INDEPENDENT AUDITOR'S REPORT

To
The Members of Sriam Labs Private Limited
Report on the Audit of Ind AS Financial Statements

Opinion

We have audited the accompanying financial statements of **Sriam Labs Private Limited** ("the Company"), which comprise the Balance Sheet as on March 31, 2020 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit, its cash flows and the changes in equity 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 specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility 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 Act 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 obtained by us 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 other information. The other information comprises the information included in the Directors report, 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 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.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls 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 the 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

Report on Other Legal and Regulatory Requirements

1. 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 Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 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". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197 of the Act, as amended:

In our opinion and based upon the audit procedures performed and the information and explanation given by the management, the provisions of section 197 read with Schedule V to the companies Act is compiled by the company.

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,as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements;

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.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Ramasamy Koteswara Rao and Co LLP,
Chartered Accountants
Firm Registration Number: 010396S/S200084

Place: Hyderabad
Date: 23-04-2020

(Murali Krishna Reddy Telluri)
Partner
Membership No.223022
UDIN: 20223022AAAAHD2195

Annexure-A to the Auditors' Report (referred to in paragraph 1 of our Report of even date to the Members of "Sriam Labs Private Limited" for the year ended March 31, 2020)

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that;

i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets,

(b) All fixed assets have been physically verified by the management during the year in accordance with a phased program of verification which, in our opinion is reasonable having regard to the size of the company and the nature of its assets. According to the information furnished to us, no material discrepancies have been noticed on such verification.

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

ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.

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

iv. The company has neither granted loans nor made investments. Hence the provisions of Sections 185 and 186 of Companies Act 2013 are not applicable. Thus paragraph 3(iv) of the order is not applicable to the company.

v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order 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 Act in respect of bulk drugs and formulations 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 books of account, and records, the Company has been generally regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs, Goods and Service Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2020 for a period of more than six months from the date on when they become payable.

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

viii. In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to banks. There are no dues which are payable to financial institutions or debenture holders or government.

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 clause 3 (ix) of the Order are not applicable to the Company and hence not commented upon.

x. Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or on the company by the officers and employees of the Company has been noticed or reported during the year.

xi. According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

xii. In our opinion, the Company is not a Nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

xiii. According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

xiv. According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and hence not commented upon.

xv. According to 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 as referred to in section 192 of Companies Act, 2013.

xvi. According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and hence not commented upon.

For Ramasamy Koteswara Rao and Co LLP,
Chartered Accountants
Firm Registration Number: 010396S/S200084

Place: Hyderabad
Date: 23-04-2020

(Murali Krishna Reddy Telluri)
Partner
Membership No.223022
UDIN: 20223022AAAAHD2195

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF SRIAM LABS PRIVATE LIMTED

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

To the Members of **Sriam Labs Private Limited**

We have audited the internal financial controls over financial reporting of **Sriam Labs Private Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India.

Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

(1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Ramasamy Koteswara Rao and Co LLP,
Chartered Accountants
Firm Registration Number: 010396S/S200084

Place: Hyderabad
Date: 23-04-2020

(C V Koteswara Rao)
Partner
Membership No.028353
UDIN: 20223022AAAAHD2195

Sriam Labs Private Limited
CIN : U24239TG2002PTC038490
Balance Sheet as at March 31, 2020
(All amounts in Rupees except for share data or as otherwise stated)

	Notes	March 31, 2020	March 31, 2019
ASSETS			
Non Current Assets			
Property, Plant and Equipment	**3**	177,575,724	150,800,205
Capital work in progress	**3**	6,563,513	24,880,887
Intangible assets	**4**	111,665	149,195
Financial Assets			
Loans	**5A**	3,151,125	5,201,125
Others	**5B**	932,365	271,773
Deferred Tax Assets (Net)	**6**	37,966,104	41,220,528
		226,300,496	**222,523,713**
Current Assets			
Inventories	**8**	92,872,369	135,236,550
Financial Assets			
Trade receivables	**9**	117,252,108	199,573,797
Cash and cash equivalents	**10**	1,310,161	1,779,670
Others	**5B**	4,490,563	11,809,683
Income tax assets (net)	**17**	2,503,972	2,709,607
Other Current Assets	**7**	6,211,205	24,341,267
		224,640,378	**375,450,574**
Total Assets		**450,940,874**	**597,974,287**
EQUITY and LIABILITIES			
Shareholders' Funds			
Share Capital	**11**	142,033,630	142,033,630
Other Equity			
Securities Premium	**12**	33,632,143	33,632,143
Retained earnings	**12**	(23,992,628)	(49,026,387)
Items of OCI	**12**	(811,065)	(172,264)
Total Equity		**150,862,080**	**126,467,122**
Non Current Liabilities			
Financial Liabilities			
Borrowings	**13**	184,878	530,316
Net employee defined benefit liabilities	**16A**	13,155,740	8,237,792
		13,340,618	**8,768,108**
Current Liabilities			
Financial Liabilities			
Borrowings	**13**	131,836,778	127,558,799
Trade Payables			
- Outstanding dues to micro enterprises and small enterprises	**14**	6,531,844	3,966,751
- Outstanding dues to creditors other than micro enterprises and small enterprises	**14**	136,708,383	317,887,527
Other Current financial Liabilities	**15**	4,881,761	10,451,201
Net employee defined benefit liabilities	**16B**	287,036	203,957
Provisions	**19**	1,615,882	1,718,817
Other current liabilities	**18**	1,315,687	683,027
Income tax liabilities (net)	**17**	3,560,805	268,978
		286,738,176	**462,739,057**
Total Equity and Liabilities		**450,940,874**	**597,974,287**
Summary of significant accounting policies	**2.1**		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
Firm Registration Number :010396S/S200084

