

# **Parnax Lab Limited**

(Formerly known as Krishna-Deep Trade and Investment Limited)

**34<sup>th</sup>**

**Annual Report  
2015 - 2016**

# Parnax Lab Limited

(Formerly known as Krishna-Deep Trade and Investment Limited)

## **Board of Directors:**

Mr. Prakash M Shah (DIN 00440980)	: Chairman and Chief Executive Officer (w.e.f. 12th August 2016)
Mr. Baiju M Shah (DIN 00440806)	: Managing Director and Chief Financial Officer (w.e.f. 12th August 2016)
Mr. Vindyak B Desai (DIN 03185850)	: Independent and Non-Executive Director
Mr. Manharbhai N Jhavari (DIN 03571525)	: Independent and Non-Executive Director
Mr. Tirunillai V Anatharaman (DIN 07147028)	: Independent and Non-Executive Director
Mrs. Ami M Shah (DIN 03101049)	: Women Non-Executive Director

## **Statutory Auditors:**

M/s. Ladha Singhal & Associates

## **Bank:**

State Bank of India

## **Registered office:**

Gala 114, Building no. 8  
Jogani Industrial Complex,  
Chunabhatti, Mumbai - 400 022  
Phone no.: 022- 3001 5666  
Website: www.naxparlab.com

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

### **System Support Services**

209, Shivai Industrial Estate, 89, Andheri Kurla Road, Saki  
Naka, Andheri (East), Mumbai 400072  
Tel no.: 28500835  
Fax:28501438  
Email: sysss72@yahoo.com  
Website: www.sysss.com

## **Listing of Equity Shares:**

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

<b>Contents</b>	<b>Page No.</b>
Notice of the Annual General Meeting	1
Directors' Report	10
Management Discussion and Analysis Report	22
Corporate Governance Report	26
Company Secretary in Practice's Report on Corporate Governance	35
CEO/CFO Certification; Declaration on Code of Conduct	36
Secretarial Audit Report	40
<b>Standalone</b>	
Auditors' Report	42
Balance Sheet	48
Statement of Profit and Loss	49
Cash Flow Statement	50
Notes forming part of the Financial Statements	51
<b>Consolidated</b>	
Auditors' Report	65
Balance Sheet	70
Statement of Profit and Loss	71
Cash Flow Statement	72
Notes forming part of the Financial Statements	73
Nomination Form, Attendance Slip, Proxy Form & Postal Ballot Form	90

## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE 34TH ANNUAL GENERAL MEETING OF THE MEMBERS OF PARNAX LAB LIMITED WILL BE HELD ON WEDNESDAY 28TH DAY OF SEPTEMBER, 2016 AT 11 A.M. AT REGISTERED OFFICE OF THE COMPANY SITUATED AT 114, BLDG. NO. 8, JOGANI INDUSTRIAL COMPLEX, CHUNABHATTI, MUMBAI-400022 TO TRANSACT THE FOLLOWING BUSINESSES:**

### ORDINARY BUSINESS:

1. To receive, consider and adopt the standalone and consolidated audited annual accounts for the year ended March 31st, 2016 along with notes thereon as on that date and the Reports of Board of Directors and Auditors thereon.
2. To reappoint Director in Mrs.Ami Mihir Shah, who retires by rotation and being eligible offers herself for Re-appointment
3. To consider and if thought fit to pass with or without modification(s) the following resolution as an ORDINARY RESOLUTION:

**“RESOLVED THAT** pursuant to the provisions of section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules framed there under, as amended from time to time, M/s. Ladha Singhal & Associates, Chartered Accountants (Firm Registration No. 120241W), be and are hereby appointed as Auditors of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 35th Annual General Meeting of the Company to be held in the year 2017, be and are hereby ratified for the financial year 2016 (subject to ratification of their appointment at every AGM), at such remuneration plus service tax, out of pocket, travelling and living expenses, etc. as may be mutually agreed between the Board of Directors of the Company and the Auditors”.

### SPECIAL BUSINESS:

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

**“RESOLVED THAT** pursuant to the provisions of Section 188 read with the applicable Rules under Companies (Meetings of Board and its Powers) Rules, 2014 of the Companies Act, 2013 (“the Act”) and the Companies (Amendment) Act, 2015 and in terms of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment, modification(s) or re-enactment thereof), the consent of the members of the Company be and is hereby accorded to ratify, continue and enter into, the related party transactions with related parties as defined under section 2(76) of the Companies Act, 2013 as per the details given below:

Name of the related party	Naxpar Pharma Private Limited
Name of the Director or KMP who is related, if any	<ul style="list-style-type: none"> <li>• Mr. Prakash Mahasukhlal Shah</li> <li>• Mr. Baiju Mahasukhlal Shah</li> <li>• Mr. Manharbhai Navalchand Jhavari</li> </ul>
Nature of Relationship	Subsidiary Company
Nature, Material terms, monetary value and particulars of the contract or Arrangement.	Nature: Purchase and Sales of Goods and Services, Materials. Maximum Annual Value: Not exceeding to Rupees 1 Crore. Duration: On Continual Basis.

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

5. To consider and if thought fit, to pass with or without modification, the following Resolution as **SPECIAL RESOLUTION**:

**“RESOLVED THAT** pursuant to Section 196, 197, 203 and all other applicable provisions, if any of the Companies Act, 2013 (including any statutory modification from time to time or any reenactment thereof for time being in force) (the “Act”) read with schedule V to the said Act, and the Articles of Association of the Company, the approval be and is hereby given to Appoint **Mr. Prakash M Shah (DIN 00440980)**, who is currently designated as “Chief Executive Director of the company be and is hereby appointed as Chairman further he shall be Chairman cum Chief Executive Officer of the Company w.e.f from 12th August 2016, for the period of 3 (Three) Years on the same terms & conditions,

**RESOLVED FURTHER THAT** any one Director of the Company be and is hereby severally authorised to sign and file the necessary e-forms and any other documents as may be required with the Registrar of the Companies”

6. To consider and if thought fit, to pass with or without modification, the following Resolution as **SPECIAL RESOLUTION:**

**“RESOLVED THAT** pursuant to section 2(51), 196, 197, 203 and any other applicable provisions, if any of the Companies Act, 2013 read with Rule 8 of the Companies (Appointment & Remuneration of managerial Personnel) Rules 2014 and all other applicable provisions of Companies Act, 2013, consent of the members of the Company be and is hereby accorded for Appointment of **Mr. Baiju M Shah (DIN 00440806)**, who is currently designated as “Chief Financial Officer” of the company be and is hereby appointed as Managing Director further he shall be Managing Director cum Chief Financial Officer of the Company w.e.f from 12th August 2016, for the period of 3 (Three) Years on the same terms & conditions,

**RESOLVED FURTHER THAT** any one Director of the Company be and is hereby severally authorised to sign and file the necessary e-forms and any other documents as may be required with the Registrar of the Companies”

7. To consider and if thought fit, to pass, the following resolution as a **SPECIAL RESOLUTION:**

Ratification by shareholders for alteration/ variation of utilization of proceeds of Preferential Allotment of 28,00,000 Equity Shares

**“RESOLVED THAT** pursuant to the provisions of Section 27 and other applicable provisions, if any, of the Companies Act, 2013 and pursuant to the Companies (Prospectus and Allotment of Securities) Rules, 2014 and all the applicable laws and regulations for the time being in force, in respect of Preferential Allotment of 28,00,000 Equity Shares of Face Value of Rs. 10/- each at a premium of Rs. 2/- each allotted by the Board of Directors at their meeting held on 8th April, 2010, the ratification and approval of the Shareholders be and is hereby accorded to all acts, deeds and things done by the Company in entering into and giving effect to the utilization of proceeds as received in the said Preferential issue which is in variation to the objects as stated out in the Notice of Extra Ordinary General Meeting held on 22nd March, 2010.

**For and on behalf of Board**

Sd/-

**Place: Mumbai**  
**Date: 12<sup>th</sup> August 2016**

**Prakash Shah**  
**Chairman & CEO**  
**(DIN 00440980)**

**Registered Office:**  
Gala No. 114, Bldg. No. 8,  
Jogani Industrial Complex,  
Chunabhatti, Mumbai-400022.  
CIN: L36912MH1982PLC027925

**Notes:**

1. A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself/herself and such proxy need not be a member of the company. The proxies, in order to be effective must be duly stamped and signed and should be deposited with the company not less than 48 hours before the time fixed for the commencement of the meeting. Proxies submitted on behalf of companies, societies etc. must be supported by an appropriate resolution/authority, as applicable. A person shall not act as Proxy for more than 50 members and holding in the aggregate not more than 10 percent of the total voting share capital of the Company. However, a single person may act as a proxy for a member holding more than 10 percent of the total voting share capital of the Company provided that such person shall not act as a proxy for any other person.
2. Every member entitled to vote at the Annual General Meeting of the Company can inspect the proxies lodged at the Company at any time during the business hours of the Company during the period beginning twenty-four hours before the time fixed for the commencement of the Annual General Meeting and ending on the conclusion of the meeting. However, a prior notice of not less than 3 (three) days in writing of the intentions to inspect the proxies lodged shall be required to be provided to the Company.
3. The Register of Members and Share Transfer Register will remain closed from **Monday 19th September, 2016 to Wednesday, 28th September, 2016** (both days inclusive).



4. Explanatory statement under section 102 of the Companies Act, 2013 which sets out details relating to Special Business is annexed hereto.
5. Members/Proxies are requested to produce the attendance slip duly signed for attending the meeting and also requested to bring copies of Annual Report.
6. CorporatemembersarerequestedtoproduceadulycertifiedcopyoftheBoardResolution, pursuant to section 113 of the Companies Act, 2013, authorizing their representative to attend and vote at the AGM.
7. Members whose shareholding is in the electronic mode are requested to direct change of address notification and updation of Saving Bank Account details to their respective Depository Participants.
8. Members holding shares in physical form are requested to furnish following information to the Company's Registrar and Share Transfer Agents, **System Support Services**, 209, Shivai Industrial Estate, 89, Andheri Kurla Road, Saki Naka, Andheri (East), Mumbai-400072orbyemailingtothematsysss72@yahoo.com:
  - a) Change in their address, if any, along with the pin code.
  - b) Request for consolidation of shareholdings in one account if share certificates are held in multiple accounts or joint accounts in identical order of names.
9. Members holding shares in dematerialized mode are requested to intimate changes if any in their addresses along with pin code to their Depository Participants.
10. Electronic copy of the Annual Report for 2016 is being sent to all the members whose email IDs are registered with the Company/Depository Participants(s) for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their mail address, physical copies of the Annual Report for 2016 is being sent in the permitted mode.

The physical copies of the aforesaid documents will also be available at the Company's Registered Office in Thane for inspection during normal business hours on working days. Even after registering for e-communication, members are entitled to receive such communication in physical form, upon making a request for the same, by post free of cost. For any communication, the shareholders may also send requests to the Company's investor email id: *compliance@naxparlab.com*.

