



INDEPENDENT AUDITOR'S REPORT

To the Members of INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of **INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED** (“the Company”), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as “the Financial Statements”).

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, its profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the Financial Statements in accordance with the Standards on Auditing (“SA’s”) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor’s Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (“ICAI”) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI’s Code of Ethics. 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.



Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Director's Report including Annexures to Director's Report and Company's Information, but does not include the financial statements and our auditor's report thereon.

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

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

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with



them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

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 sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable in "Annexure A".
2. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.
 - e) On the basis of the written representations received from the directors as on 31st March, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.



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

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. – Refer Note 3.31 to the financial.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **R.S. SANGHAI & ASSOCIATES**
Chartered Accountants
Firm's registration number: 109094W



Ramashankar Sanghai
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R.S. SANGHAI
Partner
M. No.: 036931

Place: Mumbai
Date: 3rd June, 2020

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Re: INDICHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

“Annexure A” to the Independent Auditors’ Report for the year ended 31st March, 2020

Referred to in paragraph 1 under the heading ‘Report on Other Legal & Regulatory Requirement’ of our report of even date to the Ind AS financial statements of the Company for the year ended 31st March, 2020, we report that:

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) The Fixed Assets have been physically verified by the management 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 book records and the physical fixed assets have been noticed.
 - (c) The title deeds of immovable properties are held in the name of the company.
- ii) (a) The management has conducted the physical verification of inventory at reasonable intervals;
 - (b) The discrepancies noticed on physical verification of the inventory as compared to book records which has been properly dealt with in the books of account were not material.
- iii) The Company has not granted any loan, 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.
- iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.
- vii) (a) According to information and explanations given to us and on the basis of our examination of the records of the Company amounts deducted/ accrued in the



books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Goods & Service Tax, Income-Tax, Duty of Customs, Cess and any other statutory dues have been regularly deposited during the year by the Company 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 31st March, 2020, for a period of more than six months from the date on when they become payable.

- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of customs duty, goods & service tax & excise duty which have not been deposited on account of any dispute. The particulars of dues of income tax and sales-tax as at 31st March, 2020, which have not been deposited on account of dispute, are as follows-

Name of the Statute	Nature of Dues	Total Amount (Rs. In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Income Tax Act 1961	Income Tax	0.30	2013-14	Assistant Commissioner of Income Tax
Income Tax Act 1961	Income Tax	21.24	2014-15	Assistant Commissioner of Income Tax
MVAT Act 2002	Sales-Tax	9.34	2008-09	Assistant Commissioner
MVAT Act 2002	Sales-Tax	26.86	2010-11	Assistant Commissioner
Total		57.74		

- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loan or borrowing to any bank /financial institution. The Company has not taken any loan from the government and has not issued any debentures.
- ix) 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 para 3(ix) of the Order are not applicable to the Company and hence not commented upon.
- x) 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.
- xi) 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.



- xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Therefore, the provisions of para 3 (xii) of the Order are not applicable to the Company.
- xiii) 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 Ind AS Financial Statements as required by the applicable accounting standards.
- xiv) 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 para 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv) 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.
- xvi) 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 **R.S. SANGHAI & ASSOCIATES**
Chartered Accountants
 Firm's registration number: 109094W



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R.S. SANGHAI
 Partner
 M. No.: 036931

Place: Mumbai
 Date: 3rd June, 2020

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Re: INDICHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

“Annexure B” to the Independent Auditors’ Report for the year ended 31st March, 2020

Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls with reference to financial statements of **INDICHEMIE HEALTH SPECIALITIES PRIVATE LIMITED** (“the Company”) as of 31st March, 2020, in conjunction with our audit of the Ind AS 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 with reference to financial statements 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 internal financial controls with reference to financial statements 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 internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 Ind AS 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 with reference to financial statements.

Meaning of Internal Financial Controls with reference to financial statements

A company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS 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 Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls with reference to financial statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31st March, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **R.S. SANGHAI & ASSOCIATES**
Chartered Accountants
Firm's registration number: 109094W



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Date: 2020.06.03
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R.S. SANGHAI
Partner
M. No.: 036931

Place: Mumbai
Date: 3rd June, 2020

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INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED
BALANCE SHEET AS AT 31st MARCH, 2020

Particulars	Note No.	As at 31 st March, 2020 (` in Lakhs)	As at 31 st March, 2019 (` in Lakhs)
I. ASSETS			
1 Non-Current Assets			
(a) Property, plant and equipment	3.1	9,012.51	9,343.56
(b) Capital work in progress	3.1	133.21	56.66
(c) Other Intangible assets	3.1	538.34	-
(d) Financial assets			
(i) Investments	3.2	300.49	11.15
(ii) Other non-current financial assets	3.3	2,616.04	2,596.37
(e) Deferred tax assets	3.16D	203.86	-
(f) Other non-current assets	3.4	134.32	-
Total Non-Current Assets		12,938.77	12,007.74
2 Current Assets			
(a) Inventories	3.5	6,474.50	4,363.76
(b) Financial assets			
(i) Investments	3.6	103.06	171.61
(ii) Trade receivables	3.7	9,189.49	6,250.16
(iii) Cash and cash equivalents	3.8	866.54	69.15
(iv) Bank balances other than (iii) above	3.9	8,446.55	8,897.87
(v) Loans	3.10	80.31	49.99
(vi) Other current financial assets	3.11	839.27	368.31
(c) Other current assets	3.12	2,190.37	1,609.23
(d) Current tax assets (Net)	3.23	76.08	-
Total Current Assets		28,266.17	21,780.08
TOTAL ASSETS		41,204.94	33,787.82
II. EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	3.13	25.00	25.00
(b) Other equity (Refer statement of changes in equity)		26,673.53	23,837.27
Total Equity		26,698.53	23,862.27
2 Liabilities			
2a Non-Current Liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	3.14	404.98	58.50
(b) Provisions	3.15	2,859.98	2,170.59
(c) Deferred tax liabilities	3.16D	-	30.07
(d) Other non-current liabilities	3.17	167.55	17.28
Total Non-Current Liabilities		3,432.51	2,276.44
2b Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	3.18	3,885.69	1,136.42
(ii) Trade payables			
(a) total outstanding dues of Micro and Small Enterprises	3.19	537.18	627.15
(b) total outstanding dues other than (ii) (a) above	3.19	3,010.04	3,012.34
(iii) Other financial liability	3.20	3,041.08	2,243.24
(b) Other current liabilities	3.21	366.17	341.84
(c) Provisions	3.22	233.74	167.59
(d) Current tax liabilities (Net)	3.23	-	120.53
Total Current Liabilities		11,073.90	7,649.11
Total Liabilities		14,506.41	9,925.55
TOTAL EQUITY AND LIABILITIES		41,204.94	33,787.82

Significant Accounting Policies 1

Critical accounting judgments and key sources of estimation uncertainty 2

Notes to the Financial Statements 3

The accompanying notes are an integral part of these financial statements

As per our Report attached of even date,

For **R.S.SANGHAI & ASSOCIATES**

Chartered Accountants

FRN-109094W

Ramashankar Sanghai
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Ramashankar Sanghai
Date: 2020.06.03
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R. S. Sanghai

Partner

Membership No.: 036931

Place: Mumbai

Date: 3rd June, 2020

For and on behalf of the Board of Directors of
INDCHEMIE HEALTH SPECIALITIES PVT. LTD.
CIN: U24230MH1986PTC039692

MRITUNJAY
KUMAR SINGH
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Date: 2020.06.03 13:50:07
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M. K. Singh

Managing Director

DIN : 000881412

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Anand R.

Executive Director

DIN : 008106635

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	Note No.	For the Year ended 31 st March, 2020 (` in Lakhs)	For the Year ended 31 st March, 2019 (` in Lakhs)
1 Income			
(a) Revenue from operations	3.24	45,270.73	39,277.16
(b) Other income	3.25	904.17	904.68
Total Income		46,174.90	40,181.84
2 Expenses			
(a) Cost of materials consumed	3.26	14,362.55	11,679.67
(b) Purchases of stock-in-trade		169.58	93.79
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	3.27	(1,383.42)	162.76
(d) Employee benefits expense	3.28	13,159.17	10,705.32
(e) Finance costs	3.29	363.53	367.45
(f) Depreciation and amortisation expense	3.1	1,044.12	798.25
(g) Other expenses	3.30	13,490.86	11,807.94
Total Expenses		41,206.39	35,615.18
3 Profit Before Tax (1) - (2)		4,968.51	4,566.66
4 Tax Expenses	3.16A		
(a) Current tax		930.00	1,422.00
(b) Adjustment of tax relating to previous year		(4.16)	(2.30)
(c) Deferred tax		(185.46)	(97.90)
(d) MAT credit entitlement		(21.00)	-
Total Tax Expenses		719.38	1,321.80
5 Profit for the Period (3) - (4)		4,249.13	3,244.86
6 Other Comprehensive Income			
(a) Items that will not be reclassified to profit or loss			
(i) Remeasurements of defined benefit plans		(114.23)	(13.29)
(ii) Tax on Remeasurements of defined benefit plans		27.47	4.64
Total of Other Comprehensive Income for the Period, Net of Tax		(86.76)	(8.65)
7 Total Comprehensive Income for the Period (5) + (6)		4,162.37	3,236.21
8 Basic and Diluted Earnings per Share	3.34	1,699.65	1,297.94

Significant Accounting Policies 1

Critical accounting judgments and key sources of estimation uncertainty 2

Notes to the Financial Statements 3

The accompanying notes are an integral part of these financial statements

As per our Report attached of even date,

For **R.S.SANGHAI & ASSOCIATES**

Chartered Accountants

FRN-109094W

Ramashankar Sanghai
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Date: 2020.06.03
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R. S. Sanghai

Partner

Membership No.: 036931

Place: Mumbai

Date: 3rd June, 2020

For and on behalf of the Board of Directors of
INDCHEMIE HEALTH SPECIALITIES PVT. LTD.
CIN: U24230MH1986PTC039692

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M. K. Singh

Managing Director

DIN : 000881412

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Anand R.

