



## **INDEPENDENT AUDITORS' REPORT**

### **TO THE MEMBERS OF PINNACLE LIFE SCIENCE PRIVATE LIMITED**

#### **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, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

The Company's Board of Directors are 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 state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ('Ind AS') specified under Section 133 of the Act.

This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the 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 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 thereunder.





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 these financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and 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 true and fair view in order to design audit procedures that are appropriate in the circumstances. an audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by 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 these financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including Ind AS specified Under Section 133 of the Act, of the state of affairs (financial position) of the Company as at March 31, 2018, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

### **Other Matter**

The comparative financial information for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 prepared in accordance with Ind AS included in these standalone financial statements, are based on the previously issued audited financial statements for the year ended 31st March, 2017 and 31st March, 2016 respectively prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditor whose reports dated 17th May, 2017 and 29th April, 2016 respectively expressed unmodified opinion on those standalone financial statements, and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.







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

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order) 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. Further to our comments in Annexure A, as required by section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
  - c) The Balance Sheet, Statement of Profit and Loss Account (including other Comprehensive Income), Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act;
  - e) On the basis of written representations received from the directors as on March 31, 2018, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 the Companies (Audit and Auditors) Rules, 2014 (as amended), 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 (refer note no 38 of the financial statements)
- ii. The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
- iii. There were no amounts required to be transferred, to the Investor Education and Protection Fund by the Company

For GOKHALE & SATHE  
CHARTERED ACCOUNTANTS  
Firm Reg. No.: 103264W

*Tejas J. Parikh*

TEJAS J. PARIKH  
PARTNER  
Membership No: 123215  
Place: Mumbai  
Date: 14<sup>th</sup> May 2018





**PINNACLE LIFE SCIENCE PRIVATE LIMITED**  
**FINANCIAL YEAR ENDED MARCH 31, 2018**  
**ANNEXURE - A TO THE INDEPENDENT AUDITOR'S REPORT**

In the Annexure, 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,

- i)
  - a. The Company has maintained proper records showing full particulars including quantitative details and situation of its fixed assets.
  - b. The Company has phased programme of physical verification of fixed assets by which all fixed assets are verified over a period of three years. In our opinion, periodicity of physical verification is reasonable having regard to the size of the Company and nature of the assets. We have been informed that no material discrepancy was noted on such physical verification.
  - c. According to the information and explanations given to us and on the basis of examination of the records of the Company, title deeds of immovable properties other than self-constructed immovable properties (buildings), are held in the name of the Company.
- ii) The stock of inventory has been physically verified during the year by the Management at reasonable intervals, except stock lying with 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.
- iii) The Company has not granted any loans to parties covered in the register maintained under section 189 of the Companies Act, 2013.
- iv) In our opinion and according to the information and explanations given to us, the Company has complied with provisions of section 185 and 186 of the Act, with respect to loans and investments made.
- v) The Company has not accepted any deposits from public during the year.
- vi) The Company has maintained cost records as required under sub section 1 of section 148 of the Companies Act, 2013. We have not, however, carried out a detailed examination of such records.
- vii)
  - a) The Company is regular in depositing undisputed statutory dues including the Provident Fund, Employees state insurance, Income tax, Sales tax, Wealth tax, Service tax, duty of Customs, duty of Excise, Value added tax, cess and any other statutory dues applicable, to







appropriate authorities except for the following undisputed amounts payable in respect thereof which were outstanding at the year end for a period of more than six months from the date they become payable:

Nature of Dues	Amount in Rs.	Period to which the amount relates
Service Tax (Baddi)	4,624	Prior to 1 <sup>st</sup> April 2017
Service Tax RCM (Sikkim)	1,604	July 2017
TDS on works contract tax (Sikkim)	44,313	Prior to 1 <sup>st</sup> April 2017
TDS on works contract tax (Sikkim)	27,812	April 2017 to August 2017
Environment Cess (Sikkim)	1,37,816	Prior to 1 <sup>st</sup> April 2017
Environment Cess (Sikkim)	61,408	July 2017
Labour Cess (Sikkim)	61,408	July 2017
Labour Cess (Sikkim)	1,17,107	Prior to 1 <sup>st</sup> April 2017
Work Contract Tax Payable (Sikkim)	1,22,814	July 2017
Work Contract Tax Payable (Sikkim)	41,417	Prior to 1 <sup>st</sup> April 2017

- b) According to the information and explanation given to us, there are no dues of income tax, sales tax, service tax, custom duty, excise duty and value added tax which have not been deposited on account of any dispute.
- viii) In our opinion and according to the information and explanation given to us, the Company has not defaulted in repayment of dues for loan taken from financial institutions or bank or debenture holders.
- ix) In our opinion and according to the information and explanation given to us, the term loans raised during the year were applied for the purpose for which the loans were obtained. The Company did not raise any money by way of public offer or further public offer (including debt instruments) during the year.
- x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- xi) According to the information and explanations 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 Schedule V to the Act.
- xii) In our opinion and according to information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.





- xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- xv) According to the information and explanation given to us, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

For GOKHALE & SATHE  
CHARTERED ACCOUNTANTS  
Firm Reg. No.: 103264W

TEJAS J. PARIKH  
PARTNER  
Membership No: 123215  
Place: Mumbai  
Date: 14th May 2018







**PINNACLE LIFE SCIENCE PRIVATE LIMITED**  
**FINANCIAL YEAR ENDED MARCH 31, 2018**  
**ANNEXURE - B TO THE INDEPENDENT AUDITORS REPORT**

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

We have audited the internal financial controls over financial reporting of Pinnacle Life Science Private Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the year ended on 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 ('ICAI'). 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.