Murali Krishna Reddy Telluri
Partner
Membership No.223022

Place: Hyderabad
Date: April 23, 2020

For and on behalf of the Board of Directors
Sriam Labs Private Limited

Dr. C V Lakshmana Rao
Director

S. Srinivasa Rao
Director

C. Krishna Chaitanya
Director

Place: Hyderabad
Date: April 23, 2020

Sriam Labs Private Limited

CIN : U24239TG2002PTC038490

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

(All amounts in Rupees except for share data or as otherwise stated)

		Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
	INCOME			
I.	Revenue from Operations	20	604,325,897	697,340,170
	Other Income	21	1,095,511	265,779
	Total Revenue (I)		**605,421,408**	**697,605,949**
	EXPENSES			
II.	Cost of Materials Consumed	22	322,484,174	478,577,169
	Decrease/(Increase) in Inventories of Finished Goods and Work-in-Progress	23	19,350,355	(30,675,708)
	Employee Benefits Expenses	24	51,751,915	42,488,325
	Operating and Selling Expenses	25	139,593,515	108,096,481
	Total Expenses (II)		**533,179,959**	**598,486,267**
	Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA) (I-II)		**72,241,449**	**99,119,682**
	Depreciation and Amortisation	3	24,888,012	27,228,227
	Finance Expenses	26	13,506,175	17,935,728
	Profit Before Exceptional Items & Tax		**33,847,262**	**53,955,727**
	Profit Before Tax for the year		**33,847,262**	**53,955,727**
III.	**Tax Expense**			
	Current Tax		5,334,633	-
	MAT Credit		(5,334,633)	-
	Deferred Tax Charge/ (Credit)		8,813,504	(987,441)
	Income tax expense /(Credit)		**8,813,504**	**(987,441)**
IV.	**Profit for the year**		**25,033,758**	**54,943,168**
	Othe comphrehensive income (OCI)	27		
	Items that will not be reclassified subsequently to profit or loss:			
	Re-measurement gains / (losses) on employee defined benefit plans		(863,245)	256,093
	Income tax effect		(224,444)	66,584
	Total other comprehensive income for the year, net of tax		**(638,801)**	**189,509**
	Total comprehensive income for the year, net of tax		**24,394,957**	**55,132,677**
	Earnings Per Equity Share Rs. 10/- each fully paid (March 31, 2019: Rs. 10/- each fully paid)	28		
	Computed on the basis of total profit for the year			
	Basic (Rs.)		1.72	3.88
	Diluted (Rs.)		1.72	3.88
	Summary of Significant Accounting Policies	2.1		

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
Firm Registration Number :010396S/S200084

For and on behalf of the Board of Directors
Sriam Labs Private Limited

Murali Krishna Reddy Telluri
Partner
Membership No.223022

Dr. C V Lakshmana Rao
Director

S. Srinivasa Rao
Director

C. Krishna Chaitanya
Director

Place: Hyderabad
Date: April 23, 2020

Place: Hyderabad
Date: April 23, 2020

Sriam Labs Private Limited
CIN : U24239TG2002PTC038490
Statement of Changes in Equity for the year ended March 31, 2020
(All amounts in Rupees except for share data or as otherwise stated)

a. Equity Share Capital

Equity Shares of Rs.10 Each, Fully paid up	No.	Rs.
As at April 01, 2018	**14,203,363**	**142,033,630**
Issued during the year	-	-
As at March 31, 2019	**14,203,363**	**142,033,630**
Issued during the year	-	-
As at March 31, 2020	**14,203,363**	**142,033,630**

b. Other Equity

	Reserves and surplus			Items of Other Comprehensive Income		
	Capital reserve	Securities Premium	Retained Earnings	Cash flow hedge reserve	FVTOCI reserve	Total OCI (B)
As at April 01, 2018	**-**	**33,632,143**	**(30,362,167)**	**-**	**(947,559)**	**-**
Profit for the year	-	-	(73,607,387)	-	585,786	-
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	**-**	**33,632,143**	**(103,969,554)**	**-**	**(361,773)**	**-**
Receieved during the year	-	-	-	-	-	-
At March 31, 2019	**-**	**33,632,143**	**(103,969,554)**	**-**	**(361,773)**	**-**
Profit for the year	-	-	54,943,168	-	189,509	-
Other Comprehensive Income	-	-	-	-	-	-
Total Comprehensive Income	**-**	**33,632,143**	**(49,026,386)**	**-**	**(172,264)**	**-**
Profit for the year	-	-	25,033,758	-	**(638,801)**	-
Receieved during the year	-	-	-	-	-	-
At March 31, 2020	**-**	**33,632,143**	**(23,992,628)**	**-**	**(811,065)**	**-**