Executive Director

DIN : 008106635

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED
Statement of Changes in Equity for the year ended 31st March, 2020

(a) Equity share capital

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	No. of Shares	Amount (` in Lakhs)	No. of Shares	Amount (` in Lakhs)
Balance at the beginning of the reporting period	2,50,000	25.00	2,50,000	25.00
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	2,50,000	25.00	2,50,000	25.00

(b) Other Equity

Particulars	Reserves and Surplus			
	Capital Reserve (` in Lakhs)	General Reserve (` in Lakhs)	Retained Earnings (` in Lakhs)	Total Other Equity (` in Lakhs)
Balance as at 1st April, 2019	30.00	18,300.00	5,507.27	23,837.27
Total Comprehensive Income for the year ended 31st March, 2020				
Profit for the year	-	-	4,249.13	4,249.13
Transferred from Retained Earnings	-	-	-	-
Other Comprehensive Income	-	-	(86.76)	(86.76)
Total Comprehensive Income	-	-	4,162.37	4,162.37
Transactions with owners of the company				
Dividend on Equity Shares	-	-	(1,100.00)	(1,100.00)
Dividend Distribution Tax	-	-	(226.11)	(226.11)
Balance as at 31st March, 2020	30.00	18,300.00	8,343.53	26,673.53

Particulars	Reserves and Surplus			
	Capital Reserve (` in Lakhs)	General Reserve (` in Lakhs)	Retained Earnings (` in Lakhs)	Total Other Equity (` in Lakhs)
Balance as at 1 st April, 2019	30.00	18,300.00	2,753.28	21,083.28
Total Comprehensive Income for the year ended 31st March, 2019				
Profit for the year	-	-	3,244.86	3,244.86
Transferred from Retained Earnings	-	-	-	-
Other Comprehensive Income	-	-	(8.65)	(8.65)
Total Comprehensive Income	-	-	3,236.21	3,236.21
Transactions with owners of the company				
Dividend on Equity Shares	-	-	(400.00)	(400.00)
Dividend Distribution Tax	-	-	(82.22)	(82.22)
Balance as at 31st March, 2019	30.00	18,300.00	5,507.27	23,837.27

Notes:

The Description of the nature and purpose of each reserve within equity:

a. Capital Reserve: Capital reserve represents investment subsidies from the state government.

b. General Reserve: The Company has transferred a portion of the net profit of the Company before declaring dividend to general reserve pursuant to the earlier provisions of Companies Act 1956. Mandatory transfer to general reserve is not required under the Companies Act 2013.

c. Retained Earnings: Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends paid to shareholders.

As per our Report attached of even date,
For **R.S.SANGHAI & ASSOCIATES**
Chartered Accountants
FRN-109094W

Ramashankar
Sanghai

R. S. Sanghai

Partner

Membership No.: 036931

Place: Mumbai

Date: 3rd June, 2020

For and on behalf of the Board of Directors of
INDCHEMIE HEALTH SPECIALITIES PVT. LTD.
CIN: U24230MH1986PTC039692

MRITUNJAY
KUMAR SINGH
M. K. Singh
Managing Director
DIN : 000881412

ANAND
RAMASWAMY
Anand R.
Executive Director
DIN : 008106635

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED.
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2020

Particulars	For the year ended 31 st March, 2020 (` in Lakhs)	For the year ended 31 st March, 2019 (` in Lakhs)
A. Cash Flow from Operating Activities:		
Net Profit Before Tax	4,968.51	4,566.66
Adjustment for:		
Depreciation and amortisation expense	1,044.12	798.25
Provision for employee benefits	341.84	404.80
Provision for anticipated sales return	299.47	113.66
Fair valuation of investments	79.88	16.15
(Gain) / Loss on sale of investments (net)	(8.02)	(1.69)
(Gain) / Loss on sale of property, plant and equipment (net)	(3.43)	2.38
Dividend income classified as investing cash flow	(3.02)	(3.81)
Interest income classified as investing cash flow	(817.92)	(764.03)
Finance costs	332.21	344.34
Provision for doubtful debts	90.91	157.26
Amortisation on government grant	(68.30)	(7.15)
Net exchange differences	-	(7.35)
Sundry balances written back	-	(127.80)
Subtotal of Adjustments	1,287.74	925.01
Operating profit before working capital changes	6,256.25	5,491.67
Changes in working capital:		
(Increase) / Decrease in trade receivables	(3,030.24)	1,141.30
(Increase) / Decrease in other non-current financial assets	(1.50)	-
(Increase) / Decrease in other non-current assets	(134.32)	-
(Increase) / Decrease in loans current financial assets	(30.32)	(12.72)
(Increase) / Decrease in other current financial assets	(470.96)	(82.60)
(Increase) / Decrease in inventories	(2,110.74)	201.75
(Increase) / Decrease in other current assets	(581.14)	(345.78)
Increase / (Decrease) in other non-current financial liabilities	4.00	-
Increase / (Decrease) in other non-current liabilities	218.57	-
Increase / (Decrease) in trade payable	(92.27)	(973.78)
Increase / (Decrease) in other current financial liability	592.14	342.09
Increase / (Decrease) in other current liabilities	24.33	160.00
Subtotal of Adjustments	(5,612.45)	430.26
Cash generated from operations	643.80	5,921.93
Less: Income taxes paid (net of refund)	(1,122.43)	(1,930.68)
Net cash from operating activities	(478.63)	3,991.25
B Cash Flow from Investing Activities:		
Payments for property, plant and equipment	(616.37)	(1,575.62)
Proceeds from sale of property, plant and equipment	7.18	19.27
Payments for purchases of investments	(437.02)	(53.12)
Proceeds from sale of investments	144.36	35.56
Redemption / (investments) in bank deposits	433.15	(179.02)
Other dividends	3.02	3.81
Interest received	817.92	764.03
Net cash outflow from investing activities	352.24	(985.09)
C Cash Flow from Financing Activities:		
Dividends paid to company's shareholders (including DDT)	(1,326.11)	(482.22)
Interest paid	(332.21)	(344.34)
Repayments of borrowings	2,749.27	(2,174.02)
Repayment of Lease Liabilities	(167.17)	-
Net cash outflow from financing activities	923.78	(3,000.58)
D Net (decrease) / Increase in cash and cash equivalents (A+B+C)	797.39	5.58
E Cash and cash equivalents at beginning of the financial year	69.15	63.57
F Cash and cash equivalents at end of the financial year (D+E)	866.54	69.15
Notes:		
1 Cash and cash equivalents include:		
Cash on hand	34.83	13.88
Balance with banks	831.71	55.27
Total cash and cash equivalents	866.54	69.15
1 The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) on Cash Flow Statement.		
2 Bank overdraft repayable on demand are grouped under cashflows from financing activities.		

As per our Report attached of even date,

For **R. S. SANGHAI & ASSOCIATES**

Chartered Accountants

FRN-109094W

Ramashankar Sanghai
Digitally signed by
Ramashankar Sanghai
Date: 2020.06.03
13:53:07 +05'30'

R. S. Sanghai

Partner

M.No.36931

Place: Mumbai

Date: 3rd June, 2020

For and on behalf of the Board of Directors of
INDCHEMIE HEALTH SPECIALITIES PVT. LTD.
CIN: U24230MH1986PTC039692

MRITUNJAY
KUMAR SINGH
Digitally signed by
Mritunjay Kumar Singh
Date: 2020.06.03 12:41:12
+05'30'

M. K. Singh
Managing Director
DIN : 000881412

ANAND
RAMASWAMY
Digitally signed by
Anand Ramaswamy
Date: 2020.06.03 12:41:12
+05'30'

Anand R.
Executive Director
DIN : 008106635

NOTE - 1: SIGNIFICANT ACCOUNTING POLICIES:

1A. General Information

Indchemie Health Specialities Private Limited ('the Company') was incorporated in 1986 under the provisions of Companies Act, 1956 of India, as a company with limited liability. The Company is domiciled in India with its registered office address being at 510, Shah & Nahar Industrial Estate, Dr. E. Moses Road, Worli, Mumbai – 400018, India. The Company is engaged in manufacture and sale of pharmaceutical products.

1B. Significant Accounting Policies:

1.1 Basis of preparation of Financial Statements:

a) Statement of compliance:

The financial statements of the Company as at and for the year ended March 31, 2020 have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Act.

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on **3rd June, 2020**.

b) Basis of preparation and presentation:

The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in **Note 2**. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Company presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

- a) it is expected to be settled in normal operating cycle,
- b) it is held primarily for the purpose of trading,
- c) it is due to be settled within twelve months after the reporting period,
- d) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

c) Functional & presentation currency:

The financial statements are presented in Indian rupees which is the functional currency of the company and the currency of the primary economic environment in which it operates.

1.2 Property, plant and equipment (“PPE”):

i. Recognition and measurement:

- a) Items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non-refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also include interest on borrowings attributable to acquisition of qualifying PPE incurred up to the date the asset is ready for its intended use.
- b) Any gain or loss on disposal of an item of property, plant and equipment is recognized in the statement of profit & loss.
- c) Cost of Items of Property, plant and equipment not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of Property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under Other non-current assets.

ii. Subsequent expenditure:

Subsequent expenditure relating to PPE is capitalized only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

iii. Depreciation and Amortisation:

Depreciation is the systematic allocation of the depreciable amount of PPE over its useful life and is provided on a straight-line basis over the useful lives as prescribed under Schedule II to the Act. The carrying amount of PPE as on 1st April, 2014 and additions made thereafter is depreciated over the remaining useful life as under:

Tangible Assets	Useful Life
Leasehold Land	Amortized over the period of Lease
Buildings	30 Years
Plant and Machinery	10 Years to 15 Years
Furniture and Fixtures	10 Years
Vehicles	8 Years
Office Equipments	3 Years to 5 Years

1.3 Impairment of non-financial assets:

At each reporting date, the Company reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets with indefinite useful life are tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Cash generating units ("CGU"). The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.4 Leases:

The entity has adopted IND AS 116 "Leases" with a date of initial application of 1st April 2019. As a result, the entity has changed its accounting policy for lease contracts. The entity applied IND AS 116 using the modified retrospective approach and recognized lease liability equal to the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The Entity recognized a right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application. In the context of initial application, the Company has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low-value asset.

1.5 Financial instruments:

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the company commits to purchase or sell the asset.

a) Financial Assets:

The Company determines the classification of its financial assets at initial recognition. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The financial assets are classified in the following measurement categories:

- a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- b) Those to be measured at amortised cost.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments.

The Company follows trade date accounting for all regular way purchase or sale of financial assets.

i) Amortised Cost:

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- a) The asset is held within a business model with the objective of collecting the contractual cash flows, and

- b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include loans receivable, trade and other receivables, and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in other income.

ii) Financial assets at fair value through profit or loss:

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value presented as finance costs in profit or loss. Interests, dividends and gain/loss on foreign exchange on financial assets at fair value through profit or loss are included separately in other income.

If Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gain / (losses) in the statement of profit or loss as applicable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

Impairment of Financial Assets:

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- b) Trade receivables or any contractual right to receive cash or other financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

Expected credit losses are the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the company expects to receive. The expected credit losses consider the amount and timing of payments and hence, a credit loss arises even if the Company expects to receive the payment in full but later than when contractually due. The expected credit loss method requires to assess credit risk, default and timing of collection since initial recognition. This requires recognising allowance for expected credit losses in profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 month expected credit losses or life time expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. '12 month expected credit losses' represent the expected credit losses resulting from default events that are possible within 12 months after the reporting date. 'Lifetime expected credit losses' represent the expected credit losses that result from all possible default events over the expected life of the financial asset.

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime expected credit losses does not differ from that measured as 12 month expected credit losses. The Company uses the practical expedient in Ind AS 109 for measuring expected credit losses for trade receivables using a provision matrix based on ageing of receivables.

The Company uses historical loss experience and derived loss rates based on the past twelve months and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

Interest income:

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

Dividends:

Dividends are recognised as revenue when the right to receive payment is established.

Cash and cash equivalents:

Cash and cash equivalents comprise cash in hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

b) Financial Liabilities:

The Company determines the classification of its financial liabilities at initial recognition.

Classification:

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities shall be subsequently measured at fair value.

Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

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

c) Offsetting financial instruments:

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counter party.

1.6 Equity instruments:

Equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs.

1.7 Inventories:

- a) Raw Materials and Packing Materials are valued at cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. If the decline in price of materials indicate that the cost of finished goods exceeds net realisable value, the materials are written down to net realisable value; cost is calculated on weighted average basis.
- b) Finished Goods and Work-in-Progress are valued at lower of cost and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities, other overheads. Trading Goods are valued at lower of cost (on weighted average basis) and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.
- c) Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

1.8 Revenue Recognition:

- a) Revenue from sale of goods is recognized when a performance obligation is satisfied, i.e. when 'control' of the goods underlying the particular performance obligation is transferred to the customer by the Company and no significant uncertainty exist regarding the amount of consideration that will be derived from the sale of goods as well as regarding its ultimate collection. Revenue from product sales is stated net of returns, GST and applicable trade discounts and allowances. Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable and are also netted off for probable saleable and non-saleable return of goods from the customers, estimated on the basis of historical data of such returns.
- b) Revenue (including in respect of insurance or other claims, interest etc.) is recognized when it is reasonable to expect that the ultimate collection will be made.
- c) Dividend from investment is recognized as revenue when right to receive the payments is established.
- d) Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exists regarding its ultimate collection.

1.9 Foreign currencies:

i. Foreign currency transactions:

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions. The functional and presentation currency of the Company is Indian Rupees.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Foreign currency differences are recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

1.10 Employee Benefits:

a) Post-Employment Benefits and Other Long Term Benefits:

i) Defined Contribution Plan:

Company's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss. The Company's contribution towards provident fund for eligible employees are considered to be defined contribution plan for which the Company made contribution on monthly basis.

ii) Defined Benefit and Other Long Term Benefit Plans:

Company's liabilities towards defined benefit plans and other long term benefits viz. gratuity and compensated absences expected to occur after twelve months, are determined using the Projected Unit Credit Method. Actuarial valuations under the Projected Unit Credit Method are carried out at the balance sheet date. Actuarial gains and losses are recognised in the Statement of Other Comprehensive income in the period of occurrence of such gains and losses. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, and as reduced by the fair value of scheme assets, if any.

b) Short term Employee Benefits:

Short term employee benefits are benefits payable and recognised in 12 months. Short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised undiscounted during the year as the related service are rendered by the employee.

1.11 Taxes on Income:

Income tax expense represents the sum of the current tax, deferred tax and Minimum Alternate Tax ("MAT").

a) Current tax:

Current tax payable or recoverable is based on taxable profit for the year. Taxable profit differs from profit as reported in the Statement of Profit and Loss because some items of income or expense are taxable or deductible in different years or may never be taxable or deductible. The Company's liability for current tax is calculated using Indian tax rates and laws that have been enacted by the reporting date.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority.

The Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

b) Deferred tax:

Deferred tax is the tax expected to be payable or recoverable in the future arising from temporary differences between the carrying amounts of assets and liabilities in the Balance Sheet and the corresponding tax bases used in the computation of taxable profit. It is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised, based on tax rates that have been enacted or substantively enacted by the reporting date.

A deferred tax asset shall be recognised for the carry-forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised.

Deferred tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only if the company currently has a legally enforceable right to set-off the current tax assets and liabilities.

MAT credit is recognized as an asset only when and to the extent there is convincing evidence that the company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the ICAI the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT credit Entitlement to the extent there is no longer convincing evidence to the effect that the company will pay normal Income Tax during the specified period.

1.12 Borrowing Costs:

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred.

1.13 Provision, Contingent Liabilities and Contingent Assets:

A provision is recognised if as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount cannot be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

1.14 Earnings per share ('EPS'):

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.

1.15 Government Grants:

Grants related to depreciable assets are treated as deferred income which is recognised in the Statement of profit and loss on a systematic and rational basis over the useful life of the asset. Such allocation to income is usually made over the periods and in the proportions in which depreciation on related assets is charged. Government Grants of revenue nature is reduced from related expenses in the statement of Profit and Loss in the year of its receipt or when there is a reasonable assurance of its being received.

NOTE - 2 : Critical Accounting Judgements and key sources of estimation uncertainty:

The Company prepares its financial statements in accordance with Ind AS as issued by the MCA, the application of which often requires judgments to be made by management when formulating the Company's financial position and results. The Directors are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting fairly the Company's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgment is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Company's disclosure of significant accounting policies which are provided in **Note 1** to the financial statements, "Significant Accounting Policies"

In March 2020, the World Health Organisation (WHO) has declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The company has considered internal and external information while finalizing various estimates in relation to its financial statement up to the date of approval of the financial statements by the Board of Directors. Due to COVID-19 situation, there have been several restrictions imposed by the Governments across the globe on travel and transportation of goods considering public health and safety measures, which had some impact on the Company's supply chain during March, 2020. The Company is closely monitoring the impact of the pandemic on all aspects of its business, including how it will impact its customers, employees, vendors and business partners. The management has exercised due care, in concluding on significant accounting judgments and estimates, inter-alia, recoverability of receivables, assessment for impairment of investments, intangible assets, inventory, based on the information available to date, both internal and external, while preparing the Company's financial results as of and for the year ended 31st March, 2020.

a. Estimate of current and deferred tax:

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows.

b. Recognition of deferred tax assets:

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

c. Estimation of useful life:

The useful life used to amortise or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Statement of Profit and Loss.

The useful lives and residual values of Company's assets are determined by management as per Schedule II of the Companies Act, 2013.

d. Provision for trade and other receivables

Trade and other receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

e. Provisions and contingent liabilities

The Company exercises judgment in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgment is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.

f. Provision for Expected Sales Returns

In determining the provision for anticipated sales returns, estimates for probable saleable and non-saleable returns of goods from the customers are made on the basis of historical data of such returns.

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED.

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

3.1. : PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

(` in Lakhs)

Particulars	Tangible assets								Intangible assets	Capital
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Total	Right to use	Work in Progress
At Cost										
As at 1st April, 2018	280.36	131.72	2,630.75	5,621.39	182.54	238.53	126.09	9,211.38		
Additions	-	-	829.24	1,767.07	43.31	150.15	47.35	2,837.12		
Adjustments	-	-	-	-	(0.13)	-	-	(0.13)		
Deletions	-	-	-	(38.11)	-	(19.01)	-	(57.12)		
As at 31st March, 2019	280.36	131.72	3,459.99	7,350.35	225.72	369.67	173.44	11,991.25		
As at 1st April, 2019	280.36	131.72	3,459.99	7,350.35	225.72	369.67	173.44	11,991.25	693.28	
Additions	-	-	75.75	354.39	9.37	24.21	76.10	539.82	65.76	
Adjustments	-	-	-	-	-	-	-	-	-	
Deletions	-	-	-	(13.28)	-	(14.02)	-	(27.30)	(43.70)	
As at 31st March, 2020	280.36	131.72	3,535.74	7,691.46	235.09	379.86	249.54	12,503.77	715.34	
Depreciation and Amortisation										
As at 1st April, 2018	-	5.21	267.40	1,427.12	41.86	93.72	61.15	1,896.46		
Depreciation/amortisation charge for the year	-	1.74	122.86	572.14	20.93	45.48	35.10	798.25		
Adjustments	-	-	-	-	-	-	-	-		
Deductions	-	-	-	(30.94)	-	(16.08)	-	(47.02)		
As at 31st March, 2019	-	6.95	390.26	1,968.32	62.79	123.12	96.25	2,647.69		
As at 1st April, 2019	-	6.95	390.26	1,968.32	62.79	123.12	96.25	2,647.69	-	
Depreciation/amortisation charge for the year	-	1.74	133.65	621.96	21.63	49.29	38.85	867.12	177.00	
Adjustments	-	-	-	-	-	-	-	-	-	
Deductions	-	-	-	(10.70)	-	(12.85)	-	(23.55)	-	
As at 31st March, 2020	-	8.69	523.91	2,579.58	84.42	159.56	135.10	3,491.26	177.00	
Net Book Value										
As at 1 st April, 2018	280.36	126.51	2,363.35	4,194.27	140.68	144.82	64.94	7,314.93	-	1,331.56
As at 31 st March, 2019	280.36	124.77	3,069.73	5,382.03	162.93	246.55	77.19	9,343.56	-	56.66
As at 31st March, 2020	280.36	123.03	3,011.83	5,111.88	150.67	220.30	114.44	9,012.51	538.34	133.21

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Particulars	As at 31 st March, 2020 (` in Lakhs)	As at 31 st March, 2019 (` in Lakhs)
3.2 : Non Current Investment:		
In Equity Shares of Other Companies (at fair value through profit and loss):		
Unquoted		
9000 equity shares of Rs.10/- each of The Shivalik Solid Waste Management Ltd., fully paid.	0.90	0.90
2500 equity shares of Rs.10/- each of The Saraswat Co-operative Bank Ltd., fully paid.	0.25	0.25
Preference Share (Unquoted)		
100000 perpetual non-cumulative preference shares of Rs.10/- each of The Saraswat Co-operative Bank Ltd., fully paid.	10.00	10.00
Secured Redeemable Non-Convertible Tax Free Bonds		
10000 Tax saving bonds of Rs. 1000/- each of 7.39% National Highway Authority of India 2031	112.44	-
10000 Tax saving bonds of Rs. 1000/- each of 8.66% India Infrastructure Finance Company Ltd. 2034	126.17	-
Unsecured Redeemable Non-Convertible Taxable Bonds		
10 Taxable bonds of Rs. 5,00,000/- each of 10.88% Cholamandalam Investment and Finance Co. Ltd.	50.73	-
TOTAL	300.49	11.15