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**

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**

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, 2018, 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 GOKHALE & SATHE  
CHARTERED ACCOUNTANTS  
Firm Reg. No.: 103264W

TEJAS J. PARIKH  
PARTNER  
Membership No: 123215  
Place: Mumbai  
Date: 14<sup>th</sup> May 2018



**PINNACLE LIFE SCIENCE PVT LTD**  
Statement of Profit and Loss for the year ended 31st March 2018

		(Amount in Lacs)		
	Particulars	Note No.	Year ended Mar 2018	Year ended Mar 2017
I	Revenue From Operations		13,929.14	14,677.09
II	Other Income	18	1.67	21.09
III	<b>Total Income (I+II)</b>		<b>13,930.82</b>	<b>14,698.18</b>
IV	<b>EXPENSES</b>			
	Cost of materials consumed	19	8,780.37	10,075.81
	Purchases of Stock-in-Trade		1,378.49	2,247.78
	Changes in inventories of finished goods, Stock-in-Trade and work-in-progress		73.20	(409.12)
	Excise Duty/Taxes on goods sold		31.74	142.27
	Employee benefits expense	20	744.70	534.22
	Finance costs	21	209.39	193.68
	Depreciation and amortization expense	22	226.40	176.97
	Other expenses	23	1,245.18	919.86
	<b>Total expenses (IV)</b>		<b>12,689.45</b>	<b>13,881.48</b>
V	Profit/(loss) before exceptional items and tax (I- IV)		1,241.37	816.70
VI	Exceptional Items		-	-
VII	<b>Profit/(loss) before tax (V-VI) (PBT)</b>		<b>1,241.37</b>	<b>816.70</b>
VIII	Income Tax expense:			
	(1) Current tax		339.65	191.00
	(2) Deferred tax		264.93	160.00
	(3) Mat Credit Entitlement		74.72	31.00
			-	-
IX	<b>Profit (Loss) for the year (VII-VIII) (PAT)</b>		<b>901.72</b>	<b>625.70</b>
X	Other Comprehensive Income		-	-
XI	<b>Total Comprehensive income for the year</b>		<b>901.72</b>	<b>625.70</b>
XII	<b>Earning Per Share (EPS) (Face Value 10 Rs each)</b>			
	<b>Basic &amp; Diluted earning per share (in Rupees)</b>		<b>11.59</b>	<b>8.37</b>

Notes to the Financial Statements

24 to 40

AS PER OUR REPORT OF EVEN DATE.

For Gokhale & Sathe  
Chartered Accountants  
Firm Registration No: 103264W

  
(Tejas Parikh)

Partner

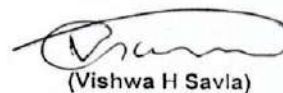
Membership No: 123215

PLACE : Mumbai

DATE:

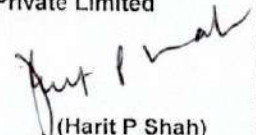


For and on Behalf of the Board of Directors of  
Pinnacle Life Science Private Limited

  
(Vishwa H Savla)

Director

DIN: 03619810

  
(Harit P Shah)

Director

DIN: 00005501

PLACE : Mumbai  
DATE: 14-05-2018



**PINNACLE LIFE SCIENCE PVT LTD**  
Balance Sheet as at 31st March 2018

(Amount in Lacs)

Particulars	Note No.	As on 31 Mar 18	As on 31 Mar 17	As on 1st Apr 16
<b>ASSETS</b>				
<b>Non-current assets</b>				
(a) Property, Plant and Equipment	1	3,872.49	3,869.07	3,064.83
(b) Capital work-in-progress	2	45.44	14.71	-
(c) Other Intangible assets	1	7.84	7.87	-
<b>Financial Assets</b>				
(i) Investments	3	0.50	0.50	0.50
Other non-current assets	4	55.44	80.10	13.20
<b>Total non-current assets</b>	<b>A</b>	<b>3,981.71</b>	<b>3,972.25</b>	<b>3,078.53</b>
<b>Current assets</b>				
(a) Inventories	5	2,422.76	2,107.44	1,132.00
(b) Financial Assets				
(i) Trade receivables	6	2,714.84	3,101.02	2,345.01
(ii) Cash and cash equivalents	7	17.05	11.24	15.41
(iii) Bank balances other than (ii) above	8	19.13	34.31	16.36
(iv) Loans & Advances	9	100.60	144.41	40.09
(c) Other current assets	10	465.52	63.24	68.28
<b>Total current assets</b>	<b>B</b>	<b>5,739.89</b>	<b>5,461.67</b>	<b>3,617.16</b>
<b>Total Assets</b>	<b>A+B</b>	<b>9,721.59</b>	<b>9,433.92</b>	<b>6,695.68</b>
<b>EQUITY AND LIABILITIES</b>				
<b>EQUITY</b>				
(i) Equity Share capital	11	778.28	778.28	778.28
(ii) Other Equity	12	2,107.92	1,206.20	580.50
<b>Total equity</b>	<b>A</b>	<b>2,886.19</b>	<b>1,984.47</b>	<b>1,358.77</b>
<b>LIABILITIES</b>				
<b>Non-current liabilities</b>				
<b>Financial Liabilities</b>				
(i) Borrowings	13	1,654.16	1,410.00	1,602.05
Deferred tax liabilities (Net)		106.33	31.61	0.61
Other non-current liabilities		-	-	-
<b>Total non-current liabilities</b>	<b>B</b>	<b>1,760.49</b>	<b>1,441.61</b>	<b>1,602.66</b>
<b>Current liabilities</b>				
<b>Financial Liabilities</b>				
(i) Borrowings	14	940.47	1,509.08	103.86
(ii) Trade payables	15	3,626.94	3,895.31	3,367.61
Other current liabilities	16	395.85	517.26	199.89
Provisions	17	111.65	86.19	62.87
<b>Total current liabilities</b>	<b>C</b>	<b>5,074.91</b>	<b>6,007.84</b>	<b>3,734.25</b>
<b>Total Equity and Liabilities</b>	<b>A+B+C</b>	<b>9,721.59</b>	<b>9,433.92</b>	<b>6,695.68</b>

Notes to The Financial Statements

24 to 40

AS PER OUR REPORT OF EVEN DATE.