## **11. Voting through electronic mean**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide to its members the facility to exercise their right to vote at the 34th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services Limited (CDSL). It is hereby clarified that it is not mandatory for a member to vote using the e-voting facility and a member may avail of the facility at his/her/it discretion, subject to compliance with the instructions prescribed below.

### **Procedure / instructions for e-voting are as under:**

- I. In case of members receiving e-mail:
  - a. Open e-mail
  - b. Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - c. Now click on "Shareholders" tab
  - d. Now, select the "COMPANY NAME" from the drop down menu and click on "SUBMIT"
  - e. Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - f. Next enter the Image Verification as displayed and Click on Login.
  - g. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

h. If you are a first time user follow the steps given below:

<b>For Members holding shares in Demat Form and Physical Form</b>	
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field.</li> <li>In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. E.g. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</li> </ul>
DOB#	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.

- i. After entering these details appropriately, click on "SUBMIT" tab.
- j. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- k. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- l. Select "**EVSN**" (E-Voting Event Number) of **Parnax Lab Limited** which is **160806005** Now you are ready for e-voting as cast Vote page opens.
- m. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- n. Click on the "**RESOLUTIONS FILE LINK**" if you wish to view the entire Resolution details.
- o. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- p. Once you "**CONFIRM**" your vote on the resolution, you will not be allowed to modify your vote.
- q. You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- r. If Demat account holder has forgotten the changed password, then enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - Institutional shareholders (i.e. other than Individuals, HUF, and NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
  - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
  - The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same.



## II. In case of members receiving the physical copy:

Please follow all steps from sl. no. (a) To sl. no. (r) above to cast vote.

### Other Instructions:

- The voting period begins on 24th September 2016 (9 am IST) and ends on 27th September 2016 (5.00 pm IST). During these period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 21st September 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at [www.evotingindia.co.in](http://www.evotingindia.co.in) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
  - The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date (record date) of 21st September 2016.
  - Mr. Hemant Shetye, Partner of HS Associates, Practicing Company Secretaries (Membership No. FCS 2827) has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent Manner.
  - The scrutinizer shall within a period of not exceeding two working days from the conclusion of the e-voting period unblock the votes in the presence of at least two witnesses not in employment of the Company and make a scrutinizer's report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
  - The results of the e-voting along with the scrutinizer's report shall be placed in the Company's website [www.naxparlab.com](http://www.naxparlab.com) and on the website of CDSL within two working days of passing of the resolution at the AGM of the Company. The results will also be communicated to the stock exchanges where the shares of the Company are listed.
  - Members who do not have access to e-voting facility may send duly completed Ballot Form (enclosed with the Annual Report) so as to reach the Scrutinizer appointed by the Board of Directors of the Company, Mr. Hemant Shetye, Partner of HS Associates, Practicing Company Secretaries, at the Corporate office of the Company not later than 27th September 2016 (5.00 pm IST).
  - Ballot Form received after this date will be treated invalid.
  - A member can opt only for one mode of voting i.e. either through e-voting or by Ballot. If a Member casts vote by both modes, then voting done through e-voting shall prevail and Ballot shall be treated as invalid.
12. All documents referred to in the accompanying Notice and the Explanatory Statement shall be open for inspection at the Registered Office of the Company during normal business hours (9.00 am to 5.00 pm) on all working days, up to and including the date of the Annual General Meeting of the Company.

The Ministry of Corporate Affairs (MCA) has taken a “Green Initiative in Corporate Governance” (Circular No. 17/2011 dated 21.04.2011 and Circular No. 18/2011 dated 29.04.2011) allowing companies to dispatch documents to the shareholders through electronic mode. Considering the above theme, your company had decided to send Annual Report through electronic mode. However, if required the copy of the Annual Report shall be provided to the shareholder at the Annual General Meeting.

### The Members are requested to:

- i. Intimate to the registrars / Company, changes if any, in their registered address at an early date along with the pin code number;
- ii. Quote Registered Folio / Client ID & DP ID in all their correspondence;
- iii. Dematerialize the shares held in physical form at the earliest as trading in the Equity Shares of the Company shall be only in Dematerialized form for all the investors.

**For and on behalf of Board**

Sd/-

Place: Mumbai  
Date: 12<sup>th</sup> August 2016

**Prakash Shah**  
Chairman & CEO  
(DIN 00440980)



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

**Item No. 04:**

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

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

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

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

- Except Mr. Prakash Shah, Mr. Baiju Shah and Mr. Manharbhai Navalchand Jhavari none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No.04. Further, no voting done by any members of the Company, if such member is related party, shall be counted for the purpose of passing of this resolution.

**Item No. 05 & ITEM No. 06:**

**MAJOR TERMS & CONDITIONS AND INFORMATION ABOUT APPOINTMENT OF CHAIRMAN AND MANAGING DIRECTOR:**

**TERMS & CONDITIONS:**

**I) General Information:**

1. Nature of industry	: The company manufactures pharmaceutical finished formulations.
2. Date of commencement of commercial production.	: The company has already commenced commercial production in 1982.

**II) Details of Director seeking Appointment/Reappointment at the Annual General Meeting:**

**A) Mr. Prakash M Shah as chairman of the Company:**

Pursuant to Section 197, 198, 203 and other applicable provisions of the Companies Act 2013, **Mr. Prakash M Shah (DIN:00440980)** aged 73 Years being eligible and offering himself to appoint and to designate as a Chairman on the board.

In the opinion of the Board, Mr. Prakash M Shah he being the promoter of the company and have wide experience is the same stream of business at the same time fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as a Chairman of the Company.

The Board considers that his Continued Association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Prakash M Shah as an Chairman. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Prakash M Shah as a Chairman of the Company, for the approval by the shareholders of the Company.

Except Mr. Prakash Shah being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 5.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 30 of the Listing Regulation 2015 with the Stock Exchange.





1. Name of Director	: Mr. Prakash Mahasukhlal Shah
2. Director Identification Number	: <b>00440980</b>
3. Date of Birth	: 24th April 1944
4. Designation	: Chairman Cum Chief Executive Officer
5. Date of Appointment	: Appointment w.e.f. 12th August 2016
6. Term of Appointment	: For the period of 3(Three) Years
7. Pecuniary relationship with the company	: Mr. Prakash Shah holds 6,75,426(Six Lakh Seventy-Five Thousand Four Hundred and Twenty-Six) Equity Shares in the company
8. Job Profile and suitability	: Mr. Prakash Shah has 45 Years of Experience in Pharmacy Trading and Manufacturing Sector
9. Remuneration Proposed	: NIL
10. Directorship and Committee membership in other Companies	: 1(One Company) i.e. Naxpar Pharma Private Limited which is subsidiary company of Parnax Lab Limited.

**B) Mr. Baiju M Shah as Managing Director of the Company:**

Pursuant to Section 197,198,203 and other applicable provisions of the Companies Act 2013, **Mr. Baiju M Shah (DIN:00440806)** aged 68 Years being eligible and offering himself to appoint and to designate as a Managing Director on the board.

In the opinion of the Board, Mr. Baiju M Shah he being the promoter of the company and have wide experience is the same stream of business at the same time fulfils the conditions specified in the Companies Act, 2013 and rules made there under for his appointment as a Managing Director of the Company.

The Board considers that his Continued Association would be of immense benefit to the Company and it is desirable to continue to avail services of Mr. Baiju M Shah as a Managing Director. Accordingly, the Board recommends the resolution in relation to appointment of Mr. Baiju M Shah as a Managing Director cum CFO of the Company, for the approval by the shareholders of the Company.

Except Mr. Baiju M Shah being an appointee, none of the Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out at Item No. 6.

This Explanatory Statement together with the accompanying Notice may also be regarded as a disclosure under Regulation 30 of the Listing Regulation 2015 with the Stock Exchange.

The Nomination and Remuneration Committee of the Company has affirmed at its meeting held on 12th August 2016 that the remuneration is as per the remuneration policy of the Company for the said above appointment.

1. Name of Director	: Mr. Baiju Mahasukhlal Shah
2. Director Identification Number	: 00440806
3. Date of Birth	: 25th July 1954
4. Designation	: Managing Director cum CFO
5. Date of Appointment	: Appointment w.e.f. 12th August 2016.
6. Term of Appointment	: For the period of 3(Three) Years
7. Pecuniary relationship with the company	: Mr. Baiju Shah holds 6,28,261 Equity Shares in the company
8. Job Profile and suitability	: Mr. Baiju Shah has 38 Years of Experience in Pharmacy Trading and Manufacturing Sector
9. Remuneration Proposed	: Rs. NIL
10. Directorship and Committee membership in other Companies	: 1(One Company) i.e. Naxpar Pharma Private Limited which is subsidiary company of Parnax Lab Limited.



**Item No. 07:**

The Company had passed a Special Resolution on 22nd March, 2010 for Preferential Issue of 36,00,000 Equity shares of Face Value of Rs. 10/- each (hereinafter referred to as "said Preferential Issue"). The Board of the Directors of the Company at their meeting held on 8th April, 2010 had allotted 28,00,000 Equity Shares of Face Value of Rs. 10/- each at a premium of Rs. 2/- each. The main object for raising funds through preferential issue was for expansion of business, to make investments in group companies, to make further investment in Shares and securities, mutual funds, etc. as well as for long term and short term working capital requirements of the company.

Thereafter, the Company was taken over by Mr. Prakash M. Shah, Mr. Mihir Shah, Mr. Baiju M. Shah and Mr. Binoy B. Shah (hereinafter referred to as "the acquirers") from its then promoters i.e. M/s. Toucan Food & Snacks Pvt Ltd, M/s. Manjari Metal & Services Pvt Ltd, M/s. Jatipura Investment & Finance Pvt Ltd and M/s. SM Holding & Finance Pvt Ltd.as per the provisions contained in Regulation 12 of SEBI (Substantial Acquisition of shares and takeover) Regulations, 1997. The acquirers had expertise in pharmaceutical business. The Company passed the following resolutions through Postal Ballot on 17th November, 2010:

Takeover the Management control of the Company by Mr. Prakash M. Shah, Mr. Mihir Shah, Mr. Baiju M. Shah and Mr. Binoy B. Shah from its promoters i.e. M/s. Toucan Food & Snacks Pvt Ltd, M/s. Manjari Metal & Services Pvt Ltd, M/s. Jatipura Investment & Finance Pvt Ltd and M/s. SM Holding & Finance Pvt Ltd.as per the provisions contained in Regulation 12 of SEBI (Substantial Acquisition of shares and takeover) Regulations, 1997.

Alter the object clause; and

Commencement of new business

An Extra Ordinary General Meeting of the Shareholders for the purpose was held on 17th November, 2010 and the resolution for takeover of the Company was passed with 3/4th majority. The object clause was altered to include Pharmaceutical business and a resolution for commencement of new business under section 149(2A) of the Companies Act, 1956 was also passed.