Sriam Labs Private Limited
CIN : U24239TG2002PTC038490
Cash Flow Statement for the year ended March 31, 2020
(All amounts in Rupees except for share data or as otherwise stated)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Cash Flow From Operating Activities		
Profit Before Tax	**33,847,262**	**53,955,727**
Adjustments for :		
Depreciation and amortisation	24,888,012	27,228,227
Interest income	(246,478)	(265,779)
Interest expense	13,506,175	17,935,728
Net (gain) / loss on foreign exchange fluctuations	1,861,038	(1,108,968)
Gratuity and compensated absences	4,054,703	1,119,306
Operating Profit Before Working Capital Changes	**77,910,712**	**98,864,241**
Movement In Working Capital:		
Decrease/(Increase) in inventories	42,364,181	(41,786,159)
Decrease/(Increase) in trade receivables	82,321,689	(48,905,658)
Decrease/(Increase) in long term loans and advances	1,389,406	(42,353)
Decrease/(Increase) in other current assets	25,654,817	(5,771,503)
Increase/ (Decrease) in Provisions	(102,935)	227,765
Increase/(Decrease) in trade payables	(178,614,051)	102,467,423
Increase/ (Decrease) in other current liabilities	(4,853,701)	2,845,545
Cash Generated From Operations	**46,070,118**	**107,899,301**
Direct taxes paid	2,042,806	-
Foreign Exchange (Gain)/loss	1,861,038	(1,108,968)
Net Cash Flow from/ (used in) Operating Activities (A)	**42,166,274**	**109,008,269**
Cash Flow Used In Investing Activities		
Purchase of Tangible Assets, including intangible assets, capital work in progress and capital advances	(33,308,627)	(26,735,404)
Net Cash Flow Used In Investing Activities (B)	**(33,308,627)**	**(26,735,404)**
Cash Flow From Financing Activities		
Proceeds/(Repayment) from other loans	(345,438)	530,316
Proceeds/(Repayment) from short - term borrowings (net)	4,277,979	(67,608,703)
Interest received	246,478	265,779
Interest paid	(13,506,175)	(17,935,728)
Net Cash Flow From Financing Activities (C)	**(9,327,156)**	**(84,748,336)**
Net increase/ (Decrease) in cash and cash equivalents **(A+B+C)**	(469,509)	(2,475,471)
Cash and Cash Equivalents at the beginning of the year	1,779,670	4,255,141
Cash and Cash Equivalents at the end of the year	**1,310,161**	**1,779,670**
Notes:		
Components of Cash and Cash Equivalents:		
Cash on hand	568,721	335,656
Balances with banks		
On current accounts	741,440	971,414
On deposit accounts	-	472,600
Total Cash and Cash Equivalents	**1,310,161**	**1,779,670**

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
Firm Registration Number :010396S/S200084

Murali Krishna Reddy Telluri
Partner
Membership No.223022

Place: Hyderabad
Date: April 23, 2020

For and on behalf of the Board of Directors
Sriam Labs Private Limited

Dr. C V Lakshmana Rao
Director

S. Srinivasa Rao
Director

C. Krishna Chaitanya
Director

Place: Hyderabad
Date: April 23, 2020

Sriam Labs Private Limited

CIN: U24239TG2002PTC038490

Notes to financial statements for the year ended March 31, 2020

(All amounts in Rupees except for share data or as otherwise stated)

1. Corporate Information

M/s. Sriam Labs Private Limited manufactures Active Pharmaceutical Ingredients (APIs) and Pharmaceutical Intermediates meeting the quality parameters of the industry and is dedicated to the mission "Quality designed for excellence" to satisfy their valued domestic and export customers.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ('Ind AS'), under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisons of the Companies Act, 2013 ('the Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendment rules issued there after.

For all periods up to and including the year ended March 31, 2016, the Company had prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 ('Indian GAAP'). Effective April 1,2016, the Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards, with April 1, 2015 as the trasition date.

2.1 Summary of significant accounting policies

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset as current when it is:

· Expected to be realised or intended to sold or consumed in normal operating cycle

· Held primarily for the purpose of trading

· Expected to be realised within twelve months after the reporting period, or

· 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 current when:

· It is expected to be settled in normal operating cycle

· It is held primarily for the purpose of trading

· It is due to be settled within twelve months after the reporting period, or

· There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

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

b) Foreign currencies

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 the Company operates.

Transactions and balances

Transactions in foreign currencies are initially recorded by the Company at its functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on settlement or translation of monetary items are recognised in Statement of Profit and Loss.

c) Revenue recognition

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

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of Products

The Company recognises revenue for supply of goods to customers against orders received. The majority of contracts that company enters into relate to sales orders containing single performance obligations for the delivery of pharmaceutical products. Product revenue is recognised when control of the goods is passed to the customer. The point at which control passes is determined based on the terms and conditions by each customer arrangement, but generally occurs on delivery to the customer. Revenue is not recognised until it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur.

Sale of services

Revenue from contract research operations is recognised based on services performed till date as a percentage of total services. The agreed milestones are specified in the contracts with customers which determine the total services to be performed.

Interest Income

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rates.

d) Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Company operates and generates taxable income.

Management 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.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

e) Property, plant and equipment

Under the previous GAAP (Indian GAAP), property, plant and equipment were carried in the balance sheet prepared in accordance with Indian GAAP on the basis of cost, net of accumulated depreciation and accumulated impairment losses, if any. The Company has elected to regard those values as deemed cost at the date of transition. The Company regards the carrying value as per the previous GAAP as deemed cost at the transition date, viz., 1 April 2015.

Construction in progress, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

f) Depreciation on tangible Fixed Assets

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

	Useful lives estimated by the management (years)	Useful lives as stated in the Act (years)
Factory buildings	30	30
Other buildings	60	60
Plant and Equipment	5-20	5-20
Furniture and fixtures	10	10
Vehicles	4	8
Computers	3-6	3-6

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

g) Intangible assets

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

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

h) Borrowing costs

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

i) Inventories

Raw materials and packing materials are valued at lower of cost and net realisable value. Materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials and packing materials is determined on a weighted average basis.

Work-in-progress and finished goods are valued at the lower of cost and net realisable value. Cost includes direct materials, labour and a proportion of manufacturing overheads. Cost of finished goods is determined on a weighted average basis.