For Gokhle & Sathe

Chartered Accountants

Firm Registration No: 103264W

(Tejas Parikh)

Partner

Membership No: 123215

PLACE : Mumbai

DATE:



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

(Harit P Shah)

Director

DIN: 00005501

(Vishwa H Savia)

Director

DIN: 03619810

PLACE : Mumbai

DATE: 14-05-2018

**PINNACLE LIFE SCIENCE PVT LTD**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH 2018**

All figures are in Lacs

S.No	Particulars	FOR THE YEAR ENDED 31st March 2018	FOR THE YEAR ENDED 31st March 2017
<b>1</b>	<b>Cash Flow from Operating Activities:</b>		
	Net Profit before Tax and Extraordinary items (PBT)	1,241.37	816.70
	<b>ADJUSTMENT FOR:</b>		
	Depreciation & Amortisation	226.40	176.97
	Interest Paid	209.39	193.68
	Interest Received	(1.60)	(1.93)
	Dividend Received	(0.08)	(0.06)
	Operating Profit before Working Capital Changes	1,675.48	1,185.36
	Trade & Other Receivables	27.72	(650.27)
	Changes in Inventories	(315.32)	(975.44)
	Trade & Other Payables	(354.24)	688.37
	Cash generated from operation	1,033.64	248.01
	Less: Direct Taxes Paid	(275.00)	(185.00)
	<b>Net Cash Flow from Operating Activities</b>	<b>758.64</b>	<b>63.01</b>
<b>2</b>	<b>Cash Flow from Investing Activities:</b>		
	Increase in Capital Work in Progress (CWIP-Sikkim)	(30.73)	(14.71)
	Increase in Property, Plant & Equipment	(229.79)	(989.09)
	Increase in Loans Advances	24.66	(66.90)
	Interest Received	1.60	1.93
	Dividend Received	0.08	0.06
	<b>Net Cash Flow from Investing Activities</b>	<b>(234.18)</b>	<b>(1,068.70)</b>
<b>3</b>	<b>Cash Flow from Financing Activities:</b>		
	Proceeds from Long Term Borrowings	244.16	(192.05)
	Repayment of Short Term Borrowings & Unsecured Loans	(568.61)	1,405.20
	Interest Paid	(209.39)	(193.68)
	<b>Net Cash Flow from Financing Activities</b>	<b>(533.83)</b>	<b>1,019.47</b>
	Net Increase / (decrease) in Cash and Cash Equivalents (A+B+C)	(9.37)	13.78
	Add: Opening Cash and Cash Equivalents	45.55	31.77
	<b>Closing Cash and Cash Equivalents (D+E)</b>	<b>36.17</b>	<b>45.55</b>

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 under lien are considered as cash and cash equivalents.

**AS PER OUR REPORT OF EVEN DATE.**

For Gokhle & Sathe  
Chartered Accountants  
Firm Registration No: 103264W

*(Tejas Parikh)*

(Tejas Parikh)  
Partner  
Membership No: 123215  
Place : Mumbai  
Date:



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

*(Harit P Shah)*  
(Harit P Shah)  
Director  
DIN: 00005501

*(Vishwa H Savla)*  
(Vishwa H Savla)  
Director  
DIN: 03619810

Place : Mumbai  
Date: 14-05-2018



## NOTE NO. 1- Property, plant and equipment &amp; other intangible assets

Amount in Lacs

Particulars	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	Opening as on 01.04.17	Total Additions	Deduction of GB	Closing as on 31.03.18	Opening as on 01.04.17	Total Depreciation	Deduction of Acc Dep	Closing as on 31.03.18	As at 31.03.18	As at 31.03.17
TANGIBLES ASSETS										
LAND	516.29	27.36	-	543.65	-	-	-	-	543.65	516.29
BUILDING	1,528.55	77.27	-	1,605.81	183.01	53.53	-	236.53	1,369.28	1,345.54
PLANT & MACHINERY	1,664.59	84.03	12.11	1,736.50	249.51	77.66	-	327.17	1,409.34	1,415.08
ELECTRICAL INSTALLATION	164.95	26.67	0.24	191.38	36.39	22.58	-	58.97	132.40	128.55
FURNITURE	36.39	1.91	-	38.30	8.01	4.98	-	12.98	25.31	28.38
GENERATOR SET	47.47	7.93	-	55.40	13.23	6.00	-	19.23	36.17	34.24
COMPUTERS	25.02	3.18	-	28.20	12.25	5.82	-	18.07	10.12	12.77
LAB EQUIPMENT	79.60	-	-	79.60	10.78	7.85	-	18.63	60.97	68.82
AIR HANDLING UNIT	384.87	8.45	-	393.32	88.07	41.85	-	109.92	283.40	316.80
FIRE FIGHTING EQUIPMENTS	3.43	-	-	3.43	1.48	0.62	-	2.10	1.33	1.95
MISCELLANEOUS ASSETS	0.10	-	-	0.10	0.03	0.07	-	0.10	-	0.07
VEHICLES	0.58	-	-	0.58	0.01	0.07	-	0.08	0.51	0.58
TOTAL	4,451.83	236.80	12.35	4,676.28	582.76	221.03	-	803.79	3,872.49	3,969.07
INTANGIBLES ASSETS										
COMPUTER SOFTWARE	10.17	5.34	-	15.51	2.30	5.37	-	7.67	7.84	7.87
TOTAL (Current year)	4,462.00	242.14	12.35	4,691.79	585.06	226.40	-	811.46	3,880.33	3,876.94
TOTAL (Previous year)	3,472.91	989.09	-	4,462.00	408.09	176.97	-	585.06	3876.94	



**PINNACLE LIFE SCIENCE PRIVATE LIMITED**  
**NOTES FORMING PART OF BALANCE SHEET AS AT 31st MARCH 2018**

Amount in Lacs

**NOTE NO 2 CAPITAL WORK IN PROCESS**

Particulars	As at 31st Mar, 2018	As at 31st Mar, 2017	As at 1st Apr, 2016
Capital WIP	45.44	14.71	-
<b>TOTAL</b>	<b>45.44</b>	<b>14.71</b>	<b>-</b>

**NOTE NO 3 INVESTMENT**

Investment in Shares	0.50	0.50	0.50
<b>TOTAL</b>	<b>0.50</b>	<b>0.50</b>	<b>0.50</b>

**NOTE NO 4 OTHER NON CURRENT ASSETS**

Unsecured - consider good			
Capital Advances	18.29	53.89	13.20
Mat Credit Entitlement	-	-	-
Advance Tax and TDS( Net of provisions )	37.15	26.21	-
<b>TOTAL</b>	<b>55.44</b>	<b>80.10</b>	<b>13.20</b>

**NOTE NO 5 INVENTORIES**

Packing Materials	462.46	509.33	185.82
Raw Materials	1,280.29	844.90	602.09
Finished Goods	160.71	266.88	34.95
Work in process	519.30	486.34	309.15
<b>Total Stock</b>	<b>2,422.76</b>	<b>2,107.44</b>	<b>1,132.00</b>
Less Provision for Obsolte & Non moving Stock	-	-	-
<b>TOTAL</b>	<b>2,422.76</b>	<b>2,107.44</b>	<b>1,132.00</b>