Hence, the amounts raised from preferential issue of Equity Shares were utilized as per the object of the issue. However, the amount was recalled and utilized for various business purposes as detailed below:

<b>Nature of Expenditure</b>	<b>Amount (in Rs.)</b>
Purchase of Raw Material, etc, payment of wages and salaries, operational expenses and other working capital expenses	80,00,000.00
Working Capital Expenses (Salaries, Wages, etc)	14,00,000.00
Naxpar Pharma Pvt. Ltd.- 99.8% subsidiary of Parnax, had made payments to clients/ suppliers on behalf of the Company. The amount was thus repaid to Naxpar Pharma Pvt. Ltd.	1,90,50,000.00
Repayment of Cash credit taken from bank for working capital	50,00,000.00
<b>TOTAL</b>	<b>3,34,50,000.00</b>

The amount raised in the preferential issue was utilized for business purposes only. However, no specific approval from the shareholders to utilize the same as per the new objects of the Company was obtained. Hence, we request the shareholders to ratify the above utilization of funds raised in the said preferential issue which has benefited the Company in registering phenomenal growth over a period of last six years.

Your Board recommend passing of the above resolution as set out in the Notice.

None of the Directors of the Company is interested/ concerned in the resolution except as members of the Company.

**By Order of the Board of Directors  
Parnax Lab Limited**

Sd/-

**Prakash Shah  
Chairman & CEO  
(DIN 00440980)**

**Place: Mumbai  
Date: 12<sup>th</sup> August 2016**



To,  
 RTA  
 Unit: Parnax Lab Ltd,

**Add- Updation of Shareholding Information**

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

**General Information:**

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

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

**Bank Details:**

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

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

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

Place:  
 Date:

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

**DIRECTORS' REPORT**

To,

The members of  
**Parnax Lab Limited.**

Your Directors have pleasure in presenting the 34<sup>th</sup> Annual Report together with the Audited Financial Statements for the year ended on 31<sup>st</sup> March, 2016.

**1. FINANCIAL RESULTS:**

**(Standalone basis)**  
**₹ In lacs**

<b>Particulars</b>	<b>For the year ended on 31<sup>st</sup> March, 2016</b>	<b>For the year ended on 31<sup>st</sup> March, 2015</b>
Revenue from Operations	788.99	1663.11
Profit before Depreciation and Tax	(83.12)	(95.56)
Less: Depreciation	59.51	79.85
Tax Expenses	(41.15)	(55.62)
<b>Net Profit for the year</b>	<b>(101.49)</b>	<b>(119.79)</b>
Add. Profit & Loss A/c Bal of Previous year	(225.15)	(105.36)
Appropriations:		
Proposed Dividend	NIL	NIL
Dividend Distribution Tax – on Proposed Dividend	N.A.	N.A.
Transfer to General Reserve	NIL	NIL
<b>Balance c/f to Balance Sheet</b>	<b>(326.64)</b>	<b>(225.15)</b>

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

During the year the net income from operations on standalone basis declined from 1663.11 lacs to 788.99 lacs. Due to increase in operational cost the profit from operations also got reduced. However, Layoff was declared at the Silvassa Plant due to which the production activities has been suspended in view of the same company has entered into necessary initial negotiations with the workers and directors are also taking optimum efforts to increase the profits through aggressive sales campaign.

**3. DIVIDEND:**

The Board recommended no dividend shall be declared for the Financial Year ended on 31st March, 2016.

**4. VARIATION IN THE OBJECTS OF UTILIZATION OF PROCEEDS OF PREFERENTIAL ALLOTMENT OF 28,00,000 EQUITY SHARES:**

The amount raised in the preferential issue was utilized for business purposes other than the one's set out in the Offer Document. However, no specific approval from the shareholders to utilize the same as per the new objects of the Company was obtained. Hence, the board of Directors request the shareholders to ratify the utilization of funds raised in the said preferential issue which has benefited the Company in registering phenomenal growth over a period of last six years. The Board has placed the same before the shareholders for their approval in the ensuing Annual General Meeting.

**5. TRANSFER TO RESERVES:**

The Company has not transferred amount to any reserve.

**6. PARTICULARS OF REMUNERATION:**

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

**7. SUBSIDIARY COMPANY:**

The Company has one Subsidiary Company as on March 31st 2016 namely Naxpar Pharma Private Limited. There has been no material change in the nature of business of the subsidiary company.

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

**8. DEPOSITS:**

During the Financial Year 2015-16 The Company has not accepted any public deposit covered under Section 76 of the Companies Act, 2013.

**9. CORPORATE SOCIAL RESPONSIBILITY:**

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

**10. DISCLOSURE REQUIREMENTS**

Details of programmes for familiarization of Independent Directors with the Company are available on the website of the Company at the link: [www.naxparlab.com](http://www.naxparlab.com)

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

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

**11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS / OUTGO:**

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

**12. BOARD OF DIRECTORS:**

During the year 2015-16 **Mr. Prakash M Shah (Holding DIN-00440980)** was appointed as a Chairman of the Company and **Mr. Baiju M Shah (Holding DIN 00440806)** is appointed as a Managing Director of the Company.

At the ensuing 34th (Thirty Fourth) Annual General Meeting of the Company the Director **Mrs. Ami Mihir Shah (Having DIN 03101049)** is liable to retire by rotation and being eligible offers themselves for re-appointment. Board recommends their re-appointment to the members for consideration in the ensuing 34th Annual General Meeting.

**13. EXTRACT OF ANNUAL RETURN:**

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

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

Five Board Meetings were held during the year 2015-16 pursuant to Section 173 (1) of Companies Act, 2013 on 29th May 2015, 14th August 2015, 09th November 2015, 12th February 2016 and 31st March 2016. The further details regarding Board Meetings are given in the Board of Directors Section of Corporate Governance Report annexed to this Report.

**15. MANAGEMENT DISCUSSION AND ANALYSIS:**

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

**16. DIRECTORS RESPONSIBILITY STATEMENT:**

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

- (a) in the preparation of Annual Accounts for the year ended on 31st March, 2016, the applicable accounting standards have been followed and there are not material departures from the same.,
- (b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year on 31st March, 2016 and the profit and loss of the Company for that period.,
- (c) the Directors have taken proper and sufficient care for the maintenance of the adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.,
- (d) the Directors have prepared Accounts on 'going concern' basis., and
- (e) The Directors have laid down internal financial controls to be followed by the Company and that such financial controls are adequate and are operating effectively.
- (f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

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

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

**18. NOMINATION AND REMUNERATION COMMITTEE:**

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

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

As on 31st March, 2016 there was no outstanding balance or transactions with respect to the Mutual Fund Investments.

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

During the year the Company has not given loans or Guarantees covered under Section 186 of Companies Act, 2013.

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

During the year 2015-16 the Contract or Arrangements entered in to by the Company with related parties were approved by the Audit Committee pursuant to subsection (IV) (4) of Section 177 of Companies Act, 2013 and by the Board of Directors pursuant to Section 188 (1) of Companies Act, 2013.

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

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

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year of the Company to which the financial statements relate and the date of the report. During the year the company has received the summon seeking information from SEBI however the requisite reply was made except this there

**22. PERFORMANCE EVALUATION OF BOARD:**

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17(10) and Regulation 25(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of performance of its own, the Committees thereof and the Directors individually. At the meeting of the Board all the relevant factors that are material for evaluating the performance of the Committees and of the Board were discussed in detail.

A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment, safeguarding the interest of the Company and its minority shareholders, etc. The performance evaluation of the Independent Directors was carried out by the entire Board except the independent director being evaluated.

The performance evaluation of the Chairman and Non-Independent Directors was carried out by the Independent Directors.

**23. POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

The Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013, has been disclosed in the Corporate Governance Report, which forms part of the Annual Report.

**24. CORPORATE GOVERNANCE:**

The Company is committed towards maintaining the highest standards of Corporate Governance and adhering to the Corporate Governance requirements as set out by Securities and Exchange Board of India. The Report on Corporate Governance as stipulated under regulation 34 (3) and Part C of schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015 forms part of the Annual Report. The Certificate from the practicing Company Secretary confirming compliance with the conditions of Corporate Governance as stipulated under regulation 34 (3) and Part E of schedule V of the SEBI (Listing Obligation and Disclosure Requirement) Regulation 2015 is also published in this Annual Report as **ANNEXURE -VI**.

**25. STATUTORY AUDITORS:**

The Statutory Auditors of the Company M/s Ladha Singhal & Associates. (Membership No: 104151) hold office until the conclusion of forthcoming 34th Annual General Meeting of the Company and are eligible for re-appointment. The Board has received necessary Certificate from Statutory Auditors and the Audit Committee has recommended their re-appointment. Hence the Board hereby recommend to the members the re-appointment of Statutory Auditors till the conclusion of 34th Annual General Meeting of the Company subject to the ratification of appointment by the members at respective Annual General Meetings.

**26. COMMENTS ON AUDIT REPORTS:**

There are no qualifications, reservation or adverse remark or disclaimer made by **M/s Ladha Singhal & Associates**, Chartered Accountants audit report for the year ended on 31st March, 2016.

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

**27. INTERNAL AUDITORS:**

As per section 138 of the Companies Act, 2013. The Company has appointed M/s PSD & Associates, Chartered Accountants, as the internal auditors for the financial year to 2016-2017 to conduct the internal audit and to ensure adequacy of the Internal controls, adherence to Company's policies and ensure statutory and other compliance through, periodical checks and internal audit.

**28. SECRETARIAL AUDITORS & REPORT:**

The Secretarial Audit Report of **M/s HS Associates, Company Secretaries** for the year ended on 31st March, 2016. The Board has re-appointed **HS Associates, Company Secretaries** as the Secretarial Auditors of the Company for the Secretarial Audit of the financial year ended on 31st March, 2017.

**29. COMMITTEES OF THE BOARD:**

The Board has constituted necessary Committees pursuant to the provisions of Companies Act, 2013, rules framed thereunder and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with Stock Exchanges. The Committees of the Board held by company are Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee. The details about Committee Meetings and its Compositions are incorporated in the Board of Directors section of Corporate Governance Report annexed to this Report.

**30. WHISTLE BLOWER:**

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

**31. POLICIES:**

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

**32. INTERNAL FINANCIAL CONTROLS:**

The Board hereby reports that the Internal Financial Controls were reviewed by the Audit Committee and there were adequate Internal Financial Controls existed in the Company with respect to the Financial Statements for year ended on 31st March, 2016 and the Internal Financial Controls are operating effectively.

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

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

**34. ACKNOWLEDGEMENTS:**

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

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

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

**Date : 12<sup>th</sup> August 2016  
Mumbai**

**Managing Director Cum CFO  
Baiju Mahasukhlal Shah  
(DIN 00440806)**

**Chairman Cum CEO  
Prakash Mahasukhlal Shah  
(DIN 00440980)**



## ANNEXURE-I

**Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earning and Outgo required under the Companies (Accounts) Rules, 2014.**

➤ **CONSERVATION OF ENERGY:**

The Company has implemented system of optimum of Energy and its conservation. The old machineries were timely replaced with new machineries to get optimum productions and wastage of power and to get the optimum ratio for inputs.

