitable/Legal mortgage of factory land and building at Village Manpura Tehsil Baddi Distt. Solan, State.: Himachal Pradesh.



- b. Term Loan are secured by way of hypothecation of new Plant and Machinery situated at Village Manpura Tehsil Baddi Distt. Solan, State.: Himachal Pradesh.
- c. Cash Credit from Scheduled Banks of Rs.1509.08 lakhs (F.Y 15-16 Rs.116.27 lakhs) are secured by hypothecation of Company's stock less Creditors and debtors up to 90 days.
- d. Common security for Long Term Loans and working capital loans as collateral security.
- Hypothecation of existing plant and machinery
 - Equitable/legal mortgage of factory land and building at Baddi – Nalagarh (NH21A) at Village Manpura, Baddi Dist. Solan Himachal Pradesh 174101
 - Corporate Guarantee of Aarti Drugs Ltd

24.5. There are no Micro and Small Enterprises, to whom the company owes dues, which are outstanding for more than 45 days as at 31st March, 2017. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

24.6. In the opinion of the Board, the Current Assets and Loans and Advances have a value on realization at least equal to the amounts at which they are stated in the Balance Sheet.

24.7. Segment-wise Disclosure as per Accounting Standard: 17.

I. BUSINESS SEGMENTS AS PRIMARY SEGMENTS

The Company is considered to be a single segment Company engaged in pharmaceuticals business, hence the disclosure requirement as per AS-17 'Business Segments as Primary Segment' is not attracted.

		(Amount Rs.in Lakhs)	
II.	GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS	For the year ended 31 st March 2017	For the year ended 31 st March, 2016
	Segment Revenue		
a)	Exports	273.82	0.00
b)	Others	14403.27	8660.52
	Total	14677.09	8660.52

Note:

Segmental capital employed:

Fixed assets used in the Company's business or liabilities contracted have not been identified to any of the reportable segments, as the fixed assets and services are used interchangeably between segments. The Company believes that currently it is not practicable to provide segment disclosures relating to total assets and liabilities.

24.8 Related party transactions:

Related party transactions disclosure as required by Accounting Standard – 18. 'Related Party Disclosures' issued by The Institute of Chartered Accountants of India are given below :

A. Name and Relationship of the Related Parties:

- 3(a) Holding Company
Aarti Drugs Limited.



3(b) Key Management personnel along with their relatives have significant influence.

• Key Management Personnel

Mr. Harshit M. Savla	Mr. Vishwa H. Savla
Mr. Adhish Patil	Mr. Harit P. Shah

B. Transactions with the related parties during the year:

Note: Proportions given in the following statement belong to the respective accounting group as shown in the financial statements for the year ended 31st March, 2017.

Transaction with Related Parties	Enterprise/firms over which controlling individuals have significant influence	
	C.Y.	P.Y.
	%	%
Sales & Income from Operations	0.07	00.00
Manufacturing Expenses	39.29	36.98
Borrowing costs	0.00	12.69
Outstanding Payable	21.97	38.13
Outstanding Receivable	0.00	0.00

24.9 Directors Remuneration:

(Amount in Rs in Lakhs)

Particulars	Current Year	Previous Year
Salary to Managing Directors and whole time Directors	12.98	12.98
Bonus/Leave Travel Allowance/House Rent Allowance/ Medical/Leave Salary	0.00	0.00
Commission payable to Directors	0.00	0.00
Contribution to Provident Fund	0.00	0.00
Superannuation fund scheme	2.06	0.39
Total Remuneration	15.04	13.37

24.10. Auditors' remuneration includes

(Amount in Rs in Lakhs)

Particulars	Current Year	Previous Year
Statutory Audit	2.21	2.19
Other Audit Services	0.00	0.00
Certification	0.00	0.00
Total	2.21	2.19

24.11. Earning Per Share:

(Amount in Rs in Lakhs)

Particulars	Current Year	Previous Year
Net Profit available for Equity Shareholders	651.70	245.72
Weighted Number of Equity Shares (Nos.)	7782750	7782750
Basic & Diluted EPS (after extraordinary items) (Rs.)	8.37	3.16
Nominal value per share (Rs.)	10.00	10.00



24.12 Additional information pursuant to the provisions of the Companies Act, 2013 (Figures in bracket relate to 31st March 2017)

a. Licensed capacity installed capacity and production (as certified by the Management and not verified by the Auditors, it being a technical matter.)