**NOTE NO 6 TRADE RECEIVABLES**

Unsecured, considered good			
Trade Receivable O/s exceeding 6 months	46.10	123.12	74.84
Others	2,668.74	2,977.90	2,338.49
	2,714.84	3,101.02	2,413.33
Less: Provision for Doubtful Debts	-	-	68.32
<b>TOTAL</b>	<b>2,714.84</b>	<b>3,101.02</b>	<b>2,345.01</b>

**NOTE NO 7 CASH & CASH EQUIVALENTS**

Cash on Hand	14.95	10.24	9.71
Cheques on Hand	2.10	1.00	5.70
<b>TOTAL</b>	<b>17.05</b>	<b>11.24</b>	<b>15.41</b>

**NOTE NO 8 BANK BALANCES**

Particulars	As at 31st Mar, 2018	As at 31st Mar, 2017	As at 1st Apr, 2016
Balances with Scheduled Banks :			
- Current Accounts	0.58	5.69	7.93
- Deposit Accounts	18.54	28.62	8.44
<b>TOTAL</b>	<b>19.13</b>	<b>34.31</b>	<b>16.36</b>

**NOTE NO 9 LOANS & ADVANCES**

Unsecured , Consider good			
Loans and advances - staff & employees	2.39	0.62	3.88
Advances recoverable in cash or kind or for the value to be recd	98.21	143.80	36.21
<b>TOTAL</b>	<b>100.60</b>	<b>144.41</b>	<b>40.09</b>





NOTE NO 10 OTHER CURRENT ASSETS			
Deposits	13.15	1.84	7.79
Duties & Taxes	452.37	61.40	60.49
<b>TOTAL</b>	<b>465.52</b>	<b>63.24</b>	<b>68.28</b>

NOTE NO 11 EQUITY SHARE CAPITAL			
<b>AUTHORISED :</b>			
1,00,00,000 Equity shares of Rs. 10/- each	1,000.00	1,000.00	1,000.00
	1,000.00	1,000.00	1,000.00
<b>ISSUED, SUBSCRIBED &amp; PAID-UP :</b>			
7782750 Equity Shares of Rs. 10/- each issued, subscribed and fully paid up	778.28	778.28	778.28

Reconciliation	Numbers	Value	Value
Opening outstanding shares	77,82,750	778.28	778.28
Add Issued During the Year	-	-	-
Closing outstanding shares	77,82,750	778.28	778.28

Disclosures of shares held by each shareholders more than 5% shares						
Name of holder	Mar' 2018	Mar' 2017	Mar' 2016	Mar' 2018	Mar' 2017	Mar' 2016
	No of Shares			% of Holding		
Aarti Drugs Limited	7782750	7782750	7782750	100%	100%	100%

NOTE NO 12 OTHER EQUITY			
PROFIT & LOSS APPROPRIATION A/C	356.37	(269.33)	(515.06)
Addition During the year	901.72	625.70	245.73
	Clos. balance of P&L a/c	356.37	(269.33)
	-	-	-
Op balance of Revaluation Reserve	849.83	849.83	875.84
Less: transferred to P&L	-	-	26.01
	Clos. balance of Revaluation Reserve	849.83	849.83
	-	-	-
<b>TOTAL</b>	<b>2,107.92</b>	<b>1,206.20</b>	<b>680.50</b>

NOTE NO 13 NON CURRENT BORROWINGS			
Term loans			
Secured borrowings			
From Scheduled Banks	1,654.16	1,410.00	1,602.05
<b>TOTAL</b>	<b>1,654.16</b>	<b>1,410.00</b>	<b>1,602.05</b>

NOTE NO 14 BORROWINGS			
Particulars	As at 31st Mar, 2018	As at 31st Mar, 2017	As at 1st Apr, 2016
Loans repayable on demand			
From Banks			
Secured Borrowings	940.47	1,509.08	102.32
Unsecured Borrowings	-	-	-
Unsecured Loan- Related party			
From Directors	-	-	1.56
From Others	-	-	-
<b>TOTAL</b>	<b>940.47</b>	<b>1,509.08</b>	<b>103.88</b>

NOTE NO 15 TRADE PAYABLE			
Trade payables of Goods, Services & Expenses			
Due to micro enterprises and small enterprises	-	-	-
Due to others	3,626.94	3,895.31	3,367.61
<b>TOTAL</b>	<b>3,626.94</b>	<b>3,895.31</b>	<b>3,367.61</b>

NOTE NO 16 OTHER CURRENT LIABILITIES			
Long Term borrowing payable within 12 months	330.00	240.00	150.00
Advances received from customers	23.08	20.02	-
Capital expenses payable	36.79	246.39	43.86
Other Payable - Direct taxes (TDS & TCS)	5.98	10.85	6.03
<b>TOTAL</b>	<b>395.85</b>	<b>517.26</b>	<b>199.89</b>

NOTE NO 17 PROVISIONS			
Provision for Employee Liability	68.60	52.66	36.74
Income Tax provision (Net of Advance Tax & TDS)	-	-	-
Other Short Term Provisions	43.06	33.53	26.14
<b>TOTAL</b>	<b>111.65</b>	<b>86.19</b>	<b>62.87</b>



**PINNACLE LIFE SCIENCE PRIVATE LIMITED**  
**NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS**  
**FOR THE YEAR ENDED 31st MARCH 2018**