➤ **RESEARCH AND DEVELOPMENT (R&D):**

The Company's core strategy for Research and Developments pertains to the Research of new designs with added values to serve the consumers with the requirements. The products research are conducted in phased manner during the year to introduce new designs and product ranges for betterment of the consumer market. The expenditure towards Research and Developments were not significant to report.

➤ **FUTURE PLANS FOR RESEARCH AND DEVELOPMENTS:**

The activities of research and Developments are on ongoing process where the production patterns and products designs need updation from time to time to sustain in the competitive market. The future plan for Research and Development of new product applications with the variety range of innovation in design.

➤ **TECHNOLOGY ABSORPTION:**

The production technologies of the company pertains to Injection moulding and Extrusion Technology. The Injection Moulding technology. In line of the Extrusion Technology for Polypropylene sheets the Company has developed multiple applications of Polypropylene Sheets for Industrial users with a range of series. The technological updation is an integral part of the business to get the better products.

➤ **FOREIGN EXCHANGE EARNING AND OUTGO:**

	(Rs in Lacs)	
	2015-16	2014-15
(a) Foreign Exchange Earnings	6,00,61,299	12,00,47,767
(b) Foreign Exchange Outgo:		
Import of Capital Goods	0	0
Import of Raw Materials	0	0
Stores and Consumables	0	0
Expenses for Foreign Travel	4,09,599	5,23,787
Advance paid for Imports	0	0

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

**Date : 12<sup>th</sup> August 2016  
Mumbai**

**Managing Director Cum CFO  
Baiju Mahasukhlal Shah  
(DIN 00440806)**

**Chairman Cum CEO  
Prakash Mahasukhlal Shah  
(DIN 00440980)**



## ANNEXURE-II

## FORM NO. MGT – 9

## EXTRACT OF ANNUAL RETURN

As on the financial year ended 31.03.2016

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

## I. REGISTRATION AND OTHER DETAILS:

i	CIN	L36912MH1982PLC027925
ii	Registration Date	03/08/1982
iii	Name of the Company	PARNAX LAB LIMITED
iv	Category/Sub-Category of the Company	Public Company Limited by shares
v	Whether listed Company (Yes/No)	Yes
vi	Address of the Registered Office and contact details	Gala No.114, Bldg No., Jogani Industrial Complex, Chunabhathi, Mumbai -400022. Tel : 022-3001 5666 , Fax – 022-4057708, Email – info@naxparlab.com
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	<b>System Support Services</b> 209, Shivai Industrial Estate, 89, Andheri – Kurla Road, Sakinaka, Andheri (East) Mumbai – 400072.

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

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

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

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

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

## i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	5240016	0	5240016	61.61	5323016	0	5323016	62.59	0.98
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s).	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	0	0	0	0	0	0	0	0
e) Bank/ FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(1)</b>	<b>5240016</b>	<b>0</b>	<b>5240016</b>	<b>61.61</b>	<b>5323016</b>	<b>0</b>	<b>5323016</b>	<b>62.59</b>	<b>0.98</b>
<b>(2) Foreign</b>									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Bank/ FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total shareholding of Promoter (A) (A)(1) + (A)(2)</b>	<b>5240016</b>	<b>0</b>	<b>5240016</b>	<b>61.61</b>	<b>5323016</b>	<b>0</b>	<b>5323016</b>	<b>62.59</b>	<b>0.98</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Bank/ FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s).	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
<b>Sub-Total (B)(1)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>



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

**i) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>2. Non- Institutions</b>									
a) Bodies Corp.									
i) Indian	862124	4050	866174	10.18	501564	3150	504714	5.93	4.25
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 2lakh	962169	40800	1002969	11.73	1293295	40800	1334095	15.69	3.96
ii) Individual shareholders holding nominal share capital in excess of Rs. 2lakh	1375377	0	1375377	16.17	1323480	0	1323480	15.56	0.61
a. Others (specify)									
(c-i) Clearing Member	0	0	0	0	0	0	0	0	0
(c-ii) Foreign Bodies	0	0	0	0	0	0	0	0	0
(c-iii) Non Resident Indians (Repat)	19681	0	19681	0.23	17051	0	17051	0.20	0.03
(c-iv) Non Resident Indians (Non Repat)	649	0	649	0.01	2510	0	2510	0.03	0.02
(c-v) OCB	0	0	0	0	0	0	0	0	0
Total Public shareholding (B) (B)(1) + (B)(2)	3220000	44850	3264850	38.39	3137900	43950	3181850	37.41	0.98
A. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	8460016	44850	8504866	100.00	8460916	43950	8504866	100.00	0

## (ii) Shareholding of Promoters-

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Mrs.Ami Shah	307720	3.618164	0	307720	3.618164	0	0
2.	Mr.Baiju Mahasukhlal Shah	592261	6.96379	0	628261	7.387077	0	0.4232
3.	Mr.Binoy Baiju Shah	1369600	16.103722	4.594358	1369600	16.103722	4.594358	0
4.	Mrs. Ila B Shah	660872	7.770516	0	660872	7.770516	0	0
5.	Mr.Mihir Prakash Shah	1141250	13.41878	4.594358	1141250	13.418789	4.594358	0
6.	Mrs.Pragna Prakash Shah	539887	6.347978	0	539887	6.347978	0	0
7.	Mr.Prakash Mahasukhlal Shah	628426	7.389017	0	675426	7.941642	0	0.5526
	<b>TOTAL</b>	<b>5240016</b>	<b>61.6119</b>	<b>9.1887</b>	<b>5323016</b>	<b>62.5878</b>	<b>9.1887</b>	<b>0.9759</b>

## (iii) Change in Promoters' Shareholding

Sr. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Mr. Baiju Mahasukhlal Shah	592261	6.96379	628261	7.387077
2.	Mr. Prakash Mahasukhlal Shah	628426	7.389017	675426	7.941642

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

Sr. No.	Top 10 Shareholders	Shareholding at the beginning of the year- 1st April, 2015		Shareholding at the end of the year- 31st March, 2016	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Sparkle Securities Solutions Pvt Ltd	175737	2.0663	19579	0.2302
2.	Sheela Lalti Mehta	126000	1.4815	59000	0.6937
3.	Bharti Dilipsinh Udeshi	119900	1.4098	119900	1.4098
4.	Shriram Credit Company Limited	93433	1.0986	77233	0.9081
5.	Religare Finvest Ltd	80000	0.9406	0	0
6.	M S Akbar Ali	72944	0.8577	72944	0.8577
7.	Roongta Rising stock Pvt. Ltd	71000	0.8348	70000	0.8231
8.	Jagdishchandra Jajoo	70000	0.8231	70000	0.8231
9.	Bharat Zaverchand Bhuptani	66500	0.7819	0	0
10.	Religare Securities Ltd	66216	0.7786	24265	0.2853
11.	Ruia Industries Pvt. Ltd. Transfer to Vijay kumar Ruia w.e.f.	58000	0.6819	88000	1.0347
12.	Hitesh Ramji Javeri	63648	0.7483	63648	0.7484
13.	Mukesh Badola Huf	0	0	61900	0.7278
14.	Sunil Jeetmalji Kothari	53800	0.6325	53800	0.6326



(v) Shareholding of Directors and Key Managerial Personnel:

Sr. No.	Name of the Shareholder	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Mr. Baiju Mahasukhlal Shah	592261	6.963790	592261	6.963790
				628261	7.387077
2.	Mr.Prakash Mahasukhlal Shah	628426	7.389017	628426	7.389017
				675426	7.941642
3.	Mr.Vindyak Babli Desai	Nil	Nil	Nil	Nil
				Nil	Nil
4.	Mr.Manharbhai Navalchand Jhavari	Nil	Nil	Nil	Nil
				Nil	Nil
5.	Mr.Tirunillai Venkateswara Anatharaman	Nil	Nil	Nil	Nil
				Nil	Nil
6.	Mrs.Ami Mihir Shah	307720	3.618164	307720	3.618164
				307720	3.618164

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	988.73	900.81	--	1,889.54
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>988.73</b>	<b>900.81</b>	<b>--</b>	<b>1,889.54</b>
Change in Indebtedness during the financial year				
• Addition	--	2.29	--	2.29
• Reduction	137.81	61.26	--	199.07
<b>Net Change</b>	<b>-137.81</b>	<b>-58.97</b>	<b>--</b>	<b>-196.78</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	850.92	840.84	--	1,691.76
ii) Interest due but not paid	--	--	--	--
iii) Interest accrued but not due	--	--	--	--
<b>Total (i+ii+iii)</b>	<b>850.92</b>	<b>840.84</b>	<b>--</b>	<b>1,691.76</b>

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Director's, Managing Director, Whole-Time Directors and Key Managerial Personnel of the Company are not paid any Remuneration and Sitting Fees for the Financial Year 2016-2017.

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

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

For and on behalf of the Board  
of Parnax Lab Limited

Date : 12<sup>th</sup> August 2016  
Mumbai

Managing Director Cum CFO  
Baiju Mahasukhlal Shah  
(DIN 00440806)

Chairman Cum CEO  
Prakash Mahasukhlal Shah  
(DIN 00440980)

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

The Industry is showing some improvement & your Directors are expecting better Industrial Development in the coming years. The Pharmaceutical Industry in India has grown eminently over the years. This has led to various opportunities as well and created a huge market in India.

Access to affordably priced drugs continues to be an important area of work being undertaken by all stakeholders. For instance, WHO has initiated several steps both with individual companies and countries to extend availability of drugs at affordable prices. The strategies to increase affordability of medicines are also being undertaken by companies.

Being the developing country there are several initiatives are also taken by the government and it is expected to be have favourably impact on the Indian economy and will provide impetus to industries beyond.

**SEGMENTWISE PERFORMANCE:**

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

**OPPORTUNITIES / OUTLOOK:**

Your Company is well poised to seize opportunities available in the Pharmaceutical Industry on account of its good quality culture and growth potential and company is also taking maximum efforts to capitalize on business opportunities & further expect an even more better outlook in the coming years by undertaking various job work basis Project and contract.

**THREATS:**

The pharmaceutical industry is highly competitive and the challenges. Human resources with similar skills, talents and experiences in the industry are mobile between competing companies. Price pressures are intense and are expected to remain so. Going forward, there is a risk of inability to maintain current margins on its finished products.

The professionals at Parnax have been continuously working to create opportunities, replicate the successes and drive business growth by undertaking projects.

**RISKS AND CONCERNS:**

The pharmaceutical industry is constantly being challenged by critical compliance risks viz. to comply with rigorous regulatory requirements and compliance is evolving from an isolated departmental initiative to an enterprise level risk management challenge. Some of the competitors, especially multinational pharmaceutical companies, have greater experience in clinical testing and human clinical trials of products and in obtaining regulatory approvals.