Traded goods are valued at the lower of cost and net realisable value.
Stores and spares are valued at the lower of cost and net realisable value. Cost of stores and spares is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

j) Impairment of non-financial assets

Impairment losses of continuing operations, including impairment on inventories, are recognised in profit or loss section of the statement of profit and loss

k) Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

l) Gratuity and other post-employment benefits

Retirement benefits in the form of provident fund contribution and superannuation are defined contribution schemes. The contributions to the provident fund and superannuation fund are charged to the statement of profit and loss for the year when the contributions are due.

The Company treats accumulated leave, as a long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on an actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

m) Financial assets

Initial recognition and measurement

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

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified as "Debt instruments at amortised cost"

Debt instruments at amortised cost

A ‘debt instrument’ is measured at the amortised cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. 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 profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company’s consolidated balance sheet) when:

· The rights to receive cash flows from the asset have expired, or

· The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company’s continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Impairment of financial assets

In accordance with Ind-AS 109, 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, debt securities, deposits, trade receivables and bank balance.

(b) Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 115

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

· Trade receivables or contract revenue receivables; and

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

o All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

o Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial liabilities

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, or as derivatives designated as hedging instruments in an effective hedge, 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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Loans and borrowings

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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 as finance costs in the statement of profit and loss.

This category generally applies to interest-bearing loans and borrowings.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

n) Cash and cash equivalents

Cash and short-term deposits in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

o) Measurement of EBITDA

The Company presents EBITDA in the statement of profit or loss, which is neither specifically required by Ind AS 1 nor defined under Ind AS. Ind AS complaint Schedule III allows companies to present line items, sub-line items and sub-totals shall be presented as an addition or substitution on the face of the financial statements when such presentation is relevant to an understanding of the company's financial position or performance or to cater to industry/sector-specific disclosure requirements or when required for compliance with the amendments to the Companies Act or under the Indian Accounting Standards.

p) New standards and interpretations not yet adopted

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Sriam Labs Private Limited

CIN : U24239TG2002PTC038490

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

(All amounts in Rupees except for share data or as otherwise stated)

q) Gratuity

Defined Benefit Plans

The Company has a defined benefit gratuity plan and governed by Payment of Gratuity Act, 1972. Every employee who has completed five years or more of service is entitled to a gratuity on departure at 15 days salary for each completed year of service. The following tables summarise net benefit expenses recognised in the statement of profit and loss and the amount recognised in the Balance sheet for the gratuity.

	March 31, 2020	March 31, 2019
i) Net employee benefit expense (recognised in Employee benefits expenses)		
Current service cost	1,446,395	811,297
Interest cost	374,092	333,386
Expected return on plan assets	-	-
Benefits paid	-	-
Net employee benefit expenses	**1,820,487**	**1,144,683**
ii) Amount recognised in the Balance Sheet		
Defined benefit obligation	7,553,425	4,910,481
Fair value of plan assets	-	-
	7,553,425	**4,910,481**
iii) Changes in the present value of the defined benefit obligation		
Opening defined benefit obligation	4,910,482	4,312,750
Current service cost	1,446,395	811,297
Interest cost	374,092	333,386
Benefits paid	(40,788)	(290,858)
Net Actuarial (gains) / losses on obligation for the year recognised under OCI	863,245	(256,093)
Closing defined benefit obligation	**7,553,426**	**4,910,482**

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

	March 31, 2020	March 31, 2019
iv) Remeasurement adjustments:		
Experience loss/ (gain) on plan liabilities	-	-
Experience loss/ (gain) on plan assets	-	-
Financial loss/ (gain) on plan liabilities	-	-
Financial loss/ (gain) on plan assets	863,245	(256,093)
Demographic loss/ (gain) on plan liabilities	-	-
Demographic loss/ (gain) on plan assets	-	-
v) Remeasurement gains/(losses) recognised in other comprehensive income:		
Opening Balance	2,312,763	2,568,856
Remeasurement for the year - Obligation (gain)/loss	863,245	(256,093)
Closing Balance	**3,176,008**	**2,312,763**

(a) The principal assumptions used in determining gratuity for the Company's plans are shown below:

	March 31, 2020	March 31, 2019
Discount rate	7%	8%
Salary rise	10%	10%
Attrition Rate	5%	5%

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

The overall expected rate of return on assets is determined based on the actual rate of return during the current year.

Sriam Labs Private Limited

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

(All amounts in Rupees except for share data or as otherwise stated)

(b) **Disclosure related to indication of effect of the defined benefit plan on the entity's future cashflows:**

Expected benefit payments for the year ending:

Year ending	March 31, 2020	March 31, 2019
1st year	287,036	203,957
2nd year	300,808	213,732
3rd year	406,618	224,021
4th year	324,673	304,011
5th year	340,455	241,799

(c) **Sensitivity analysis:**

A quantitative sensitivity analysis for significant assumption is as shown below:

	March 31, 2020	March 31, 2019
(i) Effect of 1% change in assumed discount rate		
- 1% increase	884,325	597,521
- 1% decrease	(811,855)	(525,018)
(ii) Effect of 1% change in assumed salary escalation rate		
- 1% increase	(185,344)	(91,467)
- 1% decrease	212,139	104,638
(iii) Effect of 1% change in assumed attrition rate		
- 1% increase	(802,206)	(507,548)
- 1% decrease	947,576	597,471

(d) **Defined Contribution Plan**

	March 31, 2020	March 31, 2019
Contribution to Provident Fund	1,792,780	1,439,261

Sriam Labs Private Limited

CIN : U24239TG2002PTC038490

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

(All amounts in Rupees except for share data or as otherwise stated)

r) **Liquidity disclosure**

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

March 31, 2020:	Up to 1 Year (INR)	1 to 3 years (INR)	3 to 5 years (INR)	> 5 years (INR)	Total (INR)
Non current borrowings	-	184,878	-	-	184,878
Current maturities of non current borrowings	345,438	-	-	-	345,438
Current borrowings	131,836,778	-	-	-	131,836,778
Interest payable	4,040	-	-	-	4,040
Trade Payables	143,240,227	-	-	-	143,240,227
Other Payables	4,532,283	-	-	-	4,532,283
Total	**279,958,766**	**184,878**	**-**	**-**	**280,143,644**