	Amount in Lacs	
	Mar-18	Mar-17
<b>Note No 18 - Other Income</b>		
Discount Received	-	7.78
Dividend Income	0.08	0.06
Interest on deposits	1.60	1.93
Sundry Balance W/Back	-	11.32
<b>Total</b>	<b>1.67</b>	<b>21.09</b>
<b>Note No 19 - Cost of materials consumed</b>		
Raw Material Consumption	7,224.87	9,155.64
Packing Materials	1,543.79	905.70
Freight Inward	11.71	14.46
<b>Total</b>	<b>8,780.37</b>	<b>10,075.81</b>
<b>Note No 20 - Employee benefits expense</b>		
Salaries, Wages and Bonus ( Mfg)	542.74	448.67
Salaries and Bonus ( Admin)	145.44	61.34
Staff Welfare Expenses	14.17	9.17
Directors' Remuneration	42.34	15.04
<b>Total</b>	<b>744.70</b>	<b>534.22</b>
<b>Note No 21 - Finance Cost</b>		
Interest on Term Loans	147.48	176.55
Interest on Working Capital	47.17	17.13
Interest on Unsecured loan	14.74	-
<b>Total</b>	<b>209.39</b>	<b>193.68</b>
<b>Note No 22 - Depreciation and Amortisation</b>		
Depreciation	226.40	176.97
<b>Total</b>	<b>226.40</b>	<b>176.97</b>
<b>Note No 23- Other expenses</b>		
<b>Manufacturing Expenses</b>		
Processing fees	208.89	10.15
Testing Charges	35.99	18.94
Labour Charges	174.69	252.09
Insurance Expenses	12.31	8.02
Power & Fuel	241.30	277.60
Stores & Spares	58.20	99.61
Repairs & Maintenance - Building	9.45	18.73
- Plant & Machinery	13.58	11.69
Other Factory Expenses	91.53	91.71
<b>SubTotal ( a)</b>	<b>845.95</b>	<b>788.53</b>





	For the Year Ended	For the Year Ended
	Mar-18	Mar-17
<b>Office &amp; Administration Expenses</b>		
Auditors' Remuneration	1.75	2.21
Conveyance Expenses	15.35	0.45
Legal & Professional Charges	41.96	29.27
Membership & Subscriptions	0.04	0.59
Postage, Telegram & Telephone	1.39	0.48
Office Electricity Charges	2.83	2.93
Miscellaneous Expenses	22.38	3.00
Travelling Expenses - Directors	5.58	2.89
Travelling Expenses - Others	21.65	4.52
<b>Sub Total ( b )</b>	<b>112.92</b>	<b>46.33</b>
<b>Selling &amp; Distribution</b>		
Advertisement & Sales Promotion	79.28	2.71
Freight & Forwarding	103.10	51.60
Commission Expenses	59.94	26.88
Bad Debts & other written off	28.16	-
<b>Sub Total ( c )</b>	<b>270.48</b>	<b>81.18</b>
Bank Charges	10.52	3.28
<b>SubTotal ( d )</b>	<b>10.52</b>	<b>3.28</b>
<b>Non Operative Expenses</b>		
CSR Expenses	5.20	-
Donations	0.11	0.53
<b>SubTotal ( e )</b>	<b>5.31</b>	<b>0.53</b>
<b>Total ( a+b+c+d+e)</b>	<b>1,245.18</b>	<b>919.86</b>



# PINNACLE LIFE SCIENCE PRIVATE LIMITED

## NOTES TO FINANCIAL STATEMENT FOR THE YEAR ENDED 31<sup>ST</sup> MARCH, 2018

### Corporate Information:-

Pinnacle Life Science Private Limited (“the Company”) is a private limited company incorporated and domiciled in India. Its wholly owned subsidiary of Aarti Drugs Limited. The registered office of Company is located at near telephone exchange, Manpura, Baddi, Himachal Pradesh – 173205 and is incorporated under the provisions of the Companies Act applicable in India.

The Company is primarily involved in manufacturing of Tablets, Capsules, Syrups, Ointments & Creams.

### 24) Significant Accounting Policies and Key Accounting Estimates and Judgments

#### A) Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind-AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. For periods up to and including the year ended 31st March, 2017, the Company prepared its financial statements in accordance with accounting standards notified under Section 133 of the Companies Act, 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (‘Previous GAAP’). These financial statements for the year ended 31st March, 2018 are the first Ind-AS Financial Statements prepared in accordance with Ind-AS

The financial statements are presented in Indian Rupees which is the functional currency of the company and all values are rounded to the nearest lakhs, except when otherwise indicated.

#### B) Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

- (i) **Sale of goods:** Revenue from sale of goods is recognized on dispatch (in respect of exports on the date of the bill of lading or airway bill) which coincides with transfer of significant risks and rewards to customer and is net of trade discounts, sales returns, where applicable and recognized based on the terms of the agreements entered into with the customers.
- (ii) **Interest Income:** Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts





through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

- (iii) **Dividend income:** Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.
- (iv) **Export benefits:** incentives and licenses Export incentives are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

### C) Property, plant and equipment: -

All items of property, plant and equipment other than Leasehold Land are stated at cost less accumulated depreciation and impairment loss, if any.

Cost includes cost of acquisition, installation or construction, other direct expenses incurred to bring the assets to its working condition and finance costs incurred up to the date the asset is ready for its intended use and excludes cenvat / value added tax / Goods and Services Tax (GST) eligible for credit / setoff. Estimated cost of dismantling and removing the item and restoring in the site on which it is located.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

All identifiable Revenue expenses including interest incurred in respect of various projects / expansion, net of income earned during the project development stage prior to its intended use, are considered as pre - operative expenses and disclosed under Capital Work-in-Progress.

Property, plant and equipment are eliminated from financial statements, on disposal Losses arising in the case of the retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

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 its disposal at the end of its useful life. The company will recognize such losses whenever they arise.

### Transition to Ind AS

On transition to Ind AS the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1<sup>st</sup> April, 2016 measured as per previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.





**Intangible Assets:-**

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably. Intangible assets are stated at cost or acquisition less accumulated amortisation and impairment loss, if any.

Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Software is amortised over their estimated useful life on straight line basis from the date they are available for intended use, subject to impairment test.

The amortisation period and the amortization method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of an intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the assets is derecognised.

**Depreciation:-**

Depreciable amount of all items of property, plant and equipment other than Leasehold Land is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Property, plant and equipment are provided on straight line method, over the useful life of the assets, as specified in Schedule II to the Companies Act, 2013.

Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis.

Building constructed on leasehold land is depreciated based on the useful life specified in Schedule II to the Companies Act, 2013.

Freehold land is not depreciated.

The asset's residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively; if appropriate an asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

**D) Financial Instrument: -**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**Financial Assets:-*****Classification:***

The Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.