This could render Parnax technology and products non-competitive or restrict the Company's ability to introduce new products thereby adversely impacting business. The in-house Research and Development team is striving to develop cost effective products by redefining the production process/facility.

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



**INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:**

Your Company has been maintaining an adequate internal control system commensurate with the size & nature of its business. Your Company has a well-defined internal financial control system which is adequately monitored. Checks and balances and control systems have been established to ensure that assets are safeguarded, utilized with proper authorization and recorded in the books of account. There is a proper definition of roles and responsibilities across the organization to ensure information flow and monitoring. These are supplemented by an internal audit carried out by a firm of Chartered Accountants. The Company has an Audit Committee consisting of three directors, all of whom are independent. This Committee reviews the internal audit reports, statutory audit reports, the quarterly and annual financial statements and discusses all significant audit observations and follow up actions arising from them.

**HUMAN RESOURCES POLICIES:**

Your company considers its human resources as its most valuable assets, among all other assets of the Company. It has been the policy of the company to actuate the talent by providing opportunities to develop themselves within the organization. The company continued to have maintained very cordial & harmonious relations with its employees.

**CAUTIONARY STATEMENT:**

Statements in the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations may be 'forward-looking statements' within the meaning of applicable securities laws and regulations.

Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include economic conditions affecting demand/supply and price conditions in the domestic and overseas markets in which the Company operates, changes in the Government regulations, tax laws and other statutes and other incidental factors.

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

**Chairman Cum CEO  
Prakash Mahasukhlal Shah  
(DIN 00440980)**

**Date: 12th August 2016  
Place: Mumbai**



## ANNEXURE IV

## FORM AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

## Part "A": Subsidiaries

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

Sr. No.	Particulars	Details
1.	Name of the subsidiary	Naxpar Pharma Private Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	No
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.
4.	Share capital	5,00,00,000/-
5.	Reserves & surplus	21,06,98,535/-
6.	Total assets	62,29,53,344/-
7.	Total Liabilities	62,29,53,344/-
8.	Investments	17,51,000/-
9.	Turnover	64,29,98,366/-
10.	Profit before taxation	4,90,80,514/-
11.	Provision for taxation	1,38,54,794/-
12.	Profit after taxation	3,52,25,720/-
13.	Proposed Dividend	0
14.	% of shareholding	99.80%

**Notes:**

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

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

For and on behalf of the Board  
of Parnax Lab Limited

Date: 12<sup>th</sup> August 2016  
Mumbai

Managing Director Cum CFO  
Baiju Mahasukhlal Shah  
(DIN 00440806)

ChairmanCum CEO  
Prakash Mahasukhlal Shah  
(DIN 00440980)



**ANNEXURE V**  
**FORM AOC - 2-:**

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

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

The Company has not entered into any contract or arrangement or transaction with its related parties which not at arm's length during financial year 2015-16

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

The below mentioned entities are the related parties where the Directors of the Company holds Directorship, Partnership, Membership control or interests so these entities are considered as related entities of the Company. The below mentioned values are the value of the transaction amounts paid or payable for the year ended on 31<sup>st</sup> March, 2016

Sr. No.	Name of the Related Parties.	Nature of Contract/ arrangement/ transactions	Duration of Contract/ arrangement/ transactions	Salient terms of the contract or arrangements or transactions including the value, if any	Date(s) of Approval by the Board, if any	Amount Paid as Advance, if any.
1.	Naxpar Pharma Pvt. Ltd.	Sales of Materials	01st April to 31st March 2016	As per Sales orders placed from time to time.	Refer to note below	Nil
2.	Nithyasha Healthcare Pvt. Ltd.	Sales of Materials	01st April to 31st March 2016	As per Sales orders placed from time to time.		Nil
3.	Naxpar Pharma Pvt. Ltd.	Purchases of Materials	01st April to 31st March 2016	As per Purchase orders placed from time to time.		Nil
4.	Mr. Binoy .B. Shah	Salary paid	01st April to 31st March 2016	As Salary paid.		Nil

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

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

**Date : 12<sup>th</sup> August 2016**  
**Mumbai**

**Managing Director Cum CFO**  
**Baiju Mahasukhlal Shah**  
**(DIN 00440806)**

**Chairman Cum CEO**  
**Prakash Mahasukhlal Shah**  
**(DIN 00440980)**

## ANNEXURE VI

## CORPORATE GOVERNANCE REPORT

**1. Company's philosophy:**

The Company's philosophy on Corporate Governance finds its roots in the rich legacy of ethical governance practices, many of which were in place even before they were mandated. This philosophy has been sought to be strengthened through the IAL Code of Conduct, code for prevention of Insider Trading which have been adopted. The Company will continue to focus its energies and resources in creating and safeguarding of shareholder's wealth and, at the same time protect the interest of all its stakeholders.

This report, along with the report of Management discussion and Analysis and additional information for the shareholders in the foregoing paras, constitutes Parnax's compliances with Regulation 34(3) Schedule V of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirements) Regulations, 2015.

**2. Board of Directors:****2.1 Composition:**

As on 31st March, 2016 the Board of Directors of the Company comprised of an optimal proportion of Executive and Non-Executive Directors. The Board of Directors of your Company comprised of 06 (Six) Directors out of which 1 (One) is Chief Executive Director, 1 (One) is Chief Financial Officer cum Managing Director, 1 (one) is Non-Executive Women Director and 3 (Three) are Independent Non-Executive Directors.

There were no nominees or Institutional Directors in the Company.

None of Directors had pecuniary or Business relationship with the Company except otherwise as disclosed in Annexure V in this Annual Report. None of the Director of Company was either member in more than ten committees and/or Chairman of more than five committees across all Companies in which he was a Director.

**Non-Executive Directors:**

As per code of Corporate Governance, the composition of the Board should be as such that the Board of Directors of the Company shall have an optimum combination of executive and non-executive Directors. Since in our case the Chairman of the Board is a non-executive Director, one third of the Board should comprise of independent Directors.

The Board members are expected to attend and participate in the Board meetings and Committee meetings in which they are members.

**2.2 Board of Directors and Meetings:**

During the year there were in total five board meetings held on 29th May 2015, 14th August 2015, 09th November 2015, 12th February 2016 and 31st March 2016. The time gap between the two meetings was not more than four months. All the information required to be furnished to the Board was made available to them along with detailed Agenda notes.

The composition of the Directors and their attendance at the Board Meetings during the year and at the last Annual General Meeting as also number of other directorships/membership of committees is as follows:

Name of Director	Category of Director-ship	No. of Board Meetings attended	Attendance at the last AGM	No. of other Directorships	Committee Memberships in other Companies	Inter-se relationship between Directors
BAIJU MAHASUKHLAL SHAH	DIRECTOR CUM CFO	5	Yes	2	NIL	Brother of Prakash M Shah
PRAKASH MAHASUKHLAL SHAH	DIRECTOR CUM CEO	5	Yes	2	NIL	Brother of Prakash M Shah
VINDYAK BABLI DESAI	IDEPENDENT DIRECTOR	5	Yes	NIL	NIL	No Relation with any Directors
MANHARBHAI NAVALCHAND JHAVARI	IDEPENDENT DIRECTOR	5	Yes	2	NIL	No Relation with any Directors



TIRUNILLAI VENKATESWARA ANATHARAMAN	INDEPENDENT DIRECTOR	5	Yes	NIL	NIL	No Relation with any Directors
AMI MIHIR SHAH	WOMEN DIRECTOR	5	Yes	NIL	NIL	Daughter in Law of Prakash Shah

**Guidelines regarding appointment of Directors:**

The Board has formulated the Nomination and Remuneration Policy of Directors, Key Managerial Personnel (KMPs) and other employees in terms of the provisions of the Companies Act, 2013 and the Listing Agreement. The said Policy outlines the appointment criteria and qualifications, the term / tenure of the Directors on the Board of Parnax Lab Limited and the matters related to remuneration of the Directors. The said Policy has been published as an Annexure to Director’s Report elsewhere in this Annual Report.

**Membership term:**

As per the Articles of Association of the Company, at least two-thirds of the Board of Directors should be retiring Directors. One-third of these Directors are required to retire every year and if eligible, the retiring Directors qualify for re-appointment.

**Induction and Familiarization Program for Directors:**

On appointment, the concerned Director is issued a Letter of appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Independent Director is taken through an induction and familiarization program including the presentation and interactive session with the Managing Director & CEO, Executive Committee Members and other Functional Heads on the Company’s manufacturing, marketing, finance and other important aspects. The program also includes visit to the plant to familiarize them with all facets of pharmaceutical manufacturing. The details of familiarization program can be accessed from the website: [www.naxparlab.com](http://www.naxparlab.com).

**Succession policy:**

The Board constantly evaluates the contribution of its members and recommends to shareholders their re-appointment periodically as per the statute. Executive Directors are appointed by the shareholders for a maximum period of three years at one time, but are eligible for re-appointment upon completion of their term. Non-Independent, Non-Executive Directors do not have any term, but retire by rotation as per the law.

The Board has adopted a retirement policy for its Executive Directors. The maximum age of retirement of Executive Directors is sixty years, provided that the term of the person holding this position may be extended beyond the age of sixty years with the approval of shareholders by passing a special resolution based on the explanatory statement annexed to the notice for such motion indicating the justification for extension of appointment beyond sixty years.

**3. Committees of the Board:**

a. Audit Committee:

The Audit Committee of the Company is constituted in line with the provisions of Section 177 of the Companies Act, 2013 read with Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Audit Committee comprises of 2 Non-Executive Independent Directors & 1 Executive Director.

Following are the members of the Committee:

- Mr. Vindyak Desai – Chairman
- Mr. Manharbhai Jhavari – Member
- Mr. Baiju Shah – Member

The Audit Committee has held 4 meetings during the year. The attendance of the meetings is given below.

Name of Director	Category of Directorship	No. of Committee Meetings attended
Mr. Vindyak Desai	Chairman Cum Independent Director	4
Mr. Manharbhai Jhavari	Independent Director	4
Mrs. Baiju Shah	Managing Director	4

**Broad terms of reference of the Audit Committee are as per following:**

- 1) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- 2) Recommending the appointment, remuneration and terms of appointment of auditors of the company
- 3) Reviewing, with the management the annual financial statements and the auditor's report thereon, before submission to the board for approval, with particular reference to:
  - a. Matters required to be included in Director's Responsibility Statement included in Board's report.
  - b. Changes, if any, in accounting policies and practices and reasons for the same.
  - c. Major accounting entries based on exercise of judgment by management.
  - d. Significant adjustments made in the financial statements arising out of audit findings.
  - e. Compliance with listing and other legal requirements relating to financial statements.
  - f. Disclosure of any related party transactions.
  - g. Qualifications in the draft audit report.
- 4) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- 5) Reviewing, with the management, statement of uses and application of funds raised through an issue, statement of funds utilised for other purposes and report of monitoring agency.
- 6) Review and monitor the auditors' independence and performance, and effectiveness of audit process.
- 7) Approval or any subsequent modification of transactions of the company with related parties.
- 8) Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems;
- 9) Discussion with internal auditors of any significant findings and follow up there on.
- 10) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
- 11) Discussion with statutory auditors before the audit commences about nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- 12) To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
- 13) To review the functioning of the Whistle Blower mechanism.
- 14) To review report submitted by Monitoring Agency informing material deviations in the utilization of issue proceeds and to make necessary recommendations to the Board, if, when and where applicable.
- 15) Carrying out any other function as is mentioned in the terms of reference of the Audit committee.