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Particulars	As at 31 st March, 2020 (` in Lakhs)	As at 31 st March, 2019 (` in Lakhs)
3.3 : Other Non-Current Financial Assets:		
In Deposit Accounts:		
Bank Deposits with maturity beyond 12 months (Refer note 3.9)	2,474.00	2,455.83
Interest on Deposits, accrued but not due	14.63	18.99
Security Deposits	127.41	121.55
TOTAL	2,616.04	2,596.37
Note:		
Bank Deposits of Rs. 2474.00 Lakhs as at 31.03.2020 (P.Y. Rs. 2,455.83 Lakhs) is under lien with the Banks against Overdraft facility.		
3.4 : Other Non-Current Assets:		
Capital Advances	134.32	-
TOTAL	134.32	-
3.5 : Inventories:		
Raw and Packing Materials	3,063.10	2,335.81
Goods-in-Transit	1.85	1.82
	3,064.95	2,337.63
Work-in-Progress	496.92	360.81
Finished Goods	2,266.65	1,530.97
Goods-in-Transit	551.70	96.06
	2,818.35	1,627.03
Stock-in-Trade	93.09	38.29
Goods-in-Transit	1.19	-
	94.28	38.29
TOTAL	6,474.50	4,363.76
Note:		
The Company follows suitable provisioning norms for writing down the inventories towards slow moving, non moving, expired and non saleable inventory. Write down of inventory for the year ended 31.03.2020 is Rs. 32.83 Lakhs . (P.Y. Rs. 88.64 Lakhs).		

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED.

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

3.6. : CURRENT INVESTMENTS (FAIR VALUE THROUGH PROFIT & LOSS) :

Current investment consist of the following:

Description	Face Value per share	As at 31st March, 2020		As at 31st March, 2019	
		Numbers	Fair Value (₹ in Lakhs)	Numbers	Fair Value (₹ in Lakhs)
Fully paid equity shares (Quoted)					
63 Moons Technologies Ltd.	2	5,000	2.89	5,000	4.05
Aban Offshore Ltd.	2	2,000	0.41	2,000	1.15
Accelya Kale Solutions Ltd. [Kale Consultants]	10	50	0.45	50	0.46
Adani Power Ltd.	10	6,000	1.84	8,000	3.86
Aditya Birla Capital Ltd.	10	1,000	0.47	1,000	0.97
Adlabs Entertainment Ltd.	10	3,700	0.14	3,700	0.30
Ashok Leyland Ltd.	1	1,000	0.45	1,000	0.91
Asian Paints Ltd.	1	300	5.40	500	7.46
Axis Bank Ltd.	2	100	0.40	100	0.78
Bajaj Hindusthan Sugar Limited	1	5,000	0.23	5,000	0.39
Bharat Financial Inclusion Ltd.	10	250	0.94	300	3.39
Bhushan Steel Ltd.	2	4,000	0.66	4,000	1.18
Castrol India Ltd.	5	1,000	1.21	1,000	1.66
Chambal Fertilisers & Chemical Ltd.	10	NIL	-	401	0.67
Colgate Palmolive (India) Ltd.	1	50	0.74	75	0.94
Dwarikesh Sugar Industries Ltd.	1	6,000	1.05	6,000	1.84
Equitas Holdings Ltd.	10	2,000	1.02	2,000	2.74
GIC Housing Finance Limited	10	500	0.36	500	1.35
GlaxoSmithKline Pharmaceuticals Ltd.	10	250	3.11	NIL	-
Gujarat State Fertilizers & Chemicals Limited	2	500	0.22	500	0.52
HDFC Asset Management Company Ltd.	5	60	1.27	NIL	-
HDFC Bank Ltd.	1	100	1.63	NIL	-
Hindustan Copper Ltd.	5	1,500	0.39	1,500	0.73
Hindustan Zinc Ltd.	2	500	0.86	500	1.38
ICICI Bank Ltd.	2	500	1.67	1,000	4.01
ICICI Securities Limited	5	800	2.48	1,000	2.42
IDBI Bank Limited	10	1,000	0.21	1,000	0.47
IDFC Bank Ltd.	10	2,000	0.44	2,000	1.11
IDFC Ltd.	10	2,000	0.30	2,000	0.93
IFCI Ltd.	10	10,000	0.40	10,000	1.38
Indbank Merchant Banking Services Limited	10	5,000	0.26	5,000	0.46
Indian Oil Corporation Limited	10	2,000	1.63	2,000	3.26
Infosys Ltd.	5	400	2.63	400	2.97
Just Dial Ltd.	10	NIL	-	100	0.60
Kwality Limited	1	5,000	0.14	5,000	0.33
L&T Finance Holdings Ltd.	10	10,000	5.90	10,000	15.25
MMTC Ltd.	1	3,750	0.57	3,750	1.05
MOIL Ltd.	10	800	1.06	800	1.27
Monte Carlo Fashions Limited	10	500	0.77	500	1.81
Multi Commodity Exchange of India Ltd. [MCX]	10	100	1.07	200	1.61
Natco Pharma Ltd.	2	150	0.94	150	0.86
NBCC (India) Limited	2	2,000	0.39	2,000	1.33
NHPC Ltd.	10	2,000	0.41	2,000	0.49
Oil & Natural Gas Corporation Ltd.	5	5,250	3.55	5,250	8.39
Panyam Cements & Mineral Industries Ltd.	10	1,000	0.08	1,000	0.09
Piramal Enterprises Ltd.	2	21	0.18	NIL	-
Piramal Phytocare Ltd.	10	NIL	-	1,500	0.55
Punj Lloyd Ltd.	2	10,000	0.11	10,000	0.21
Punjab & Sind Bank	10	2,000	0.31	2,000	0.63
Punjab National Bank	2	5,000	1.51	5,000	4.78
Reliance Communications Ltd.	5	28,000	0.25	28,000	1.16
Reliance ETF Liquid BeES	1000	0.21	-	NIL	-
Reliance Home Finance Ltd.	10	1,000	0.01	1,000	0.29
Reliance Industries Ltd.	10	300	3.34	NIL	-
Reliance Infrastructure Ltd.	10	300	0.06	300	0.41
Reliance Naval Defence and Engineering Ltd.	10	9,444	0.12	9,444	1.02
SBI Life Insurance Company Ltd.	10	400	2.56	NIL	-
Shree Cement Ltd.	10	12	2.23	30	5.60
State Bank of India	1	5,000	8.99	5,000	16.04
Subex Ltd.	10	50,000	1.90	50,000	2.88
Sun Pharma Advanced Research Co. Ltd.	1	600	0.84	600	1.15
Sun Pharmaceutical Industries Ltd.	1	1,100	5.34	1,100	5.27
Suzlon Energy Ltd.	2	25,000	0.66	25,000	1.54
Tata Communications Ltd.	10	1,000	3.70	1,000	6.13
Hemisphere Properties India Ltd. From Tata Communications free shares	10	1,000	0.10	NIL	-
Tata Consultancy Services Ltd.	1	200	3.64	200	4.00
Tata Motors Ltd.	2	250	0.19	250	0.44
Tech Mahindra Ltd.	5	500	2.52	500	3.88
The Karnataka Bank Ltd.	10	2,200	0.94	2,000	2.67
The Orissa Minerals Development Company Ltd.	1	100	1.35	100	0.87
UCO Bank	10	1,000	0.13	1,000	0.19
Ujjivan Financial Services Ltd.	10	4,500	1.92	750	2.61
Union Bank of India	10	10,000	2.76	10,000	9.56
Vedanta Ltd.	1	7,000	5.46	7,000	12.91
Yes Bank Ltd.	2	4,000	0.90	NIL	-
TOTAL			103.06		171.61

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Particulars	As at 31 st March, 2020 (` in Lakhs)	As at 31 st March, 2019 (` in Lakhs)
3.7 : Trade Receivables:		
(Unsecured)		
Considered good	9,189.49	6,250.16
Considered doubtful	432.57	341.66
Less: Allowance for bad and doubtful debts	(432.57)	(341.66)
TOTAL	9,189.49	6,250.16
Note:		
Above Trade Receivables include amount due from related parties Rs. 1,417.16 Lakhs as at 31.03.2020 (P.Y. Rs. 387.83 Lakhs) (Refer note no. 3.44)		
3.8 : Cash and Cash Equivalents:		
Cash on hand	34.83	13.88
Balance with banks:		
In current accounts	831.71	55.27
TOTAL	866.54	69.15
3.9 : Other Bank Balances:		
Bank Deposits with Maturity within 12 Months	8,446.55	8,897.87
TOTAL	8,446.55	8,897.87
Note:		
Bank Deposits of Rs. 3,357.83 Lakhs as at 31.03.2020 (P.Y. Rs. 3,320.00 Lakhs) is under lien with the Banks against Overdraft facility.		
3.10 : Current Loans:		
(Unsecured, Considered Good, unless Otherwise Stated)		
Loans and Advances to Employees	80.31	49.99
TOTAL	80.31	49.99

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Particulars	As at 31 st March, 2020 (` in Lakhs)	As at 31 st March, 2019 (` in Lakhs)
3.11 : Other Current Financial Assets:		
Interest on Deposits, Accrued but not Due	228.46	24.57
Export Incentives Receivable	30.30	6.96
Budgetary Support under GST Receivable	576.83	334.22
Other Interest	3.68	0.28
Insurance Subsidies Receivable	-	2.28
TOTAL	839.27	368.31
3.12 : Other Current Assets:		
Balances with Government Authorities	1,736.54	1,120.98
Advance to Suppliers: Considered Good	172.72	116.26
Prepaid Expenses	281.11	371.99
TOTAL	2,190.37	1,609.23

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Particulars	As at 31 st March, 2020 (` in Lakhs)		As at 31 st March, 2019 (` in Lakhs)	
	3.13 : Equity Share Capital:			
Authorised: 2,50,000 equity shares (P.Y. 2,50,000 equity shares) of Rs. 10/- each.		25.00		25.00
		25.00		25.00
Issued, Subscribed and Paid up: 2,50,000 equity shares (P.Y. 2,50,000 equity shares) of Rs. 10/- each.		25.00		25.00
TOTAL		25.00		25.00

(a) Reconciliation of the number of equity shares outstanding at the beginning and at the end of the period:

Particulars	As at 31 st March, 2020		As at 31 st March, 2019	
	Number	(` in Lakhs)	Number	(` in Lakhs)
Number of shares at the commencement of the year	2,50,000	25.00	2,50,000	25.00
Add : Shares issued during the year	-	-	-	-
Less : Shares bought back during the year	-	-	-	-
Number of shares at the end of the year	2,50,000	25.00	2,50,000	25.00

(b) Rights, preferences and restrictions attached to Equity Shares:

The Company has only one class of equity shares with voting rights having a par value of Rs.10/- per share. Each shareholder is eligible for one vote per share held.