#### *Initial recognition and measurement*

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### *Subsequent measurement*

For the purpose of subsequent measurement financial assets are classified in two broad categories:

- Financial assets at fair value (FVTPL /FVTOCI)
- Financial assets at amortised cost

When assets are measured at fair value, gains and losses are either recognized in the statement of profit and loss (i.e. fair value through profit or loss (FVTPL)), or recognized in other comprehensive income (i.e. fair value through other comprehensive income (FVTOCI)).

#### *Financial Assets measured at amortised cost (net of write down for impairment, if any):*

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Statement of profit and loss.

#### *Financial Assets measured at Fair Value Through Other Comprehensive Income ("FVTOCI"):*

Financial assets under this category are measured initially as well as at each reporting date at fair value, when asset is held within a business model, whose objective is to hold assets for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

#### *Financial Assets measured at Fair Value Through Profit or Loss ("FVTPL"):*

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

#### *Investment in Equity Instruments:*

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income. There is no recycling of the amounts from other comprehensive income to profit or loss.

#### *Investment in Debt Instruments:*

A debt instrument is measured at amortised cost or at FVTOCI. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.





**E) Inventories: -**

Raw materials and packing materials are valued at lower of cost and the net realisable value. The cost of raw materials and packing materials includes all costs of purchase, duties and taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventory to its present location and condition includes customs duty. Finished products including traded goods and work-in-progress are valued at lower of cost and net realizable value. Cost is arrived on moving stock on FIFO basis.

The cost of finished goods & work in progress have been computed to include all cost of purchases, cost of conversion, appropriate share of fixed production overheads based on normal operating capacity and other related cost incurred in bringing the inventories to their present condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Slow and non-moving material, obsolesces, defective inventory valued at net realisable value.

Goods and materials in transit are valued at actual cost incurred up to the date of balance sheet. Materials and other items held for use in production of inventories are not written down, if the finished products in which they will be used are expected to be sold at or above cost.

**F) Retirement and other employee benefits: -**

Gratuity Obligations

The liability or asset recognized in the balance sheet in respect of defined benefit gratuity plans is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets. The defined benefit obligation is calculated annually by actuaries.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

None of the employees have completed more than five years at the end of reporting period, no liability recognised as on the balance sheet date.

Other Benefit Plan

Leave Encashment Liability in respect of leave encashment becoming due or expected to be availed within one year from the balance sheet date is recognized on the basis of undiscounted value of estimated amount required to be paid or estimated value of benefit expected to be availed by the employees.

No liability in respect of Leave encashment due or expected to be availed within one year from the balance sheet date.





**G) Foreign Currency Transactions: -**

Foreign currency transactions are accounted at the rates that approximates the actual rate prevailing at the date of transaction. The exchange rate differences arising out of such transactions are dealt with in the Profit and Loss Account.

**H) Research and Development: -**

Revenue Expenditure on Research and Development is charged to the Profit and Loss Account for the year. Capital Expenditure on Research and Development is included as part of fixed assets and depreciation is provided on the same basis as for other fixed assets.

**I) Income Taxes: -**

Income tax expense comprises of current tax expense and deferred tax expenses.

Current and deferred taxes are recognized in Statement of Profit and Loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current income tax:

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961 of the respective jurisdiction. The current tax is calculated using tax rates that have been enacted or substantively enacted, at the reporting date.

Deferred tax:

Deferred tax is recognized using the Balance Sheet approach on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Deferred tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred 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 tax asset to be utilised. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be recovered or settled.

Minimum Alternate Tax (MAT) credit is recognized as an asset only when and to the extent it is reasonably certain that the Company will pay normal income tax during the specified period. Such asset is reviewed

**J) Borrowing Costs: -**

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of cost of the asset. All other borrowing costs are expensed in the period in which they occur.





**K) Provisions and Contingent Liabilities: -****Provisions:-**

Provisions for legal claims, chargebacks and sales returns are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period.

**Contingencies:-**

Disclosure of contingent liabilities is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Where there is possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provisions or disclosures are made.

**25) FAIR VALUE MEASUREMENTS:****Financial Instrument by Category****(Rs. In Lakhs)**

Particulars	As at 31st March 2018			As at 31st March 2017			As at 1st April 2016		
	Carrying	Level 1	Level 2	Carrying	Level 1	Level 2	Carrying	Level 1	Level 2
	Amount			Amount			Amount		
<b>Financial Asset</b>									
<b>At Amortised Cost</b>									
Investment	0.50	-	-	0.50	-	-	0.50	-	-
Trade Receivables	2,714.84	-	-	3,101.02	-	-	2,345.01	-	-
Cash and Bank Balances	36.17	-	-	45.55	-	-	31.77	-	-
Other Financial Assets	-	-	-	-	-	-	-	-	-
<b>Financial Liabilities</b>									
<b>At Amortised Cost</b>									
Borrowings (Current)	940.47	-	-	1,509.08	-	-	103.88	-	-
Borrowings (Non - Current)	1,654.16	-	-	1,410.00	-	-	1,602.05	-	-
Trade Payables	3,626.94	-	-	3,895.31	-	-	3,367.61	-	-
Other Current Financial Liabilities	-	-	-	-	-	-	-	-	-

The financial instruments are categorized into two levels based on the inputs used to arrive at fair value measurements are described below:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities; and

Level 2: Inputs other than the quoted prices included within Level 1 that are observed for the asset or liability, either directly or indirectly





## 26) CAPITAL MANAGEMENT:

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders. The primary objective of the Company's capital management is to maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. Net Debt is calculated as loans and borrowings less cash & marketable securities

(Rs.in Lakhs)

Particulars	As at 31st March 2018	As at 31st March 2017	As at 1st April 2016
Gross Debts	2,594.63	2,919.08	1,705.93
Less: Cash and bank balances	36.17	45.55	31.77
<b>Net Debt (A)</b>	<b>2,558.46</b>	<b>2,873.53</b>	<b>1,674.16</b>
<b>Total Equity (B)</b>	<b>2,886.19</b>	<b>1,984.47</b>	<b>1,358.77</b>
<b>Net Gearing Ratio (A/B) (in times)</b>	<b>0.89</b>	<b>1.45</b>	<b>1.23</b>

## 27) FINANCIAL RISK MANAGEMENT:

The Company's principal financial liabilities comprise trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that derive directly from its operations. The Company is exposed to credit risk, market risk and liquidity risk. The Company's senior management oversees the management of these risks.