At Baddi

Class of Goods	Units	Licensed	Installed	Production	Captive	Net Production
TABLETS	Strips	---	36,000 lacs (36,000 lacs)	17048.88 lacs (7500.00 lacs)	NIL	17048.88 lacs (7500.00 lacs)
TUBES	Nos	---	300 lacs (300 lacs)	21.52 Lacs (14.00 lacs)	NIL	21.52 Lacs (14.00 lacs)
LIQUID	Bottles	---	300 lacs (300 lacs)	44.64 Lacs (61.00 lacs)	NIL	44.64 Lacs (61.00 lacs)
CAPSULES	Strips	---	1800 lacs (1800 lacs)	298.34 Lacs ----	NIL	298.34 Lacs ---
LOTIONS	Bottles	---	80 lacs (80 lacs)	---	NIL	---

At Sikkim

Class of Goods	Units	Licensed	Installed	Production	Captive	Net Production
CAPSULES	Strips	----	2208 Lacs ---	3.94 Lacs ---		3.94 Lacs ----

b.	Purchase of trading items	Quantity (in Nos)	Amount (Rs.in Lakhs)
	No.of Strips	475.46 lacs (250.88 Lacs)	2247.78 (1445.50)
c.	Value of Raw materials and spares consumed	Percentage (%)	Amount (Rs. In Lakhs)
	Raw Material: Indigenous	99.29 (100.00)	9090.17 (5928.98)
	Imported	0.71 (Nil)	65.48 (Nil)
d.	C.I.F. value of Imports	<u>Current Year</u>	<u>Previous Year</u>
	Raw Material	64.84	Nil
	Capital Goods	16.07	Nil
e.	Expenditure in Foreign Currency	<u>Current Year</u>	<u>Previous Year</u>
	Travelling Exps	3.76	2.96
	Commission	13.97	Nil
	Registration Charges	26.71	Nil
f.	Earnings in Foreign Exchange	<u>Current Year</u>	<u>Previous Year</u>
	FOB Value of Exports	122.75	Nil



24.13. The company has put up new formulation plant at Village Kabrey, Block: Namthang, Elaka-Namthang, South Sikkim. The production has been started from the month of March'17.

24.14. Details of Specified Bank Notes (SBN) held and transacted during demonetization period from 08-11-2016 to 30-12.2016.

	SBNs	Other Denomination notes	Total
CASH IN HAND AS ON 08.11.2016	15000.00	258040.00	273040.00
(+) PERMITTED RECEIPTS	0.00	110000.00	110000.00
(-) PERMITTED PAYMENTS	0.00	151668.00	151668.00
AMOUNT DEPOSITED IN BANK	15000.00	0.00	15000.00
CASH IN HAND AS ON 30.12.2016	0.00	216372.00	216372.00

24.15. Figures of the previous year have been regrouped and rearranged wherever necessary.

AS PER OUR REPORT OF EVEN DATE
For R. Mehndiratta & Associates
Chartered Accountants

(R.K. Mehndiratta)
Proprietor
Membership No.096132
FRN. 15800N



Place: Baddi (Camp Office)
Date :

FOR AND ON BEHALF OF THE BOARD OF
DIRECTORS

HARIT P. SHAH
(DIRECTOR)
DIN: 00005501

VISHWA H. SAVLA
(DIRECTOR)
DIN: 03619810

Place: Mumbai
Date : 17 MAY 2017