In the event of liquidation of the Company, the shareholders of equity shares will be entitle to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Shares held by Holding Company:

Name of Holding Company:	As at 31 st March, 2020		As at 31 st March, 2019	
	Number of shares	Percentage of Holding	Number of shares	Percentage of Holding
Alkem Laboratories Ltd.	1,27,500	51.00%	1,27,500	51.00%

(d) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholders:	As at 31 st March, 2020		As at 31 st March, 2019	
	Number of shares	Percentage of Holding	Number of shares	Percentage of Holding
Alkem Laboratories Ltd. (Holding Company)	1,27,500	51.00%	1,27,500	51.00%
Mr. Samprada Singh	16,364	6.55%	16,364	6.55%
Mr. Basudeo Narain Singh	18,750	7.50%	18,750	7.50%
Mr. Dhananjay Kumar Singh	16,500	6.60%	16,500	6.60%
Mr. Mritunjay Kumar Singh	16,500	6.60%	16,500	6.60%

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Particulars	As at 31 st March, 2020 (` in Lakhs)	As at 31 st March, 2019 (` in Lakhs)
3.14 : Non Current Financial Liabilities		
Financial Lease Liabilities (IND AS 116) (Refer note. No. 3.46)	342.48	-
Security Deposits	62.50	58.50
TOTAL	404.98	58.50
3.15 : Non Current Provisions		
Provisions for Employee Benefits Gratuity (Refer note no. 3.33)	1,208.36	943.56
Compensated absences	589.81	464.69
Provision for anticipated sales returns (Refer note. No. 3.36)	1,061.81	762.34
TOTAL	2,859.98	2,170.59

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

3.16 : Income Taxes

Particulars	For the Year Ended 31 st March, 2020 (` in Lakhs)		For the Year Ended 31 st March, 2019 (` in Lakhs)			
	(A) Amounts recognised in profit and loss					
Current tax		930.00		1,422.00		
Adjustment of tax relating to previous year		(4.16)		(2.30)		
Deferred income tax liability / (asset), net						
Origination and reversal of temporary differences		(185.46)		(97.90)		
Recognition of MAT credit entitlement		(21.00)		-		
Deferred tax expense		(206.46)		(97.90)		
Tax expense for the year		719.38		1,321.80		
Particulars	For the year ended 31 st March, 2020			For the year ended 31 st March, 2019		
	Before tax (` in Lakhs)	Tax (expense) benefit (` in Lakhs)	Net of tax (` in Lakhs)	Before tax (` in Lakhs)	Tax (expense) benefit (` in Lakhs)	Net of tax (` in Lakhs)
(B) Amounts recognised in other comprehensive income						
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	(114.23)	27.47	(86.76)	(13.29)	4.64	(8.65)
	(114.23)	27.47	(86.76)	(13.29)	4.64	(8.65)
Particulars	For the Year Ended 31 st March, 2020 (` in Lakhs)		For the Year Ended 31 st March, 2019 (` in Lakhs)			
(C) Reconciliation of effective tax rate						
Profit before tax		4,968.51		4,566.66		
Tax using the Company's domestic tax rate (Current year 29.12% and Previous Year 34.944%)	29.120%	1,446.83	34.944%	1,595.77		
Tax effect of:						
Short term capital gains taxable at lower rate	0.00%	(0.20)	-0.01%	(0.27)		
Expense/Income not deductible/Included for tax purposes	0.47%	23.18	-0.28%	(12.75)		
Income exempt from Income tax	-0.01%	(0.65)	-0.02%	(0.96)		
Additional deduction allowed under Income Tax Act	-15.04%	(747.40)	-5.76%	(262.84)		
Interest u/s 234B & 234C	0.00%	-	0.05%	2.40		
Others	-0.05%	(2.38)	0.01%	0.45		
	14.479%	719.38	28.945%	1,321.80		
The Company's weighted average tax rates for the year ended 31st March, 2020 and 2019 were 29.12% and 34.944% , respectively. Income tax expense is Rs. 719.38 Lakhs for the year ended 31st March, 2020, as compared to income tax expense of Rs. 1,321.80 Lakhs for the year ended 31st March, 2019.						
The Company's effective tax rate for the year ended 31st March, 2020 was 14.479% (31st March, 2019 : 28.945%)						

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED
NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020
3.16 : Income Taxes
(D) Movement in Deferred Tax Balances

(in Lakhs)

Particulars	31 st March, 2020						
	Net balance 1 st April, 2019	Recognised in profit or loss	Recognised in OCI	Utilised during the year	Net	Deferred tax asset	Deferred tax liability
Property, plant and equipment and Intangible assets	(991.96)	52.33	-	-	(939.63)	-	(939.63)
Employee benefits	550.66	68.50	(27.47)	-	591.69	591.69	-
Trade receivables	119.38	6.58	-	-	125.96	125.96	-
Provision for anticipated sales return	266.40	42.80	-	-	309.20	309.20	-
Deferred Government Grant	8.53	46.89	-	-	55.42	-	55.42
Investment	15.33	20.71	-	-	36.04	36.04	-
Other items	1.59	(0.27)	-	-	1.32	1.32	-
Rent Lease Asset	-	(156.77)	-	-	(156.77)	-	(156.77)
Rent Lease Liability	-	159.63	-	-	159.63	159.63	-
Deferred Income on EPCG Scheme	-	-	-	-	-	-	-
MAT credit entitlement	-	21.00	-	-	21.00	21.00	-
Tax assets (Liabilities)	(30.07)	261.40	(27.47)	-	203.86	1,244.84	(1,040.98)
Offsetting of deferred tax assets and deferred tax liabilities						(1,244.84)	1,244.84
Net tax assets	(30.07)	261.40	(27.47)	-	203.86	-	203.86

Particulars	31 st March, 2019						
	Net balance 1 st April, 2018	Recognised in profit or loss	Recognised in OCI	Utilised during the year	Net	Deferred tax asset	Deferred tax liability
Property, plant and equipment and Intangible assets	(856.62)	(135.34)	-	-	(991.96)	-	(991.96)
Employee benefits	409.21	146.09	(4.64)	-	550.66	550.66	-
Trade receivables	64.43	54.95	-	-	119.38	119.38	-
Provision for anticipated sales return	226.68	39.72	-	-	266.40	266.40	-
Deferred Government Grant	11.03	(2.50)	-	-	8.53	-	8.53
Investment	9.69	5.64	-	-	15.33	15.33	-
Other items	1.57	0.02	-	-	1.59	1.59	-
Deferred Income on EPCG Scheme	1.39	(1.39)	-	-	-	-	-
MAT credit entitlement	-	-	-	-	-	-	-
Tax assets (Liabilities)	(132.62)	107.19	(4.64)	-	(30.07)	953.36	(983.43)
Offsetting of deferred tax assets and deferred tax liabilities						(953.36)	953.36
Net tax assets	(132.62)	107.19	(4.64)	-	(30.07)	-	(30.07)

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

In case income tax payable on book profit (that is Minimum alternate tax - 'MAT') exceeds the income tax payable on tax profit, the differential amount shall be carried forward as a MAT credit for a period of 15 years. The said MAT credit can be offset against any future income tax payable. As at 31st March, 2020 the balance of MAT credit is **Rs. 21.00 Lakhs** (Rs. Nil as at 31st March, 2019).

Significant management judgement is required in determining provision for income tax, deferred income tax assets and liabilities and recoverability of deferred income tax assets. The recoverability of deferred income tax assets is based on estimates of taxable income by each jurisdiction in which the relevant entity operates and the period over which deferred income tax assets will be recovered.

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Particulars	As at 31 st March, 2020 (` in Lakhs)	As at 31 st March, 2019 (` in Lakhs)
3.17 : Other non-current liabilities		
Deferred Income on Government Grant	167.55	17.28
	167.55	17.28
3.18 : Current Borrowings:		
Secured		
Loans repayable on demand from banks	3,885.69	1,136.42
TOTAL	3,885.69	1,136.42
Note:		
1. Overdraft from Banks are secured against pledge of Fixed Deposits with the banks.		
2. Cash credit from Bank are secured against working Capital Loan from bank comprises of Cash Credit provided by Saraswat bank is secured against hypothecation of Company's stock, tangible movable property, book debts, receivable & claims and mortgage of property situated at 659/B, Somnath Industrial Area, Kevdi Road, Dabhel Village, Daman UT.		
3.19 : Trade Payables:		
Dues to Micro and Small Enterprises (Refer note no. 3.32)	537.18	627.15
Others	3,010.04	3,012.34
TOTAL	3,547.22	3,639.49

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Particulars	As at 31 st March, 2020 (` in Lakhs)	As at 31 st March, 2019 (` in Lakhs)
3.20 : Other Current Financial Liabilities:		
Interest accrued but not due on borrowings	8.30	8.81
Employee payables	2,382.48	1,922.83
Accrual for expenses	444.60	311.60
Lease Liabilities (IND AS 116) (Refer note no. 3.46)	205.70	-
TOTAL	3,041.08	2,243.24
3.21 : Other Current Liabilities:		
Deferred Income on Government Grant	22.76	7.15
Due to Statutory Authorities	343.41	334.69
TOTAL	366.17	341.84
Note:		
Due to statutory authorities includes GST, PF, ESIC, TDS and Profession tax.		
3.22 : Current Provisions:		
Provision for employee benefits:		
Gratuity (Refer note no. 3.33)	136.75	98.21
Compensated absences	96.99	69.38
TOTAL	233.74	167.59
3.23 : Current Tax (Net):		
For Income Tax (Net of Advance Tax)	(76.08)	120.53
TOTAL	(76.08)	120.53

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Particulars	For the Year ended 31 st March, 2020 (` in Lakhs)	For the Year ended 31 st March, 2019 (` in Lakhs)
3.24 : Revenue From Operations:		
Revenue from contract with customers:		
Sale of products	41,988.60	37,050.55
Rendering of services	2,408.62	1,741.86
(A)	44,397.22	38,792.41
Other Operating Revenues:		
Budgetary Support under GST	576.72	288.68
Export incentives	140.36	98.60
Scrap sales	81.81	76.27
Government subsidy income (Refer note no. 3.47)	68.30	7.15
Insurance subsidy income	2.42	14.05
Miscellaneous receipts	3.90	-
(B)	873.51	484.75
TOTAL (A+B)	45,270.73	39,277.16
3.25 : Other Income:		
Interest on bank deposits	816.41	763.73
Other interest	1.51	0.30
Dividend	3.02	3.81
Foreign currency transactions and translation gain (Net)	32.74	7.35
Net profit on sale of investments (from current investments)	8.02	1.69
Gain on sale of fixed assets (Net)	3.43	-
Sundry balance written back	39.04	127.80
TOTAL	904.17	904.68