### I. Credit Risk

The company is exposed to credit risk from its operating activities (primarily for trade receivables) and Credit risk is the risk that a customer to pay the amounts due causing financial loss to the company. Credit risk arises from company's activities in outstanding receivables from customers. The company has a prudent and conservative process for managing its credit risk arising in the course of its business activities. Sales made to customers on credit are generally secured through Letters of Credit, Bank Guarantees and advance payments.

#### Credit risk management.

To manage the credit risk, the Company follows an adequate credit control policy and also has an external credit insurance cover with ECGC policy. Thus, the requirement of assessing the impairment loss on trade receivables does not arise, since the collectability risk is mitigated.



## II. Liquidity Risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at a reasonable price. For the Company, liquidity risk arises from obligations on account of financial liabilities such as trade payables and other financial liabilities.

### Liquidity Risk Management

The Company's corporate treasury department is responsible for liquidity and funding as well as settlement. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

As at 31<sup>st</sup> March, 2018

Maturities of non-derivative financial liabilities

(Rs.in lakhs)

Particulars	Up to 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	3,626.94	-	-	3,626.94
Other financial liabilities	-	-	-	-
Total	3,626.94	-	-	3,626.94

As at 31<sup>st</sup> March, 2017

Maturities of non-derivative financial liabilities

(Rs.in lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	3,895.31	-	-	3,895.31
Other financial liabilities	-	-	-	-
Total	3,895.31	-	-	3,895.31

As at 1<sup>st</sup> April, 2016

Maturities of non-derivative financial liabilities

(Rs.in lakhs)

Particulars	Upto 1 year	Between 1 and 5 years	Beyond 5 years	Total
Trade payables	3,367.61	-	-	3,367.61
Other financial liabilities	-	-	-	-
Total	3,367.61	-	-	3,367.61

## III. Market Risk

### Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities in exports and imports which is majorly in US dollars.





28) EQUITY RECONCILIATION:

A Reconciliation of the Net Profit to those reported under previous Generally Accepted Accounting Principles (GAAP) is summarized as follow:

(Rs.in lakhs)

Particulars	31 <sup>st</sup> March, 2017
Net profit under Previous GAAP	651.71
Re-measurement losses on employee defined benefit plans (Net of taxes)	0.00
Other Comprehensive Income (Net of Tax)	0.00
Others (Reversal of revaluation reserve)	(26.01)
<b>Net profit for the year under Ind AS</b>	<b>625.70</b>

B Reconciliation of the Equity as reported under previous Generally Accepted Accounting Principles (GAAP) is summarized as follow:

Particulars	Note No.	31 <sup>st</sup> March, 2017	1 <sup>st</sup> April 2016
Equity reported as per previous GAAP		1984.47	1358.77
De-recognition of provision for preference dividend and dividend tax thereon		0	0
Impact of measuring Investments at Fair Value - through Other Comprehensive Income (Net of tax)		0	0
Proposed Dividend including Tax		0	0
Others		0	0
<b>Equity for the year under Ind AS</b>	11 & 12	1984.47	1358.77

29) Contingent Liabilities:

Particulars	As at 31st March 2018	As at 31st March 2017
(i) <b>Contingent Liabilities</b>		
In respect of bank guarantees issued and L/C opened by the Company's bankers	5.38	32.96
(ii) <b>Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	90.10	113.60



There are no Micro and Small Enterprise, to whom the Company owes dues, which are outstanding for more than 45 days as at 31st March 2018. This information required to be disclosed under the Micro, Small and Medium Enterprise Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.

**30) Securities for loans taken from Banks:**

a) (Amount in Rs Lakhs)

Bank Name	As at 31-March-2018	As at 31-March-2017	Due for	
			Installment F.Y. 2018-19	Subsequent Years
Saraswat Bank- Corporate Loan	393.00	510.00	150.00	243.00
Saraswat Bank-Term Loan	1027.76	1140.00	180.00	847.76
Saraswat Bank-Term Loan-Bldg	396.92	0.00	0.00	3,96.92
Saraswat Bank-Term Loan-P&M	153.46	0.00	0.00	153.46

Note:

1) Above term loans are secured by way of hypothecation of new Plant and Machinery situated at (a) Village Manpura Tehsil Baddi Distt. Solan, State: Himachal Pradesh and (b) Jholungey, Lower Kabray, Namthang, Namchi, South Sikkim, State: Sikkim.

2) Above Corporate Loans 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) Cash Credit from Scheduled Banks of Rs.940.47 lacs (F.Y 16-17 Rs. 1509.08 lacs) payable on demand are secured by hypothecation of Company's raw materials stock, stock-in-process, finished goods, packing materials, stores & spares, book debts up to 90 days and including goods in transit governed by documents of title less creditors.

c) 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





### 31) Segment Reporting IND AS 108

Ind AS 108 establishes standards for the way that company reports information about operating segment and related disclosure about products and geographical areas.

#### I. BASIS FOR SEGMENTATION

The operations of the Company are limited to one segment i.e manufacturing of pharmaceuticals products. The products being sold under this segment are of similar nature and comprise of pharmaceutical products only.

(Amount Rs.in Lakhs )

II.	GEOGRAPHICAL SEGMENTS AS SECONDARY SEGMENTS	For the year ended 31 <sup>st</sup> March, 2018	For the year ended 31 <sup>st</sup> March, 2017
	Segment Revenue		
a)	Out of India (Exports)	1714.35	273.82
b)	India	12214.80	14403.27
	Total	13929.15	14677.09

### 32) RELATED PARTY DISCLOSURE UNDER IND AS 24

#### A. Name and Relationship of the Related Parties:

(1) Holding Company  
M/s Aarti Drugs Limited

(2) Individuals owning directly or indirectly, an interest in the voting power of the reporting enterprise that gives them control or significant influence over the enterprise, and relatives of such individual.