March 31, 2019:	Up to 1 Year (INR)	1 to 3 years (INR)	3 to 5 years (INR)	> 5 years (INR)	Total (INR)
Non current borrowings	-	530,316	-	-	530,316
Current maturities of non current borrowings	315,372	-	-	-	315,372
Current borrowings	127,558,799	-	-	-	127,558,799
Interest payable	6,442	-	-	-	6,442
Trade Payables	328,602,356	-	-	-	328,602,356
Other Payables	10,437,660		-	-	10,437,660
Total	**466,920,629**	**530,316**	**-**	**-**	**467,450,945**

s) **Interest rate sensitivity**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on borrowings, as follows:

	Change in basis points		Effect on profit before tax	
	Increase	Decrease	Increase / (Decrease)	
March 31, 2020				
Indian Rupees	0.50%	0.50%	696,615	(696,615)
March 31, 2019				
Indian Rupees	0.50%	0.50%	768,484	(768,484)

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

Sriam Labs Private Limited

CIN : U24239TG2002PTC038490

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

(All amounts in Million Rupees except for share data or as otherwise stated)

t) I) Foreign currency translation:

i) Initial recognition

Foreign currency transactions are recorded in the reporting currency by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction. Non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that exist when the values were determined.

iii) Exchange differences

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognized as income or as expenses in the year in which they arise.

Transactions in foreign currency are recorded at the exchange rates prevailing at the date of the transactions. Exchange difference arising out of fluctuation in exchange rates on settlement/period end is charged to profit and loss account.

II) Unhedged Foreign Exchange:

a) Forward Contract (Derivatives):

Forward contract outstanding as at Balance Sheet date:

March 31, 2020 Buy US $ Nil

March 31, 2019 Buy US $ Nil

b) Details of Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are as under -

		March 31, 2020			March 31, 2019		
	Currency	**Amount in Foreign Currency**	**Amount in Rs.**	**Conversion Rate**	**Amount in Foreign Currency**	**Amount in Rs.**	**Conversion Rate**
Trade payables	USD	741,369	55,888,732	75.39	1,252,155	86,613,189	69.17
Trade receivables	USD	239,561	18,059,522	75.39	370,470	25,625,892	69.17

c) Foreign currency sensitivity:

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives. The Company's exposure to foreign currency changes for all other currencies is not material.

	Change in USD rate		**Effect on profit before tax**	
	Increase	**Decrease**	**Increase/(Decrease)**	
March 31, 2020				
USD	1%	1%	(378,292)	378,292
March 31, 2019				
USD	1%	1%	(609,873)	609,873

Sriam Labs Private Limited

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Notes to financial statements for the year ended March 31, 2020

(All amounts in Rupees except for share data or as otherwise stated)

3. Property, plant and equipment

Particulars	Freehold Land	Buildings	Plant and Equipment	Furniture and Fixtures	Computers	Vehicles	Total Tangible Assets (A)
Gross Block							
As at March 31, 2018	**604,015**	**60,438,418**	**252,489,886**	**2,427,824**	**2,359,447**	**1,903,984**	**320,223,574**
Additions	-	-	-	-	-	1,854,513	**1,854,513**
Disposals	-	-	-	-	-	-	-
As at March 31, 2019	**604,015**	**60,438,418**	**252,489,886**	**2,427,824**	**2,359,447**	**3,758,497**	**322,078,087**
Additions	-	13,181,021	38,142,642	96,000	221,055	-	**51,640,718**
Disposals	-	-	2,927,900	-	-	1,065,748	**3,993,648**
As at March 31, 2020	**604,015**	**73,619,439**	**287,704,628**	**2,523,824**	**2,580,502**	**2,692,749**	**369,725,157**
Depreciation and Impairment							
As at March 31, 2018	-	**11,373,507**	**127,848,584**	**1,235,262**	**2,022,565**	**1,607,271**	**144,087,189**
Charge for the year	-	1,887,097	24,571,860	198,148	192,449	341,139	**27,190,693**
Disposals	-	-	-	-	-	-	-
As at March 31, 2019	-	**13,260,604**	**152,420,444**	**1,433,410**	**2,215,014**	**1,948,410**	**171,277,882**
Charge for the year	-	2,046,678	21,938,368	200,561	164,648	500,227	**24,850,482**
Disposals	-	-	2,913,182	-	-	1,065,748	**3,978,930**
As at March 31, 2020	-	**15,307,282**	**171,445,630**	**1,633,971**	**2,379,662**	**1,382,889**	**192,149,433**
Net Block							
As at March 31, 2018	**604,015**	**49,064,911**	**124,641,302**	**1,192,562**	**336,882**	**296,713**	**176,136,385**
As at March 31, 2019	**604,015**	**47,177,814**	**100,069,442**	**994,414**	**144,433**	**1,810,087**	**150,800,205**
As at March 31, 2020	**604,015**	**58,312,157**	**116,258,998**	**889,853**	**200,840**	**1,309,860**	**177,575,724**