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Particulars	For the Year ended 31 st March, 2020 (` in Lakhs)	For the Year ended 31 st March, 2019 (` in Lakhs)
3.26 : Cost of Materials Consumed		
Raw material consumed	10,233.14	8,317.38
Packing material consumed	4,129.41	3,362.29
TOTAL	14,362.55	11,679.67
3.27 : Changes In Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress:		
Opening Stock:		
Finished goods	1,627.03	1,813.99
Stock-in-trade	38.29	50.65
Work-in-progress	360.81	324.25
(A)	2,026.13	2,188.89
Less: Closing stock:		
Finished goods	2,818.35	1,627.03
Stock-in-trade	94.28	38.29
Work-in-progress	496.92	360.81
(B)	3,409.55	2,026.13
TOTAL (A-B)	(1,383.42)	162.76

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Particulars	For the Year ended 31 st March, 2020 (` in Lakhs)	For the Year ended 31 st March, 2019 (` in Lakhs)
3.28 : Employee Benefits Expense:		
Salaries, wages and bonus	12,216.10	9,975.05
Contribution to provident and other funds (Refer note no. 3.33)	694.24	491.52
Employees' welfare expenses	248.83	238.75
TOTAL	13,159.17	10,705.32
3.29 : Finance Costs:		
Interest on borrowings	196.96	277.71
Interest on MSME creditors	0.99	4.61
Interest on Defined benefit liabilities (Refer note no. 3.33)	72.96	58.36
Interest on lease Liabilities (IND AS 116) (Refer note no. 3.46)	57.44	-
Other borrowing cost	35.18	26.77
TOTAL	363.53	367.45

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Particulars	For the Year ended 31 st March, 2020 (` in Lakhs)	For the Year ended 31 st March, 2019 (` in Lakhs)
3.30 : Other Expenses:		
Consumption of stores and spare parts	468.94	433.37
Power and fuel	1,024.27	998.48
Contract Labour Charges	1,057.56	837.42
Manufacturing Charges	5.67	5.26
Repairs:		
- Buildings	50.67	70.50
- Plant and machineries	246.45	188.99
- Others	75.81	69.01
Rent (Refer Note No. 3.46)	29.93	255.23
Rates and taxes	37.81	27.29
Insurance	206.14	176.42
Marketing and promotions	4,387.11	3,499.34
Travelling and conveyance	3,541.44	3,314.29
Selling and distribution expenses	590.69	524.33
Commission and discount	217.39	191.32
Legal and professional Fees	97.42	104.22
GST Expenses	392.31	263.57
Loss on sale of fixed assets (net)	-	2.38
Communication and printing expenses	238.52	213.47
Vehicle expenses	117.82	133.24
Loss on fair valuation of investment (from current investments)	79.88	16.15
Allowance for doubtful debts	90.91	157.26
Corporate Social Responsibility (CSR) expenditure (Refer Note No. 3.43)	72.70	33.91
Donation	3.15	2.66
Miscellaneous expenses (Refer Note No. 3.42)	458.27	289.83
TOTAL	13,490.86	11,807.94

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

3.31 : Contingent Liabilities and Commitments

a) Contingent Liabilities not Provided For

Sr. No.	Particulars	As at 31 st March, 2020 (` in Lakhs)	As at 31 st March, 2019 (` in Lakhs)
1	Claims against the Company not acknowledged as debt:		
(i)	Central Excise duty demand disputed in appeal - advances paid against pending dispute (Previous year's Rs. 1.00 Lakhs)	Nil	7.37
(ii)	Sales Tax demand disputed in appeal - advances paid against pending dispute (Previous year's Rs. 0.10 Lakhs)	36.20	36.20
(iii)	Income Tax demand disputed with A.O. for rectification (AY 2013-14)	0.30	0.30
(iv)	Income Tax demand disputed with A.O. for rectification (AY 2014-15)	21.24	21.24
	Total	57.73	65.10

Management considers that the excise duty, sales tax and income tax demands received from the authorities are not tenable against the Company, and therefore no provision for these tax contingencies have been made.

The Company has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required and disclosed as contingent liabilities wherever applicable, in its financial statement. The Company does not expect the outcome of these proceedings to have any materially adverse effect on its financial statements.

b) Commitments

Sr. No.	Particulars	As at 31 st March, 2020 (` in Lakhs)	As at 31 st March, 2019 (` in Lakhs)
1	Estimated amount of contracts remaining to be executed on Capital Accounts {advances paid Rs. 44.32 Lakhs (Previous Year Rs. Nil)}	47.39	Nil
2	Letter of Credit opened by the Banks	574.08	Nil
3	Outstanding Bank Guarantees	224.16	131.11

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

3.32 : Dues to Micro and Small enterprises

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED), certain disclosures are required to be made relating to Micro and Small Enterprises. On the basis of the information and records available with the Management, the outstanding dues to the Micro & Small enterprises as defined in MSMED are set out in following disclosure.

Sr. No.	Particulars	As at	As at
		31 st March, 2020 (` in Lakhs)	31 st March, 2019 (` in Lakhs)
1	Principal amount remaining unpaid to any supplier at the end of each accounting year	537.18	627.15
2	Interest due thereon	0.99	4.61
3	The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	Nil	Nil
4	The amounts of the payments made to suppliers beyond the appointed day during each accounting year	Nil	Nil
5	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	Nil	Nil
6	The amount of interest accrued and remaining unpaid at the end of each accounting year	5.60	4.61
7	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	Nil	Nil

Note:

- 1 The above disclosure is made based on the information available with the Company and has been relied upon by the Auditors.

3.33 : Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under:

i) Defined contribution plans:

The Company makes contributions towards provident fund and superannuation fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits. The provident fund plan is operated by the Government administered employee provident fund. Eligible employees receive the benefits from the said Provident Fund. Both the employees and the Company make monthly contribution to the Provident Fund plan equal to a specific percentage of the covered employee's salary. The Company has no obligations other than to make the specified contributions.

The Company has recognised the following amounts in the statement of Profit and Loss

Particulars	For the Year Ended	
	31 st March, 2020 (` in Lakhs)	31 st March, 2019 (` in Lakhs)
Contribution to Provident Fund	637.97	434.56
Contribution to ESIC	56.20	56.91
Total	694.18	491.47

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

ii) Defined benefit plan:

The Company earmarks liability towards unfunded Group Gratuity and compensated leaves and provides for payment to vested employees as under:

a) On normal retirement/ early retirement/ withdrawal/ resignation:

As per the provisions of Payment of Gratuity Act, 1972 with vesting period of 5 years of service.

b) On death in service:

As per the provisions of Payment of Gratuity Act, 1972 without any vesting period.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at 31st March, 2020 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31st March, 2020.

Sr. No.	Particulars	For the Year Ended	
		31 st March, 2020 (` in Lakhs)	31 st March, 2019 (` in Lakhs)
I)	Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
	Current Service Cost	150.64	128.26
	Interest Cost	72.96	58.36
	Actuarial (gain) / losses	114.23	13.29
	Past Service Cost (Vested benefits)	-	-
	Benefits paid	(34.49)	(12.92)
	PVO at the beginning of the year	1,041.77	854.77
	PVO at end of the year	1,345.11	1,041.77
II)	Change in fair value of plan assets		
	Expected return on plan assets	-	-
	Actuarial gain/(losses)	-	-
	Contributions by the employer	34.49	12.92
	Benefits paid	(34.49)	(12.92)
	Fair value of plan assets at beginning of the year	-	-
	Fair value of plan assets at end of the year	-	-
III)	Reconciliation of PVO and fair value of plan assets:		
	PVO at end of year	-	-
	Actuarial gain/(losses)	-	-
	Funded status	-	-
	Unrecognised actuarial gain/ (loss)	-	-
	Net asset/ (liability) recognised in the balance sheet	-	-
IV)	Net cost for the year		
	Current Service cost	150.64	128.26
	Interest cost	72.96	58.36
	Past Service Cost (Vested benefits)	-	-
	Actuarial (gain) / losses	114.23	13.29
	Net cost	337.83	199.92
V)	Assumption used in accounting for the gratuity plan:		
	Discount rate (%)	6.67%	7.35%
	Salary escalation rate (%)	7.00%	7.00%

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Salary Escalation Rate:

The estimates of future salary increases, considered in actuarial valuation, takes into account the inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

The amounts of the present value of the obligation and experience adjustment arising on plan liabilities are as below :

Particulars	As at Year Ended				
	31 st March, 2020	31 st March, 2019	31 st March, 2018	31 st March, 2017	31 st March, 2016
	(` in Lakhs)	(` in Lakhs)	(` in Lakhs)	(` in Lakhs)	(` in Lakhs)
Defined Benefit Obligation at end of the period	1,345.11	1,041.77	854.77	652.16	503.09
Plan assets at end of the period	-	-	-	-	-
Funded assets	-	-	-	-	-
Experience gain/loss adjustment on plan liabilities	16.26	36.35	32.08	7.49	1.04
Experience gain/loss adjustment on plan assets	-	-	-	-	-
Actuarial gain/(loss) due to change in assumption	97.97	(23.06)	(6.15)	32.04	19.62

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

Particulars	31 st March, 2020		31 st March, 2019	
	Increase	Decrease	Increase	Decrease
	(` in Lakhs)	(` in Lakhs)	(` in Lakhs)	(` in Lakhs)
Discount rate (1% movement)	(140.79)	167.64	(105.87)	125.51
Future salary growth (1% movement)	159.13	(136.88)	119.77	(102.88)

3.34 : Basic and Diluted Earnings per Share (EPS)

Particulars			For the Year Ended	
			31 st March, 2020	31 st March, 2019
			Profit /(loss) after tax attributable to equity shareholders	` in Lakhs
Number of equity shares at the beginning of the year	Nos.		2,50,000	2,50,000
Equity shares issued during the period	Nos.		-	-
Number of equity shares outstanding at the end of the year	Nos.		2,50,000	2,50,000
Weighted average number of equity shares outstanding during the year	Nos.	B	2,50,000	2,50,000
Basic and diluted earnings per equity share-Face value of Rs.10/- per share	in `	(A / B)	1,699.65	1,297.94