**b. Nomination and Remuneration Committee**

Parnax Lab Limited remuneration policy is based on 3 factors i.e. pay for responsibility, pay for performance and potential and pay for growth.

The Company's Remuneration Committee is vested with all necessary powers and authority to ensure appropriate disclosure on the remuneration of Directors and to deal with all the elements of remuneration package of all such Directors.

Pursuant to the changes in the composition of the Board of Directors of the Company in 2014, the Committee was reconstituted by the Board of Directors. Also, pursuant to Section 178(1) of the Companies Act, 2013 read with Regulation 19 of SEBI (Listing Obligation and Disclosure Requirement) 2015, the Committee was established by the Board of Directors on 14th February, 2015 as "Nomination and Remuneration Committee".

The Nomination and Remuneration Committee met once in financial year 2015-16 on 12th February 2016. The necessary quorum was present in the said meetings. The Chairman of the Nomination and Remuneration Committee was present at the last Annual General Meeting of the Company held on September 30th, 2015. The composition of the Committee during year 2015-16 and the details of meetings held and attended by the Directors are as under:

Name of Director	Category of Directorship	No. of Committee Meetings attended
Mr. Vindyak B Desai	Chairman and Independent Non-Executive Director.	1
Mr. Manharbhai .N. Jhavari	Member and Independent Non-Executive Director	1
Mrs. Ami Shah	Member and Independent Executive Director	1



The broad terms of reference of the Nomination and Remuneration Committee are:

- To formulate the criteria for determining qualifications, competencies, positive attributes and independence for appointment of a Director (Executive and Non-Executive) and recommend to the Board, policies relating to the remuneration of the Directors, key managerial personnel and other employees;
- To formulate the criteria for evaluation of performance of Independent directors and the Board of Directors;
- To devise a policy on diversity of board of Directors;
- To Identify person who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the board of directors their appointment and removal; and
- Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors.

The Nomination and Remuneration Policy devised in accordance with Section 178(3) and (4) of the Companies Act, 2013 has been published elsewhere in this Report as an Annexure to the Directors Report. Further, the details of remuneration paid to all the Directors and the other disclosures required to be made under Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have been published in the previous section of this Report titled “Board of Directors”.

**Remuneration Policy:**

The company is not paying any remuneration to any of its directors and none of directors are being paid any fees and however company has no pecuniary relationship or transactions with any of the Directors of the company save as otherwise mentioned in Annexure of this annual report.

**c) Stakeholder Relationship Committee:**

Pursuant to the changes in the composition of the Board of Directors of the Company in 2014, the Committee was reconstituted by the Board of Directors on December 7th 2010. Also, pursuant to Section 178(5) of the Companies Act, 2013 read with Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Committee was renamed by the Board of Directors on May 30th, 2014 as “Stakeholders’ Relationship Committee”.

The Committee periodically reviews the status of shareholders’ grievances and redressal of the same. The Committee met four times in FY 2015-16 on 29th May 2015; 14th August, 2015; 09th November, 2015 and 12th February, 2016. The necessary quorum was present for all the meetings. The Chairman of the Committee was present at the last Annual General Meeting of the Company held on September 30th, 2015.

The Shareholders/Investors Grievance Committee has been duly constituted. The committee consists of two Non-Executive Independent Directors, One Non Whole Time Director. The committee looks into the shareholders and investors grievances that are not settled at the level of Compliance Officer and helps to expedite the share transfers and related matters.

**Following are the members of the Committee:**

- Mr. Vindyak B Desai : Chairman & Independent Non-Executive Director
- Mr. Manharbhai Jhavari : Independent Non-Executive Director & Member
- Mr. Baiju Shah : Managing Director & Member

The committee held 4 meetings during the year. The attendance by members is as follows:

Name of Director	Category of Directorship	No. of Committee Meetings attended
Mr. Vindyak B Desai	Chairman & Independent Non-Executive Director	4
Mr. Manharbhai Jhavari	Independent Non- Executive Director & Member	4
Mr. Baiju Shah	Managing Director & Member	4

The company received 0 (zero) complaints from the shareholders and none remained pending at the end of the year. Further, during the year ended on 31st March 2016.

**MEETING OF INDEPENDENT DIRECTOR'S**

The Company's Independent Directors met on 15th February 2016 without the presence of the Managing Director & CEO, the Non-Executive, Non-Independent Directors and the Management Team. The meeting was attended by all the Independent Directors and was conducted informally to enable the Independent Directors to discuss matters pertaining to the Company's affairs and put forth their combined views to the Board of Directors of the Company.

**1. General Body Meetings:**

No special resolutions were put through postal ballot as all the above special resolutions were voted unanimously by show of hands.

<b>Financial Year</b>	<b>Date</b>	<b>Time</b>	<b>Venue</b>	<b>Special Resolution(s)</b>
2012-13 AGM	28 <sup>th</sup> September, 2013	10.30 am	Registered Office	NIL
2013-14 AGM	30 <sup>th</sup> September,	11.30 am	Registered Office	a) Consent Given to Director for Transaction Upto Rs. 50 Crores (Fifty Crores Only) b) Consent Given to Director to Borrow money upto Rs.50Crores (Fifty Crores)
2014-15 AGM	30 <sup>th</sup> September, 2015	11.00 am	Registered Office	a) To Adopt the New set of Article of Association of the Company as per Companies Act, 2013.

**2. Other Disclosures:****2.1. Related Party Transaction:**

During the year under review, besides the transactions reported elsewhere, there were no other related party transactions of material nature with the promoters, Directors, the management or their subsidiaries or relatives during the year that may have potential conflict with the interest of the company at large. All related party transactions are mentioned in the notes to the accounts.

The Company's policy on related party transaction is posted on the website [www.naxparlab.com](http://www.naxparlab.com)

**2.2. Vigil Mechanism and Whistle-Blower Policy**

Pursuant to Section 177(9) and (10) of the Companies Act, 2013 read with the Regulation 34 Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has a Whistle-Blower Policy for establishing a vigil mechanism for Directors and employees to report genuine concerns regarding unethical behavior, actual or suspected fraud or violation of the Company's Code of Conduct and Ethics policy. The said mechanism also provides for adequate safeguards against victimization of persons who use such mechanism and makes provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases. We affirm that no employee of the Company was denied access to the Audit Committee. The said Whistle-Blower Policy has been hosted on the website of the Company at [www.naxparlab.com](http://www.naxparlab.com).

There were no instances of non-compliance on any matter related to the capital markets during the past three years and none of the Stock Exchanges or SEBI imposed any penalties or strictures on the Company.

The board affirms that no person has been denied access to the audit committee during the year. The company has complied with mandatory provisions of corporate governance and is in the process of adopting the non-mandatory provisions of corporate governance.

The Company has complied with all the mandatory requirements of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.





The Company has also complied with the following non-mandatory requirements:

- The Board: The Chairman of the Company is a non-executive director and he is entitled to maintain chairperson's office at the Company's expense and also allowed to reimburse the expenses incurred in performance of his duties.
- Shareholders' Rights: As the quarterly and half yearly financial performance are published in the newspapers and are also posted on the Company's website, the same are not being sent to the shareholders.
- Audit qualifications: Company's financial statements are unqualified.
- Separate posts of Chairman and CEO: The positions of the Chairman and the CEO are separate.
- Reporting of Internal Auditor: The Internal Auditors of the Company reports to the Audit Committee.
- Disclosure of accounting Treatment: The Company follows accounting standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006 and/or by the Institute of Chartered Accountants of India in the preparation of financial statements and has not adopted a treatment different from that prescribed in any accounting standard.
- Declaration by CEO: The Chief Executive Officer of the Company have signed the declaration that the members of the Board of Directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management.

### 2.3. Investors Relation:

The Company has made requisite Application to SEBI to acquire SCORE Id for Investor Grievances Compliant but the same is not provided by the SEBI.

### 2.4. Means of Communication:

- The quarterly/yearly results are normally submitted to Stock Exchanges immediately after board meetings.
- The results are also published in AaplaMahanagar and Asian Age Newspaper.
- The results are also displayed at the company's website at [www.naxparlab.com](http://www.naxparlab.com). Matters of material nature are communicated to the stock exchanges.
- No presentation was made during the year either to Institutional Investors or to the analysts.
- Management Discussion & Analysis Report is attached herewith forming part of the Annual Report.

### 2.5. General Shareholder Information:

The 34th Annual General Meeting is proposed to be held on Wednesday 28th September 2016 at 11.00 am at the registered office of the Company.

#### 1. Financial calendar:

- **The Financial year of the company is from April to March.**

The financial calendar is as per following.

Audited annual results of Fourth Quarter & Year	In Month of May
First Quarter results	In Month of August
Annual General Meeting	In Month of September
Second Quarter & Half year results	In Month of November
Third Quarter results	In Month of February

- **Dates of book closure:**

Monday 19th day of September 2016 to Wednesday, 28th September 2016 (both days inclusive).

- **Dividend:**

The Board of Directors have not proposed any dividend for the year ended 31st March 2016 with a view to conserve resources.

- **Listing of equity shares on Stock Exchanges:**

The Company's Shares are listed on Bombay (BSE) with scrip code as 506128 & the annual listing fees for the financial year 2016-17 have been paid.