	March 31, 2020	March 31, 2019
Capital work in progress	6,563,513	24,880,887

4. **Intangible Assets**

Particulars	Total Intangible Assets (B)
Gross Block	
As at March 31, 2018	**24,648,040**
Additions	-
Disposals	-
As at March 31, 2019	**24,648,040**
Additions	-
Disposals	-
As at March 31, 2020	**24,648,040**
Amortisation and Impairment	
As at March 31, 2018	**24,461,315**
Charge for the year	37,530
Disposals	-
As at March 31, 2019	**24,498,845**
Charge for the year	37,530
Disposals	-
As at March 31, 2020	**24,536,375**
Net Block	
As at March 31, 2018	**186,725**
As at March 31, 2019	**149,195**
As at March 31, 2020	**111,665**

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Notes to financial statements for the year ended March 31, 2020

(All amounts in Rupees except for share data or as otherwise stated)

5. Financial Assets

	March 31, 2020	March 31, 2019
A Loans		
Non-Current (unsecured, considered good unless otherwise stated)		
Security Deposits	3,151,125	5,201,125
Total	**3,151,125**	**5,201,125**

B Others

	March 31, 2020	March 31, 2019
Non Current (unsecured, considered good unless stated otherwise)		
Bank Deposits	932,365	271,773
Total	**932,365**	**271,773**
Current (unsecured, considered good unless stated otherwise)		
Insurance claim receivable	-	6,429,498
Export and other incentives receivable	4,490,563	5,380,185
Total	**4,490,563**	**11,809,683**

6. Deferred Tax Asset (Net)

		March 31, 2020	March 31, 2019
Deferred Tax Liability			
Income tax at the applicable rate on the difference between the aggregate book written down value and tax written down value of fixed assets		11,243,952	10,977,539
	(A)	**11,243,952**	**10,977,539**
Deferred Tax Asset			
Income tax at the applicable rate on unabsorbed business loss and depreciation		(34,509,171)	(44,373,615)
Impact of expenditure charged to the statement of Profit and Loss in the current year but allowed for tax purposes on payment basis		(3,113,960)	(1,572,159)
MAT credit entitlement		(11,586,925)	(6,252,293)
	(B)	**(49,210,056)**	**(52,198,067)**
Deferred Tax Asset (Net)	**(A+B)**	**(37,966,104)**	**(41,220,528)**

7. Other Assets

	March 31, 2020	March 31, 2019
Current (unsecured, considered good unless otherwise stated)		
Advances recoverable in cash or kind	2,160,283	5,977,532
Prepayments	2,274,955	2,315,598
Balances with Statutory/Government Authorities	1,775,967	16,048,137
Total	**6,211,205**	**24,341,267**

8. Inventories

	March 31, 2020	March 31, 2019
(At lower of cost and net realisable value)		
Raw Materials [including Port Stock and Stock in transit]	46,476,339	68,968,152
Work-in-progress	21,205,973	40,531,223
Finished Goods	19,993,067	20,018,172
Stores, spares and packing materials	5,196,990	5,719,003
Total	**92,872,369**	**135,236,550**

9. Trade Receivables

	March 31, 2020	March 31, 2019
Trade receivables	71,830,879	199,573,797
Receivable from related parties	45,421,229	-
	117,252,108	**199,573,797**

10. Cash and cash equivalents

	March 31, 2020	March 31, 2019
Cash and Cash Equivalents		
Balances with Banks		
- On Current Accounts	741,440	971,414
- Deposits with original maturity of less than three months	-	472,600
Cash on hand	568,721	335,656
Other Bank Balances		
On Deposit Accounts		
- Remaining maturity for more than twelve months	932,365	271,773
	2,242,526	2,051,443
Less : Amount disclosed under Other Assets	932,365	271,773
Total	**1,310,161**	**1,779,670**

11. Share Capital

	March 31, 2020	March 31, 2019
Authorised		
14,500,000 (March 31, 2019: 14,500,000) Equity shares of Rs.10/- each	145,000,000	145,000,000
Total	**145,000,000**	**145,000,000**
Issued, Subscribed and Paid Up		
14,203,363 (March 31, 2019: 14,203,363) Equity share of Rs.10/- each fully paid up	142,033,630	142,033,630
Total	**142,033,630**	**142,033,630**

11.1. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

	March 31, 2020	March 31, 2019
Equity Shares of Rs.10 Each, Fully paid up	**Rs.**	**Rs.**
Balance as per last financial statements	142,033,630	142,033,630
Issued during the year	-	-
Outstanding at the end of the year	**142,033,630**	**142,033,630**

12. Other Equity

	March 31, 2020	March 31, 2019
Securities Premium		
Balance as per last financial statements	33,632,143	33,632,143
Add : Received during the year	-	-
Closing balance	**33,632,143**	**33,632,143**
Retained Earnings		
Opening balance	(49,026,386)	(103,969,555)
Add : Profit for the year	25,033,758	54,943,168
Net surplus in the Statement of profit and loss	**(23,992,628)**	**(49,026,387)**
Items of Other Comprehensive Income		
Opening balance	(172,264)	(361,773)
Add : During the year	(638,801)	189,509
Closing balance	**(811,065)**	**(172,264)**

13. Financial Liabilities

	March 31, 2020	March 31, 2019
Non Current borrowings		
Other Loans		
Vehicle loans from banks (Secured) (b)	184,878	530,316
Total	**184,878**	**530,316**
Current Maturities of Non Current borrowings		
Other Loans		
Vehicle loans from banks (Secured) (b)	345,438	315,372
Total	**345,438**	**315,372**
Current borrowings		
Indian Rupee loans from banks (Secured) (a)	131,836,778	127,558,799
Total	**131,836,778**	**127,558,799**

(a) Current borrowings are availed in Rupee. Interest on rupee loans ranges from MCLR plus 0.50%(March 31, 2019: MCLR plus 0.70%). These borrowings are secured by Hypothecation of stocks of raw material, WIP , Consumables, Finished goods, Receivables and all chargeable current assets on first charge basis.