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

3.35 : Disclosure as per Ind AS 115:

Reconciliation the amount of revenue recognized in the statement of profit and loss with the contracted price:

Particulars	For the Year Ended	
	31 st March, 2020 (` in Lakhs)	31 st March, 2019 (` in Lakhs)
a) Revenue as per contracted price	47,919.53	41,346.77
Adjustments:		
Less: Provision for sales return	(299.47)	(113.66)
Less: Discounts	(3,231.83)	(2,453.61)
Add: Ind AS 21 Impact	8.98	12.91
Revenue from contract with customers	44,397.22	38,792.41
b) Other operating revenue	873.51	484.75
Revenue from Operations	45,270.73	39,277.16

3.36 : Disclosure as per Ind AS 37 for provisions:

Provision for anticipated sales return:

Particulars	For the Year Ended	
	31 st March, 2020 (` in Lakhs)	31 st March, 2019 (` in Lakhs)
Carrying amount at the beginning of the year	762.34	648.68
Add: Provision made during the year (net of amount utilised)	299.47	113.66
Carrying amount at the end of the year	1,061.81	762.34

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

3.37 : Segment Reporting

The Company is in the pharmaceutical business. As the Company has a single reportable segment, the segment wise disclosure requirements of Ind AS 108 on Operating Segment is not applicable. In compliance to the said standard, Entity-Wise disclosures are as under :

Sr. No.	Particulars	For the Year Ended	
		31 st March, 2020 (` in Lakhs)	31 st March, 2019 (` in Lakhs)
a)	Revenue from external customers attributed to the country of domicile and attributed to all foreign countries from which the company derives revenues		
	Revenue from the Country of Domicile- India	40,596.16	36,281.73
	Revenue from foreign countries	3,801.06	2,510.68
		44,397.22	38,792.41

- b) Revenue from one customer (excluding taxes) is **Rs. 8,821.47 Lakhs** 2019-20 (P.Y. Rs. 8,073.62 Lakhs) which is more than 10% of the total revenue from India.

3.38 : Dividend paid and proposed

Dividends on equity shares were declared and paid by the company during the year

Particulars	For the Year Ended	
	31 st March, 2020 (` in Lakhs)	31 st March, 2019 (` in Lakhs)
Dividend on Equity Shares (per share Rs. 240/-)	600.00	-
Dividend on Equity Shares (per share Rs. 200/-)	500.00	400.00
Dividend Distribution Tax	226.11	82.22
	1,326.11	482.22

After the reporting dates the following dividends (excluding dividend distribution tax) were proposed by the directors subject to the approval at the annual general meeting; the dividends have not been recognised as liabilities. Dividends would attract dividend distribution tax when declared or paid.

Particulars	For the Year Ended	
	31 st March, 2020 (` in Lakhs)	31 st March, 2019 (` in Lakhs)
Proposed Dividend on Equity Shares (per share Rs. 200/-)	-	500.00
Dividend Distribution Tax	-	102.78
	-	602.78

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

3.39 : Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31 March 2020.

List of related parties and their relationship

A. Key Managerial Personnel ("KMP")

Mr. Mritunjay Kumar Singh	Managing Director
Mr. Anand Ramaswamy	Executive Director
Mr. Om Prakash Sharma	Director
Mr. Abhay Kumar Sinha	Director
Mr. Nagendra Kashyap (resigned on 30th April, 2019)	Director
Mr. Gautam Gulabchand Parekh	Independent Director
Mr. Akhouri Maheshwar Prasad	Independent Director

B. Relatives of Key Management Personnel ("KMP") with whom transactions have taken place during the year.

Mr. Basudeo Narain Singh	Father of Mr. Mritunjay Kumar Singh
Mrs. Seema Singh	Wife of Mr. Mritunjay Kumar Singh
Miss Meghana Singh	Daughter of Mr. Mritunjay Kumar Singh
Master Shrey Shree Anant Singh	Son of Mr. Mritunjay Kumar Singh
Mr. Dhananjay Kumar Singh	Brother of Mr. Mritunjay Kumar Singh

C. Holding Company & Fellow Subsidiaries :

Name of the Company	Country of Incorporation
I. Holding Company: -	
Alkem Laboratories Ltd.	India
II. Fellow Subsidiaries: -	
Cachet Pharmaceuticals Pvt. Ltd.	India
Enzene Biosciences Ltd.	India
Alkem Foundation	India
The Pharma Network, LLC	United States of America
Ascend Laboratories, LLC	United States of America
S & B Pharma Inc.	United States of America
Ascend Laboratories (UK) Ltd.	United Kingdom
S & B Holdings B.V.	Netherlands
Pharmacor Pty Limited	Australia
Alkem Laboratories (PTY) Limited	South Africa
Ascend Laboratories Ltd.	Canada
The Pharma Network, LLP	Kazakhstan
Ascend Laboratories SpA	Chile
Pharma Network SpA	Chile
Alkem Laboratories Corporation	Philippines
Ascend GmbH (formerly known as Alkem Pharma GmbH)	Germany
Ascend Laboratories SDN BHD.	Malaysia
Alkem Laboratories Korea Inc	Korea
Pharmacor Ltd.	Kenya
Ascend Laboratories SAS (w.e.f. 4th June, 2019)	Colombia

D. Others

Name of the Entity	
Galpha Laboratories Ltd.	Others

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

3.40 : Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31 March 2020 (Continued)

Details of Transactions with Related Parties

Sr. No.	Particulars	For the Year ended 31 st March, 2020					
		Key Management Personnel	Relatives of Key Management Personnel	Holding Company	Fellow Subsidiaries	Other Entities	Total
		(` in Lakhs)	(` in Lakhs)	(` in Lakhs)	(` in Lakhs)	(` in Lakhs)	(` in Lakhs)
	a	b	c	d	e	a+b+c+d+e	
1	Remuneration*	203.36 (178.79)	-	-	-	-	-
2	Sale of Finished Goods	-	-	7,327.34 (7,084.96)	123.19 (216.53)	2.10 (3.96)	7,452.64 (7,305.45)
3	Sale of Raw and Packing Materials	-	-	189.92 (26.54)	- (2.73)	- (0.34)	189.92 (29.60)
4	Purchase of Raw and Packing Materials	-	-	180.16 (306.44)	-	104.96 (26.87)	285.12 (333.30)
5	Services received	-	-	6.66 (5.99)	-	-	6.66 (5.99)
6	Services rendered	-	-	2,723.21 (1,860.95)	-	118.96 (126.01)	2,842.17 (1,986.96)
7	Rent Expenses	2.40 (2.40)	-	133.73 (135.40)	-	-	133.73 (135.40)
8	Dividend paid	72.60 (26.40)	182.60 (66.40)	561.00 (204.00)	-	-	743.60 (270.40)
9	Purchase of PPE	-	-	42.77	-	-	42.77
10	Capital Advances given	-	-	106.20	-	-	106.20
11	Reimbursement of expenses to	-	-	67.47 (0.37)	- (11.44)	- (45.03)	67.47 (56.84)
12	Reimbursement of expenses from	-	-	10.62 (15.76)	-	-	10.62 (15.76)

Figures in the brackets are the corresponding figures of the previous year.

* Based on the recommendation of Nomination and Remuneration Committee, all decisions relating to the remuneration of the directors are taken by the board of directors of the Company, in accordance with shareholder's approval, wherever necessary.

All the related party transactions were made on terms equivalent to those that prevail in an arm's length transactions.

Key management personnel compensation

Key management personnel compensation comprised the following :

(` in Lakhs)

Particulars	For the Year Ended	
	31 st March, 2020	31 st March, 2019
	(` in Lakhs)	(` in Lakhs)
Salaries and other employee benefits to whole-time directors	203.36	178.79
Fees and other benefits to independent directors	4.15	4.20
Short term employee benefits	2.97	6.20
Post-employment benefits	2.18	6.76

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

3.41 : Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31 March 2020 (Continued)

Balance due from / to the related Parties

Sr. No.	Particulars	For the Year ended 31 st March, 2020					
		Key Management Personnel	Relatives of Key Management Personnel	Holding Company	Fellow Subsidiaries	Other Entities	Total
		(` in Lakhs)	(` in Lakhs)	(` in Lakhs)	(` in Lakhs)	(` in Lakhs)	(` in Lakhs)
		a	b	c	d	e	a+b+c+d+e
1	Outstanding Receivables	-	-	1,349.46	32.96	34.74	1,417.16
		-	-	(326.46)	(33.25)	(28.13)	(387.83)
2	Security Deposit	-	-	20.00	-	-	20.00
		-	-	(25.41)	-	-	(25.41)

Figures in the brackets are the corresponding figures of the previous year.

3.42 : Payment to auditors (excluding Goods & Service Tax)

Particulars	For the Year Ended	
	31 st March, 2020	31 st March, 2019
	(` in Lakhs)	(` in Lakhs)
As Auditor		
Audit fees	10.00	10.00
Audit under Income Tax Act	5.00	5.00
In other capacity		
In any other services such as certification, etc.	0.32	0.68
Total	15.32	15.68

3.43 : Corporate social responsibility expenditure :

Particulars	For the Year Ended	
	31 st March, 2020	31 st March, 2019
	(` in Lakhs)	(` in Lakhs)
Amount required to be spent as per Section 135 of the Act	77.98	64.73
<i>Amount spent during the year on</i>		
1 Construction/acquisition of an asset	-	-
2 On purposes other than (1) above	72.70	33.91

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

3.44 : Financial instruments – Fair values and risk management

A. Accounting classification and fair values

(` in Lakhs)

Particulars	As At 31 st March 2020							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	866.54	866.54	-	-	-	-
Other Bank Balances	-	-	8,446.55	8,446.55	-	-	-	-
Non-current investments	300.49	-	-	300.49	300.49	-	-	300.49
Current investments	103.06	-	-	103.06	103.06	-	-	103.06
Short-term loans and advances	-	-	80.31	80.31	-	-	-	-
Trade and other receivables	-	-	9,189.49	9,189.49	-	-	-	-
Other Non-current financial asset	-	-	2,616.04	2,616.04	-	-	-	-
Other Current financial asset	-	-	839.27	839.27	-	-	-	-
Total	403.55	-	22,038.20	22,441.75	403.55	-	-	403.55
Financial liabilities								
Short term borrowings	-	-	3,885.69	3,885.69	-	-	-	-
Trade and other payables	-	-	3,547.22	3,547.22	-	-	-	-
Other Non-Current financial liabilities	-	-	404.98	404.98	-	-	-	-
Other Current financial liabilities	-	-	3,041.08	3,041.08	-	-	-	-
Total	-	-	10,878.97	10,878.97	-	-	-	-

Particulars	As At 31 st March 2019							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	69.15	69.15	-	-	-	-
Other Bank Balances	-	-	8,897.87	8,897.87	-	-	-	-
Non-current investments	11.15	-	-	11.15	11.15	-	-	11.15
Current investments	171.61	-	-	171.61	171.61	-	-	171.61
Short-term loans and advances	-	-	49.99	49.99	-	-	-	-
Trade and other receivables	-	-	6,250.16	6,250.16	-	-	-	-
Other Non-current financial asset	-	-	2,596.37	2,596.37	-	-	-	-
Other Current financial asset	-	-	368.31	368.31	-	-	-	-
Total	182.76	-	18,231.85	18,414.61	182.76	-	-	182.76
Financial liabilities								
Short term borrowings	-	-	1,136.42	1,136.42	-	-	-	-
Trade and other payables	-	-	3,639.49	3,639.49	-	-	-	-
Other Non-Current financial liabilities	-	-	58.50	58.50	-	-	-	-
Other Current financial liabilities	-	-	2,243.24	2,243.24	-	-	-	-
Total	-	-	7,077.65	7,077.65	-	-	-	-

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ; and
- Market risk

Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The audit committee oversees how management monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company.