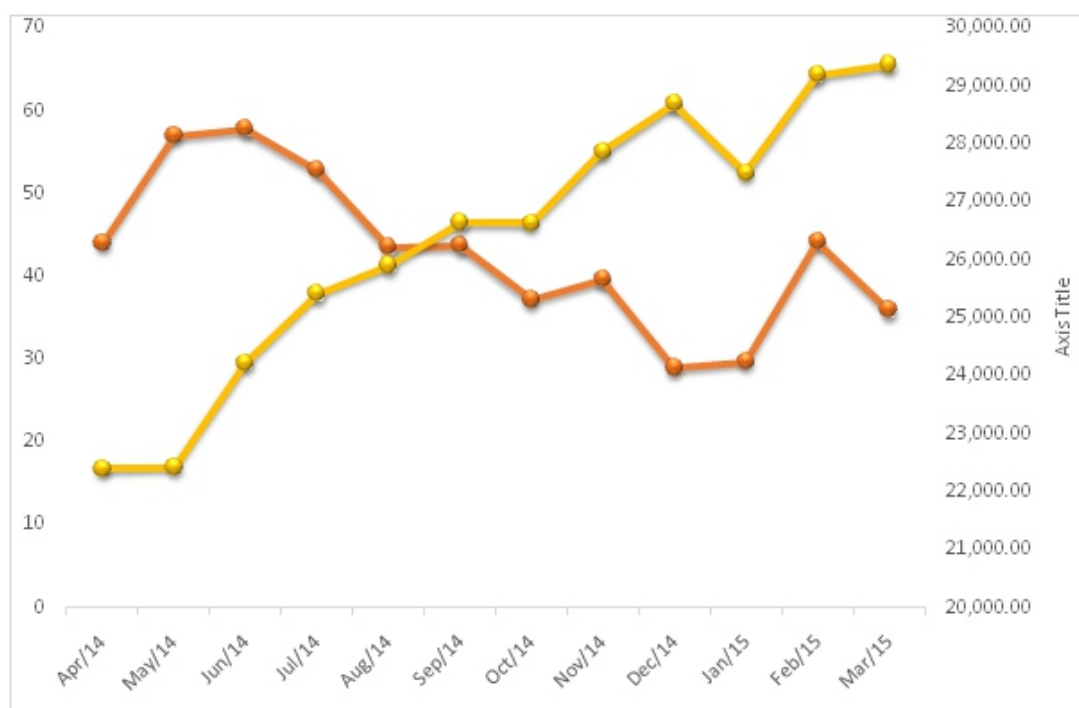
• Names of depositories for dematerialization of equity shares:

Name of depository	ISIN No.
National Securities Depository Ltd.	INE383L01019
Central Depository Services (India) Ltd.	INE383L01019

2. Stock market price data for the year 2015-16 (BSE):

Months	Price		Volume of shares traded (No.)
	High	Low	
April 2015	43.20	23.00	7,81,077
May 2015	28.50	21.05	1,63,072
June 2015	34.80	22.50	6,67,309
July 2015	44.95	33.00	5,30,479
August 2015	39.00	24.10	2,11,358
September 2015	31.95	23.30	1,12,396
October 2015	37.75	27.50	2,21,313
November 2015	44.20	28.00	2,86,727
December 2015	60.90	41.40	13,00,090
January 2016	63.90	35.35	7,36,264
February 2016	46.30	31.15	2,93,214
March 2016	38.15	30.15	3,87,282

Performance in comparison to broad-based indices such as BSE Sensex:





**3. E-Voting Facility to members:**

In compliance with provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the 34th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services provided by Central Depository Services (India) Limited (CDSL).

Pursuant to the Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has sent assent/dissent forms to the members to enable those who do not have access to e-Voting facility to cast their vote on the shareholders resolution to be passed at the ensuing Annual General Meeting, by sending their assent or dissent in writing.

**4. Registrar and Share Transfer Agent:**

**The Company has appointed:**

M/s System Support Services for processing and approving the transfer of shares. Their contact details are as follows:  
 System Support Services,  
 209, Shivai Ind. Estate,  
 Andheri-Kurla Road,  
 Sakinaka, Above Mac Donalds,  
 Andheri-East,  
 Mumbai- 400072  
 Phone: 022 2850 0835  
 Email: sysss72@yahoo.com

**Share Transfer System:**

The share transfer of securities in physical form are registered, duly transferred and dispatched within 15 days of the receipt, if the transfer documents are in order. The share transfers are approved every fifteen days. The shares in de-materialized form are processed and transferred within 15 days from receipt of de-materialization requests.

**5. De-materialization of shares:**

As on 31.03.2016, 99.48 % of the Company’s total shares representing 84, 60,916 shares were held in de-materialized form & the balance 0.52 % representing 43,950 shares in paper form. The details are given below:

Type	No. of Shares Held	% Shareholding
<b><u>De-materialized shares</u></b>		
• With N.S.D. L	56,84,980	66.84%
• With C.D.S. L	27,75,936	32.64%
Total demat shares	84, 60,916	99.48 %
Physical shares	43,950	0.52%
<b>Total</b>	<b>85,04,866</b>	<b>100.00%</b>

Company has not issued ESOP or any GDRs/ADRs/ Warrants/Convertible instrument.

**Categories of Shareholders as on March 31st, 2016**

Type	No. of Shares Held	% Shareholding
Bodies Corporate	5,04,714	5.934
Directors & their relatives	53,23,016	62.588
General Public	26,57,575	31.248
NRI/OCB	19,561	0.230
<b>Total</b>	<b>85,04,866</b>	<b>100.00%</b>

**6. Distribution of shareholding as on March 31st, 2016:**

No. of shares	No. of Share holders	% of Shareholders	Share-holding (Rs.)	% of Shareholding
Up to 5000	1292	91.827	7851650	9.232
5001 - 10000	40	2.843	3128720	3.679
10,001 - 20,000	29	2.061	4331610	5.093
20,001 - 30,000	16	1.137	4169520	4.902
30,001 - 40,000	9	0.640	3213190	3.778
40,001 - 50,000	3	0.213	1239560	1.457
50,001 - 1,00,000	10	0.711	6685250	7.860
1,00,001 AND ABOVE	8	0.568	54429160	63.999
<b>TOTAL</b>	<b>1407</b>	<b>100.00</b>	<b>85048660</b>	<b>100.00</b>

**7. Plant Location:**

In view of the nature of the Company's business viz. Manufacturing of Pharmaceutical Formulation, the Company operates from the Office, the address of which is mentioned as under:

**Plot No. 120-121,  
Masat Industrial Estate,  
Dadra & Nagar Haveli,  
Silvasa-396230**

**8. Address for Correspondence:**

Parnax Lab Limited  
Gala No.114, Bldg. No.8,  
Jogani Industrial Complex,  
Chunabhatti, Mumbai-400022.

Tel No.:022-30015666  
Fax No.:022-24057708  
E-Mail: info@naxparlab.com  
Website: www.naxparlab.com

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

**Date:12<sup>th</sup> August 2016  
Place: Mumbai**

**Managing Director Cum CFO  
Baiju Mahasukhlal Shah**

**Chairman Cum CEO  
Prakash Mahasukhlal Shah**



**A REPORT ON CORPORATE GOVERNANCE BY COMPANY SECRETARY IN PRACTICE.**

**TO,  
THE SHAREHOLDERS  
PARNAX LAB LIMITED.  
GALA NO. 114, BLDG. NO. 8,  
JOGANI INDUSTRIAL COMPLEX, CHUNABHATTI,  
MUMBAI-400022.**

We have examined the compliance of conditions of Corporate Governance by **PARNAX LAB LIMITED** (“the Company”) for the year ended March 31, 2016, as stipulated in Clause 49 of the Listing Agreement (‘Listing Agreement’) of the Company with the Stock Exchanges for the period 1st April, 2015 to 30th November, 2015 and as per the relevant provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, (‘Listing Regulations’) as referred to in Regulation 15(2) of the Listing Regulations for the period 1st December, 2015 to 31st March, 2016.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreement / Listing Regulations, as applicable.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For HS Associates,  
Company Secretaries**

**Sd/-  
Hemant Shetye  
Partner  
FCS: 2827  
COP: 1483**

**Place: Mumbai  
Date: 12th August 2016**



**CEO/CFO CERTIFICATION**

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

We, Prakash Mahasukhlal Shah, Director cum CEO and Baiju Mahasukhlal Shah, Director Cum CFO of the Company hereby certify that in respect of the financial year ended on March 31, 2016.

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

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

**Sd/-**

**Prakash Mahasukhlal Shah  
Director  
(DIN 00440806)**

**Sd/-**

**Baiju Mahasukhlal Shah  
Director  
(DIN 00440980)**

**Date: 12th August 2016.  
Place: Mumbai.**

**DECLARATION**

In accordance with Regulation 34(3) of SEBI Listing obligation and Disclosure Requirements, Regulation 2015, I hereby confirm that all the board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management as applicable to them for the financial year ended 31<sup>st</sup> March, 2016.

**FOR PARNAX LAB LIMITED**

**Sd/-**

**Prakash Mahasukhlal Shah**  
**Director cum CEO**

**Date: 12th August 2016.**

**Place: Mumbai.**

## ANNEXURE VII

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

*\*During the Financial Year 2015-16 none of the Director's and KMP's of Company were drawing Remuneration and any fees from the Company. However, to ensure good corporate practice, our company is in compliance of providing the said Disclosure of Remuneration.*

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

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

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

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

- c. The percentage increase in the median remuneration of employees in the financial year: 10
- d. The number of permanent employees on the rolls of Company: 44
- e. The explanation on the relationship between average increase in remuneration and Company Performance:

On an average, employees received an annual increase of 10% to 12% (Approx.)

The increase in remuneration is in line with the market trends prevalent in the Economy. In order to ensure that remuneration reflects Company performance, the performance pay is also linked to organisation performance, apart from an individual's performance.

- f. Comparison of the remuneration of the key managerial personnel against the performance of the Company:

<b>Aggregate remuneration of key managerial personnel (KMP) in FY 16</b>	<b>Zero</b>
Revenue	7,88,98,641.05
Remuneration of KMPs (as a % of revenue)	Zero
Profit before Tax (PBT)	(1,42,63,933.10)
Remuneration of KMP (as a % of PBT)	Zero



- g. Variations in the market capitalisation of the Company, price earnings ratio as at the closing date of the current financial year and previous financial year:

Particulars	March 31, 2016	March 31, 2015	% Change
Market Capitalisation	281511064.6	305324689.4	23813624.8
Price Earnings Ratio	27.82	25.46	2.36

- h. Percentage increase over decrease in the market quotations of the shares of the Company in comparison to the rate at which the Company came out with the last public offer:

Particulars	March 31, 2016	IPO	% Change
Market Price (BSE)	33.10	10	331

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

The average annual increase was around 10% to 12 % Approximately.

Increase in the managerial remuneration for the year was N.A.

- j. Comparison of each remuneration of the key managerial personnel against the performance of the Company:

Particulars	Mr. Prakash M Shah (Chairman cum CEO)	Mr. Baiju M Shah (Managing Director cum CFO)
Remuneration in FY 2016	Zero	Zero
Remuneration as % of revenue	0	0
Remuneration as % of Profit before Tax	0	0

- k. The key parameters for any variable component of remuneration availed by the directors:

There are no variable components of remuneration provided to the Directors

- l. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year:

None.