(b) Vehicle loan from bank is repayable in 36 monthly instalments from the date of the loan and secured by hypothecation of the respective vehicle.

14. Trade Payables

	March 31, 2020	March 31, 2019
- Outstanding dues micro enterprises and small enterprises	6,531,844	3,966,751
- Outstanding dues to creditors other than micro enterprises and small enterprises	136,708,383	171,829,012
- Outstanding dues to related parties	-	146,058,515
	143,240,227	**321,854,278**

15. Other Current financial Liabilities

	March 31, 2020	March 31, 2019
Recognised at Amortised Cost		
Current maturities of long term borrowings	345,438	315,372
Capital Creditors	4,532,283	10,129,387
Interest accrued but not due on borrowings	4,040	6,442
Total	**4,881,761**	**10,451,201**

16. Net employee defined benefit liabilities

	March 31, 2020	March 31, 2019
A) Long Term Provisions		
Provision for Gratuity	7,266,388	4,706,524
Provision for Compensated absences	5,889,352	3,531,268
Total	**13,155,740**	**8,237,792**
B) Short Term Provisions		
Provision for Gratuity	287,036	203,957
Total	**287,036**	**203,957**

17. Income tax assets and liabilities

	March 31, 2020	March 31, 2019
Current tax liabilities		
Provision for taxes	3,560,805	268,978
	3,560,805	**268,978**
Current tax assets		
Advance tax	2,503,972	2,709,607
Total	**2,503,972**	**2,709,607**

18. Other Liabilities

	March 31, 2020	March 31, 2019
Current		
Statutory dues	1,315,687	683,027
Total	**1,315,687**	**683,027**

19. Provisions

	March 31, 2020	March 31, 2019
Provision for Bonus	1,615,882	1,718,817
Total	**1,615,882**	**1,718,817**

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Notes to financial statements for the year ended March 31, 2020

(All amounts in Rupees except for share data or as otherwise stated)

		For the year ended March 31, 2020	For the year ended March 31, 2019
20. Revenue from Operations			
Sale of Products			
Income from Sale of API and Intermediates		600,328,740	691,678,841
	(A)	**600,328,740**	**691,678,841**
Other Operating Revenue			
Sale of Scrap		905,860	4,235
Export and other Incentives		3,091,297	5,657,094
	(B)	**3,997,157**	**5,661,329**
Revenue from Operations	**(A+B)**	**604,325,897**	**697,340,170**

21. Other Income

	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest Income on Deposits and Margin money	246,478	265,779
Profit on sale of fixed assets	849,033	-
Total	**1,095,511**	**265,779**

22. Cost of Materials Consumed

	For the year ended March 31, 2020	For the year ended March 31, 2019
Raw Materials Consumed		
Opening stock at the beginning of the year	68,968,152	58,672,223
Add : Purchases	299,992,361	488,873,098
	368,960,513	**547,545,321**
Less : Closing stock at the end of the year	46,476,339	68,968,152
	322,484,174	478,577,169

23. Decrease/(Increase) in Inventories of Finished Goods and Work-in-Progress		
Opening stock of inventories		
Finished goods of API and Intermediates	20,018,172	6,131,209
Work-in-Progress of API and Intermediates	40,531,223	23,742,478
	60,549,395	**29,873,687**
Closing stock of inventories		
Finished goods of API and Intermediates	19,993,067	20,018,172
Work-in-Progress of API and Intermediates	21,205,973	40,531,223
	41,199,040	**60,549,395**
Decrease/(Increase) in inventories	**19,350,355**	**(30,675,708)**
Decrease/(Increase) in Finished goods of API and Intermediates	25,105	(13,886,963)
Decrease/(Increase) in Work-in-Progress of API and Intermediates	19,325,250	(16,788,745)
Decrease/(Increase) in inventories of finished goods and work-in-progress	**19,350,355**	**(30,675,708)**

24. Employee Benefits Expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
Salaries, allowances and wages	42,441,880	34,821,902
Contribution to provident fund and other funds	1,961,332	1,616,853
Gratuity expense	1,820,486	1,144,682
Staff welfare expenses	5,528,217	4,904,888
Total	**51,751,915**	**42,488,325**

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Notes to financial statements for the year ended March 31, 2020
(All amounts in Rupees except for share data or as otherwise stated)

25. Operating and Selling Expenses

	For the year ended March 31, 2020	For the year ended March 31, 2019
Conversion charges	21,979,060	8,557,653
Factory maintenance	39,259,375	31,086,721
Effluent treatment expenses	3,599,246	5,190,045
Power and Fuel	34,874,653	29,154,540
Repairs & maintenance		
Plant and machinery	12,097,999	10,463,546
Buildings	303,011	494,849
Others	580,982	257,987
Testing & Analysis charges	301,420	953,250
Rent	1,673,527	3,215,486
Rates and taxes	1,147,073	4,195,676
Office maintenance	79,132	298,802
Insurance	3,763,601	2,356,717
Printing and stationery	958,183	569,536
Consultancy and other professional charges	2,747,375	2,766,805
Membership and subscription	17,500	27,500
Remuneration to auditors		
-Audit Fee	150,000	150,000
-Tax audit fee	50,000	50,000
-Out of pocket expenses	10,175	24,642
Travelling and conveyance	583,527	484,397
Communication expenses	250,286	598,389
Loss on Foreign Exchange Fluctuations	1,861,038	1,108,968
Loss on insurance claim	6,429,498	-
Carriage outwards	2,145,867	2,466,771
Commission on sales	3,986,069	3,600,965
Other selling expenses	486,868	-
CSR expenditure	240,000	-
Miscellaneous expenses	18,050	23,238
Total	**139,593,515**	**108,096,481**