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

3.44 : Financial instruments – Fair values and risk management

i. Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of following financial assets represents the maximum credit exposure:

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At 31 March 2020, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

Particulars	For the Year Ended	
	31 st March, 2020 (` in Lakhs)	31 st March, 2019 (` in Lakhs)
India	8,499.37	6,185.82
Other regions	690.12	64.34
Total	9,189.49	6,250.16

At 31 March 2020, the Company had exposure to only one type of counter party.

At 31 March 2020, the Company had significant customer M/s. Alkem Laboratories Ltd. whose balance is more than 10% of the total receivables.

Particulars	For the Year Ended	
	31 st March, 2020 (` in Lakhs)	31 st March, 2019 (` in Lakhs)
M/s. Alkem Laboratories Ltd.	1,349.46	-

Impairment

At March 31, 2020, the ageing of trade and other receivables that were not impaired was as follows:

Particulars	For the Year Ended	
	31 st March, 2020 (` in Lakhs)	31 st March, 2019 (` in Lakhs)
Neither past due nor impaired	4,862.11	3,695.64
Past due 61–180 days	3,431.49	2,094.12
Past due more than 180 days	895.89	460.40
Total	9,189.49	6,250.16

The movement in the allowance for impairment in respect of trade and other receivables during the year was as

Particulars	Individual impairments (` in Lakhs)	Collective impairments (` in Lakhs)
Balance as at 31 March 2018	-	184.39
Impairment loss recognised/Reversed	-	157.26
Amounts written off	-	-
Balance as at 31 March 2019	-	341.65
Impairment loss recognised/Reversed	-	90.91
Amounts written off	-	-
Balance as at 31 March 2020	-	432.56

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

3.44 : Financial instruments – Fair values and risk management

ii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

(` in Lakhs)

31 st March, 2020	Contractual cash flows						
	Carrying Amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Working capital loans from banks	3,885.69	3,885.69	3,885.69	-	-	-	-
Trade and other payables	3,547.22	3,547.22	3,547.22	-	-	-	-
Other Non-Current financial liabilities	404.98	404.98	-	-	334.62	64.31	6.05
Other Current financial liabilities	3,041.08	3,041.08	2,835.38	205.70	-	-	-
Total	10,878.97	10,878.97	10,268.29	205.70	334.62	64.31	6.05

(` in Lakhs)

31 st March, 2019	Contractual cash flows						
	Carrying Amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Working capital loans from banks	1,136.42	1,136.42	1,136.42	-	-	-	-
Trade and other payables	3,639.49	3,639.49	3,639.49	-	-	-	-
Other Non-Current financial liabilities	58.50	58.50	-	-	58.50	-	-
Other Current financial liabilities	2,243.24	2,243.24	2,243.24	-	-	-	-
Total	7,077.65	7,077.65	7,019.15	-	58.50	-	-

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

3.44 : Financial instruments – Fair values and risk management

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk. Thus, our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

(I). Currency risk

The Company is exposed to currency risk on account of other payables and receivables in foreign currency. The functional currency of the Company is Indian Rupee. The Company has exposure to **USD**. The Company has not hedged this foreign currency exposure.

(a). Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31 March, 2020 and 31 March, 2019 are as below:

Particulars	31st March, 2020 USD	31st March, 2019 USD
Financial assets		
Trade and other receivables	9,15,449.50	1,64,948.00
	9,15,449.50	1,64,948.00
Financial liabilities		
Trade and other payables	5,46,000.00	4,32,600.00
	5,46,000.00	4,32,600.00

The following significant exchange rates have been applied during the year.

Particulars	Average rate		Year-end spot rate	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
USD	-	-	75.39	69.17

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

3.44 : Financial instruments – Fair values and risk management

(b). Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against various foreign currencies at March 31 would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

Effect in INR in Lakhs	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March, 2020 10% movement USD	27.85	(27.85)	19.74	(19.74)
	27.85	(27.85)	19.74	(19.74)

Effect in INR in Lakhs	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31 March, 2019 10% movement USD	(18.51)	18.51	(12.04)	12.04
	(18.51)	18.51	(12.04)	12.04

(II). Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk.

(a). Exposure to interest rate risk

Company's interest rate risk arises from borrowings and fixed income securities. Fixed income securities exposes the Company to fair value interest rate risk. The interest rate profile of the Company's interest-bearing financial instruments as reported to the management of the Company is as follows.

	Carrying amount in INR	
	31 st March, 2020	31 st March, 2019
	(` in Lakhs)	(` in Lakhs)
Fixed-rate instruments		
Financial assets	10,920.55	11,353.70
Financial liabilities	3,885.69	1,136.42
	7,034.86	10,217.28

(b) Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate financial assets or financial liabilities at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED**NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020****3.45 : Capital Management**

The Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio at March 31, 2020 was as follows.

	INR	
	As at 31st March, 2020	As at 31st March, 2019
Total Borrowings	3,885.69	1,136.42
Less : Cash and cash equivalent	866.54	69.15
Adjusted net debt	3,019.15	1,067.28
Total equity	26,698.53	23,862.27
Less : Hedging reserve	-	-
Adjusted equity	26,698.53	23,862.27
Adjusted net debt to adjusted equity ratio	0.11	0.04

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED**NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020****3.46 : Disclosure as per IND AS 116 on Leases**

(` in Lakhs)

A. Transition Disclosures**i. Impact on financial statements**

On transition to IND AS 116, the entity recognised amount **Rs. 693.27 Lakhs** of right-of-use assets and **Rs. 693.27 Lakhs** of lease liabilities. There was no difference recognised in retained earnings on date of initial application of the standard as the Entity adopted the approach whereby the right-of-use assets are initially measured equal to the lease liability.

When measuring lease liabilities, the entity discounted lease payments using the incremental borrowing rate of the respective lease liability at 1 April 2019. The weighted-average rate applied is as mentioned in below table.

ii. Reconciliation of operating lease commitment as at 31 March 2019 with lease liability recognized as at 1st April 2019:

Operating lease commitment as at 31 March 2019	958.37
Less: Recognition exemption for leases with less than 12 months of lease term at transition	39.61
Discounted using the incremental borrowing rate at 1 April 2019	7.73% (1-3 years) 8.26% (4-6 years) 8.61% (7-9 years)

Lease liability recognized as at 1 April 2019:**693.27****iii. Practical expedients opted by the entity:**

- (a) Separation of non-lease components from lease components
- (b) Application of standard on a portfolio of leases with similar characteristics
- (c) Reassessment whether a contract contains a lease as at the date of initial application i.e. 01.04.2019
- (d) Non application of IND AS 16 for the leases for which the remaining lease term is less than 12 months as on the date of initial application.
- (e) The entity has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.
- (f) Use of hindsight in determining the lease term if the contract contains options to extend or terminate the lease.

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

3.46 : Disclosure as per IND AS 116 on Leases

(` in Lakhs)

B. Leases as lessee

i. Right-of-use assets

2019-2020

Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment

Particulars	Land and Buildings
	693.27
Depreciation charge for the year	(177.00)
Additions to right—of—use assets	75.23
Derecognition of right—of—use assets	(53.16)
Balance at 31 March 2020	538.34

ii. Lease liability

Particulars	2019-2020
Maturity analysis of lease liability - discounted contractual cash flows	
Less than one year	205.70
One to three years	311.48
More than three years	31.00
Total discounted cash flows	548.18
Current Financial liabilities (Refer note no. 3.20)	205.70
Non-current Financial liabilities (Refer note no. 3.14)	342.48

iii. Amount recognised in profit or loss

Particulars	2019-2020
General and administrative expenses	
Short-term lease rent expense	29.93
Other Expenses	0.03
Depreciation and impairment losses	
Depreciation of right of use lease asset	(177.00)
Finance cost	
Interest expense on lease liability	57.44
	(89.60)

iv. Amount recognised in statement of cash flows -

Particulars	2019-2020
Cash outflow for short-term leases	29.96
Principal component of Cash outflow for long-term leases	167.17
Interest component of Cash outflow for long-term leases	57.44
Total cash outflow for leases	254.57

INDCHEMIE HEALTH SPECIALITIES PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31st MARCH, 2020

3.47 : Government Grant

The Company is eligible for government grant which is conditional upon construction of new factory in the Sikkim region. The grant is with respect to Kumrek facility in Sikkim amounting to Rs. 234.18 Lakhs received in FY 2019-20 under the capital investment subsidy scheme of North East Industrial and Investment Promotion Policy (NEIIPP) 2007. The factory has been constructed and in operation since 9th May, 2016. This grant recognized as deferred income, is being amortized over the useful life of the plant and machinery in proportion in which the related depreciation expense is recognised.

As per our Report attached of even date,
For **R.S.SANGHAI & ASSOCIATES**
Chartered Accountants
FRN-109094W

Ramashank
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Ramashankar Sanghai
Date: 2020.06.03
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R. S. Sanghai
Partner
Membership No.: 036931
Place: Mumbai
Date: 3rd June, 2020

For and on behalf of the Board of Directors of
INDCHEMIE HEALTH SPECIALITIES PVT. LTD.
CIN: U24230MH1986PTC039692

MRITUNJAY
KUMAR SINGH

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Date: 2020.06.03 12:36:41
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M. K. Singh
Managing Director
DIN : 000881412

ANAND
RAMASWAMY

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Date: 2020.06.03 12:38:37 +05'30'

Anand R.
Executive Director
DIN : 008106635