#### • Individuals

Mr. Chandrakant V. Gogri	Chairman Emeritus (Holding Company)
Mr. Rajendra V. Gogri	Non-Executive Director (Holding Company)
Mr. Prakash M. Patil	Chairman (Holding Company)
Mr. Rashesh C. Gogri	Managing Director (Holding Company)
Mr. Uday M. Patil	Whole-time Director (Holding Company)
Mr. Vibhav S. Ranade	Company Secretary (Holding Company)



• Relatives of Individuals

Mrs. Jaya C. Gogri	Mr. Mirik R Gogri
Mrs. Dhanvanti V.Gogri	Mr. Renil R. Gogri
Mrs. Aarti R. Gogri	Mrs. Hetal Gogri Gala
Mrs. Manisha R. Gogri	Dr. Vikas M. Patil
Mrs. Priti P. Patil	Mr. Arun M. Patil
Ms. Aarti T. Sankhe	

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

• Key Management Personnel

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

Relatives of Key Management Personnel

Mrs. Jayashree H. Shah	Mrs. Seema H. Savla
Mr. Sameer P. Shah	Ms. Bhoomi H. Savla

(4) Enterprise/firms over which controlling individuals have significant influence.

- Aarti Industries Ltd.
- Aarti Life Science LLP (formerly Rupal Drugs LLP)
- Fish Talent Technologies Private Limited
- Alchemie Gases & Chemicals Pvt Ltd
- Alchemie Financial Services Ltd
- Alchemie Laboratories
- Huanggang Yinhe Aarti Pharmaceutical Co. Ltd.
- Aar EmVentures LLP
- Aakashsha Pharmachem LLP
- Conventry Ventures LLP

**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 31<sup>st</sup> March, 2018







**33) Directors Remuneration:**

(Amount in Rs In Lakhs)

Particulars	Current Year	Previous Year
Salary to Managing Directors and whole time Directors	39.76	12.98
Bonus/Leave Travel Allowance/House Rent Allowance/ Medical/Leave Salary	0.00	0.00
Special Allowances to Directors	0.00	0.00
Contribution to Provident Fund	0.00	0.00
Superannuation fund scheme	2.58	2.06
<b>Total Remuneration</b>	<b>42.34</b>	<b>15.04</b>

**34) Auditors' remuneration includes**

(Amount in Rs in Lakhs)

Particulars	Current Year	Previous Year
Statutory Audit	1.75	2.21
Other Audit Services	0.00	0.00
Certification	0.00	0.00
<b>Total</b>	<b>1.75</b>	<b>2.21</b>

**35) Earnings Per Share:**

(Amount in Rs in Lakhs, except share data)

Particulars	Current Year	Previous Year
Net Profit available for Equity Shareholders	901.72	651.71
Weighted Number of Equity Shares (Nos.)	7782750	7782750
Basic & Diluted EPS (after extraordinary items) (Rs.)	11.59	8.37
Nominal value per share (Rs.)	10.00	10.00





36) Additional information pursuant to the provisions of the Companies Act, 2013 (Figures in bracket relate to 31<sup>st</sup> March 2017)

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

a) At Baddi

(Qty in lacs)

Class of Goods	Units	Licensed	Installed	Production	Captive	Net Production
TABLETS/CAPSULES	Nos	---	37800.00 (37800.00)	13663.07 (17347.22)	NIL	13663.07 (17347.22)
TUBES/OINTMENT	Nos	---	300.00 (300.00)	30.58 (21.52)	NIL	30.58 (21.52)
LIQUID	Bottles	---	300.00 (300.00)	61.35 (44.64)	NIL	61.35 (44.64)
LOTIONS	Bottles	---	80.00 (80.00)	---	NIL	---

b) At Sikkim

(Qty in lacs)

Class of Goods	Units	Licensed	Installed	Production	Captive	Net Production
CAPSULES	Strips	----	-- (2208.00)	-- (3.94)	NIL	-- (3.94)

\* As license is not required Licensed Capacity not given.

c)

Purchase of trading items(Net):	Current Year	Previous Year
Number of Strips (in lakhs)	285.66	475.45
Amounts (Rs.in Lakhs)	1,378.49	2,247.78



d)

Value of Raw materials and spares consumed	Current Year	Previous Year
<b>Raw Material:</b>		
<b>Indigenous</b>		
Percentage %	98.12	99.29
Amount (Rs. In Lakhs)	7,088.80	9,090.17
<b>Imported</b>		
Percentage %	1.88	0.71
Amount (Rs. In Lakhs)	136.07	65.47
<b>Stores and spares :</b>		
<b>Indigenous</b>		
Percentage %	100	100
Amount (Rs. In Lakhs)	58.20	99.61

e)

C.I.F Value of Imports	(Amount Rs.in Lakhs)	
	Current Year	Previous Year
Raw Material	135.90	64.84
Capital Goods	17.75	16.07

f)

Expenditure in Foreign Currency	Current Year	Previous Year
Commission	16.87	13.97
Travelling Expenses	1.82	3.76
Drug Registration charges	25.68	26.71

g)

Earnings in Foreign Exchange	Current Year	Previous Year
F.O.B. Value of Exports	1613.45	268.29





37) As per Sec 135 of the Companies Act 2013, details of amount to be spent on Corporate Social Responsibility are as below. Gross amount to be spent on the CSR activity during the year is **Rs 5.20 Lakhs**. During the year company spent Rs 0.70 Lakhs & provision made for balance Rs 4.50 lakhs (previous year nil).

38) Following are the list of litigations / cases which are pending with authorities / courts as on the reporting date.

The company has an outstanding receivable amount from one of the Creditors of Rs 105 lacs. The company have filed suit under section 138 of Negotiable Instrument Act, 1881 to recover the same from the party & the case as on date is with Session Court, Himachal Pradesh.

39) In the opinion of Board, except as otherwise stated, the current assets have a value on realization at least equal to amounts at which they are stated in the balance sheet.

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

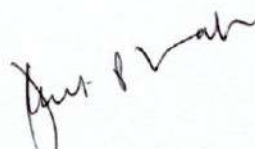
AS PER OUR REPORT OF EVEN DATE

FOR AND ON BEHALF OF THE BOARD OF  
DIRECTORS

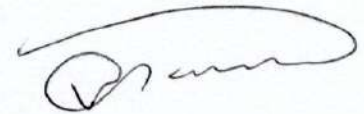
For **GOKHALE & SATHE**  
**CHARTERED ACCOUNTANTS**



**(CA TEJAS PARIKH)**  
PARTNER  
M No: 123215  
Firm Registration No: 103264W



**HARIT P. SHAH**  
(Director)  
DIN: 00005501



**VISHWA H. SAVLA**  
(Director)  
DIN: 03619810

Place: Mumbai  
Date : 14th May, 2018