26. Interest

- on working capital loans	12,051,434	14,524,344
- on others	99,271	57,353
Bank charges	1,355,470	3,354,031
Total	**13,506,175**	**17,935,728**

27. Components of Other Comprehensive Income (OCI)

	For the year ended March 31, 2020	For the year ended March 31, 2019
Retained earnings:		
Re-measurement gains / (losses) on employee defined benefit plans	(863,245)	256,093
Deferred Tax Charge/ (Credit)	(224,444)	66,584
Total	**(638,801)**	**189,509**

28. Earnings per share (EPS)

	For the year ended March 31, 2020	For the year ended March 31, 2019
The following reflects the profit and share data used in the basic and diluted EPS computations:		
Profit after tax	24,394,957	55,132,677
Less: Preference dividend and tax thereon	-	-
Profit available for equity shareholders	24,394,957	55,132,677
Weighted average number of equity shares in calculating basic earnings per share	14,203,363	14,203,363
Add: Effect of dilution	-	
Weighted Average number of Equity Shares in computing diluted earnings per share	14,203,363	14,203,363
Face value of each equity share (Rs.)	10	10
Earnings per share		
- Basic (Rs.)	1.72	3.88
- Diluted (Rs.)	1.72	3.88

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Notes to financial statements for the year ended March 31, 2020

(All amounts in Rupees except for share data or as otherwise stated)

29. Taxes

(a) Income tax expense:

The major components of income tax expenses for the year ended March 31, 2020 and for the year ended March 31, 2019 are:

(i) Profit or loss section

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Current tax expense	-	-
Current Tax	5,334,633	-
Minimum Alternate Tax credit entitlement	(5,334,633)	-
Deferred tax	8,813,504	(987,441)
Total income tax expense recognised in statement of Profit & Loss	**8,813,504**	**(987,441)**

(ii) OCI Section - -

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net gain/(loss) on remeasurement of defined benefit plans	(863,245)	256,093
Income tax charged to OCI	(224,444)	66,584

(b) Reconciliation of effective tax rate:

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Income before income tax (A)	33,847,262	53,955,727
Enacted tax rate in India (B)	26%	26%
Expected tax expenses (C = A*B)	8,800,288	14,028,489
Other than temporary difference		
Adjustment of brought forward losses/depreciation	1,888,039	53,955,727
Others	(33,898,092)	3,797,849
Total (D)	**(32,010,053)**	**57,753,576**
Profit after adjusting permanent differences	65,857,315	(3,797,849)
Expected tax expense	17,122,902	(987,441)
Total Tax expense	8,813,504	(987,441)
Effective tax rate	26%	-2%

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Notes to financial statements for the year ended March 31, 2020

(All amounts in Rupees except for share data or as otherwise stated)

30. Related party disclosures

Names of related parties and description of relationship

Name of the related party	Relationship	March 31, 2020	March 31, 2019
Company which exercises significant influence			
i) Laurus Labs Limited	Holding Company		
Key Management Personnel			
iii) Mr. S Srinivasa Rao	Director		
ii) Dr. C V Lakshmana Rao	Director		
iii) Mr. C Krishna Chaitanya	Director		

Transactions during the year:

	March 31, 2020	March 31, 2019
Holding Company		
Laurus Labs Limited		
Conversion Income	48,924,150	12,438,750
Sale of goods	219,088,809	90,186,353
Sale of Assets	1,084,003	-
Purchase of goods	17,618,151	68,090,314

Closing Balances - Debit/ (Credit)

	March 31, 2020	March 31, 2019
Holding Company		
Laurus Labs Limited	45,421,229	(146,058,515)

31. Capital management

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

The Company manages its capital structure in consideration to the changes in economic conditions and the requirements of the financial covenants. To maintain the capital structure, the Company may adjust the return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, borrowings including interest accrued on borrowings, trade and other payables, less cash and short-term deposits.

	March 31, 2020	March 31, 2019
Borrowings including interest accrued on borrowings (Note 13)	132,371,134	128,410,929
Less: Cash and short-term deposits (Note 10)	(1,310,161)	(1,779,670)
	131,060,973	**126,631,259**
Equity	142,033,630	142,033,630
Other Equity	8,828,450	(15,566,508)
Total Equity	**150,862,080**	**126,467,122**
Gearing ratio (Net Debt/ Total Equity)	0.87	1.00

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Notes to financial statements for the year ended March 31, 2020
(All amounts in Rupees except for share data or as otherwise stated)

32. Contingent Liabilities

	March 2020	March 2019
Outstanding bank guarantees (excluding performance obligations)	-	2,175,000

33. CIF Value of Imports	**March 2020**	**March 2019**
Raw Materials	118,404,341	257,440,941
Others	-	545,100
	118,404,341	**257,986,041**

34. Earnings In Foreign Exchange	**March 2020**	**March 2019**
Revenues	131,546,632	174,280,627
	131,546,632	**174,280,627**

Figures of the previous year have been rearranged wherever necessary to them comparable with the current year's classification.

As per our report of even date

For Ramasamy Koteswara Rao and Co LLP
Chartered Accountants
Firm Registration Number :010396S/S200084

Murali Krishna Reddy Telluri
Partner
Membership No.223022

Place: Hyderabad
Date: April 23, 2020

For and on behalf of the Board of Directors
Sriam Labs Private Limited

Dr. C V Lakshmana Rao
Director

S. Srinivasa Rao
Director

C. Krishna Chaitanya
Director

Place: Hyderabad
Date: April 23, 2020