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

The Nomination and Remuneration Committee of the Company has affirmed at its meeting held on February 17, 2016 that the remuneration is as per the remuneration policy of the Company. The policy is available on the company's website: [www.naxparlab.com](http://www.naxparlab.com)

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

For and on behalf of the Board  
of Parnax Lab Limited

Date: 12<sup>th</sup> August 2016  
Place: Mumbai

Managing Director Cum CFO  
Baiju Mahasukhlal Shah

Chairman Cum CEO  
Prakash Mahasukhlal Shah



**ANNEXURE VIII  
Form No. MR-3  
SECRETARIAL AUDIT REPORT**

**FOR FINANCIAL YEAR ENDED ON 31st MARCH, 2016.**

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

**To,  
The Members,  
PARNAX LAB LIMITED,  
114, Bldg. No. 8 Jogani Industrial Complex,  
Chunabhatti, Mumbai-400022.**

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers and minute books, Forms and returns filed and other records maintained by the Company, for the financial year ended on 31st March, 2016, to the applicable provisions, of:

- I. The Companies Act, 2013 ("**The Act**") and the Rules made thereunder;
- II. The Securities Contracts (Regulation) Act, 1956 ("**SCRA**") and the Rules made thereunder;
- III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.
- IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings.
- V. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**") to the extent applicable to the Company: -
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - d. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and dealing with client;

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

- i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- ii) The Listing Agreement entered into by the Company with Stock Exchange;
- iii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (with effect 01st December 2015).

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

- The Company has not appointed Company Secretary as required under Section 203 read with rule 8 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**We further report that**, having regard to the compliance system prevailing in the company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the following laws applicable specifically to the Company:

- a. The Environment (Protection) Act, 1986;
- b. Air (Prevention and Control of Pollution) Act, 1986 and Rules issued by the State Pollution Control Boards;
- c. Industrial (Development & Regulation) Act, 1951;
- d. Factories Act, 1948;
- e. Act as prescribed under Direct Tax and Indirect Tax; and
- f. Labour Laws and other incidental laws related to labour and employees appointed by the company either on its payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;

**We further report that**, The Board of Directors was duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The Changes in composition of the Board of Directors and Key Managerial Personnel that took place during the period under review were carried out in compliance with the provisions of the Act.

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

All major decisions are carried with majority and accordingly recorded as part of the minutes.

**We further report that** there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

**We further report that** during the audit period the Company has:

1. Declared Layoff at the workplace located at the Silvassa Plant.
2. Applied for SCORE-ID registration, however requisite SCORE-ID was not allotted.
3. Passed Special Resolution to adopt new set of Articles of Association on 30th September 2015.
4. Received summons from SEBI and same was suitably replied.

**For HS Associates**  
Company Secretaries

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

Date: 12th August 2016  
Place: Mumbai



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**INDEPENDENT AUDITOR'S REPORT****To the Members of PARNAX LAB LIMITED****Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **PARNAX LAB LIMITED** ("the company"), which comprise the Balance Sheet as at 31 March 2016, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Standalone 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 standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operative effectiveness of such control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

**Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2016, and its loss and its cash flows for the year ended on that date.

**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 Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

**2. As required by section 143(3) of the Act, we report that:**

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors as on 31st March, 2016, taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The Company does not have any pending litigations which would impact its financial position;
  - ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses; and
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**For Ladha Singhal & Associates**

Chartered Accountants  
Firm Registration No.: 120241W

Sd/-

**(Vinod Ladha)**

Partner  
M.No.: 104151  
Place : Mumbai  
Dated : 30th May, 2016



**Annexure to the Independent Auditor’s Report**

Referred to as Annexure in our Independent Auditors’ Report of even date to the members of **PARNAX LAB LIMITED** on the standalone financial statement for the year ended 31st March 2016, we report that :

- (i) (a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) The fixed assets have been physically verified by the management during the year under a regular programme of verification which, in our opinion, is reasonable having regard to the size of the company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanation given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.
- (ii) (a) The inventory has been physically verified during the year by the management. In our opinion, the frequency of verification is reasonable.
- (b) The discrepancies noticed on verification between the physical stocks and the book records were not material.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loan aggregating to Rs. 62.85 Lacs to its subsidiary company covered in the register maintained under section 189 of the Companies Act, 2013 (‘the Act’). The year end balance of the loan granted to its subsidiary company was Rs. 62.85 Lacs.
  - (a) The terms and conditions of the grant of such loan is, in our opinion, prima facie, not prejudicial to the interest of the Company after considering the purpose for which loan has been granted.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no amount remaining outstanding as at the year end for more than 90 days.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.
- (v) In our opinion and according to the information given to us, the company has not accepted deposits and hence, compliance with the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under with regard to the deposits accepted is not applicable.
- (vi) In our opinion the maintenance of cost records as prescribed under rules made by Central Government u/s 148 (1) of the Act is not applicable to the company.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the company is generally regular in depositing with appropriate authorities applicable undisputed statutory dues including provident fund, employee state insurance, income tax, sales tax, wealth tax, service tax, duty of custom, duty of excise, value added tax, cess.

According to the information and explanation given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, wealth tax, service tax, duty of custom, duty of excise, value added tax or cess were in arrears as at 31st March, 2016 for a period of more than six months from the date they became payable except Service Tax of Rs 10,61,236/-.

- (b) According to the information and explanation given to us, details of disputed sales tax / income tax / custom tax/ wealth tax / excise duty /cess which have not been deposited as on 31st March, 2016 on account of any dispute are given below.

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

Name of Statute	Nature of the dues	Amount (in Lacs)	Period for which the amount relates (Assessment Year)	Forum where dispute is pending
Central Excise Act, 1944	Excise Duty & Penalty	5.70	June 2001 to Dec. 2004	Custom, Excise, Service Tax Appellate Tribunal
Central Excise Act, 1944	Excise Duty & Penalty	0.82	June 2001 to Feb 2003	Commissioner (Appeals)
Central Excise Act, 1944	Excise Duty & Penalty	56.16	Jan. 2005 to Dec. 2006	Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	48.38	2004-05	Commissioner (Appeals)
Income Tax Act, 1961	Income Tax	4.44	2002-03	Income Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax Penalty	6.60	2002-03	Commissioner (Appeals)

- (viii) In our opinion and according to the information and explanation given to us, the company has not defaulted in repayment of loans or borrowing to any financial institution, bank, government. The Company did not have any outstanding debentures during the year.
- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments). The Company did not obtained any fresh term loan during the year.
- (x) According to the information and explanation given to us, no fraud by the company or no fraud on the company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanation give to us and based on our examination of the records of the Company, the company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with the Schedule V to the Act.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company; hence clause 3(xii) of the Companies (Auditors' Report) Order, 2016 is not applicable to the Company.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with the sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with the directors or the persons connected with him; hence clause 3(xv) of the Companies (Auditors' Report) Order, 2016 is not applicable to the Company.
- (xvi) In our opinion and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

**For Ladha Singhal & Associates**

Chartered Accountants

Firm Registration No.: 120241W

Sd/-

**(Vinod Ladha)**

Partner

M.No.: 104151

Place : Mumbai

Dated : 30th May, 2016.



**Annexure - A to the Independent Auditors' Report  
(Referred to in paragraph (f) under "Report on Other Legal and Regulatory Requirements"  
section of our report of even date)**

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

We have audited the internal financial controls over financial reporting of Parnax Lab Limited ("the Company") as on 31st March, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended and as 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 ("the Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls over financial reporting. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

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





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**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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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.

**For Ladha Singhal & Associates**

Chartered Accountants

Firm Registration No.: 120241W

**Sd/-**

**(Vinod Ladha)**

Partner

M. No.: 104151

Place : Mumbai

Dated : 30th May, 2016



## BALANCE SHEET AS AT 31ST MARCH, 2016

(Amount in Rs)

	Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>1. Shareholders' funds</b>			
	(a) Share Capital	2	85,048,660.00	85,048,660.00
	(b) Reserves and Surplus	3	31,001,920.64	41,150,817.56
			116,050,580.64	126,199,477.56
	<b>2. Non - Current Liabilities</b>			
	(a) Long Term Borrowing	4	125,757,270.40	153,782,502.74
			125,757,270.40	153,782,502.74
	<b>3. Current Liabilities</b>			
	(a) Short Term Borrowings	5	20,075,789.52	20,486,279.96
	(b) Trade Payables	6	3,696,706.64	20,597,304.84
	(c) Other Current Liabilities	7	33,951,715.06	29,795,410.97
	(d) Short Term Provision	8	3,055,871.00	786,148.00
			60,780,082.22	71,665,143.77
	<b>Total</b>		<b>302,587,933.26</b>	<b>351,647,124.07</b>
<b>II</b>	<b>ASSETS</b>			
	<b>1. Non - Current Assets</b>			
	(a) Fixed Assets (Net Block)	9		
	(i) Tangible Assets		66,802,119.49	72,720,997.49
	(ii) Intangible Assets		63,586.00	82,833.00
	(b) Non Current Investments	10	107,144,413.00	107,144,413.00
	(c) Deffered Tax Asset	11	25,415,121.00	20,287,473.00
	(d) Long - Term Loans and Advances	12	971,206.60	1,671,206.60
	(e) Other Non Current Assets	13	-	52,550.00
			200,396,446.09	201,959,473.09
	<b>2. Current Assets</b>			
	(a) Inventories	14	3,180,394.00	14,343,244.00
	(b) Trade Receivable	15	74,675,211.46	108,388,044.64
	(c) Cash and Cash Equivalents	16	1,706,757.52	3,713,743.12
	(c) Short Term Loan and Advance	17	22,629,124.19	23,242,619.22
			102,191,487.17	149,687,650.98
	<b>Total</b>		<b>302,587,933.26</b>	<b>351,647,124.07</b>
	Significant Accounting Policies	1		

As per our report of even date  
**For Ladha Singhal and Associates**  
Chartered Accountants  
Firm Registration No : 120241W

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

Sd/-

**(Vinod Ladha)**  
Partner  
M. No. 104151  
Place : Mumbai  
Date : 30th May, 2016

Sd/-

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

Sd/-

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

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2016

(Amount in Rs)

	Particulars	Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>A</b>	<b>CONTINUING OPERATIONS</b>			
I	Revenue from Operations (gross)	18	72,644,929.83	163,597,627.31
	Less :Excise Duty		361,482.30	5,043,088.93
	Net Revenue from Operations		72,283,447.53	158,554,538.38
II	Other Income	19	6,615,193.52	7,756,498.69
<b>III</b>	<b>Total Revenue (I + II)</b>		<b>78,898,641.05</b>	<b>166,311,037.07</b>
<b>IV</b>	<b>Expenses</b>			
	Cost of Materials Consumed	20	31,689,025.90	72,245,314.25
	Purchase of Stock In Trade	21	6,935,551.60	15,351,778.84
	Change in Inventories	22	2,508,108.00	15,526,397.00
	Employee Benefits Expense	23	13,469,770.00	28,433,191.55
	Finance Cost	24	10,853,774.74	14,144,190.90
	Depreciation and Amortization Expense	9	5,951,487.00	7,984,775.00
	Other Expenses	25	21,754,856.91	30,166,429.03
	<b>Total Expenses</b>		<b>93,162,574.15</b>	<b>183,852,076.57</b>
V	Profit / (Loss) before Exceptional and Extraordinary Items and Tax (III-IV)		(14,263,933.099)	(17,541,039.502)
VI	Exceptional Items / Extraordinary Items		-	-
VII.	Profit / (Loss) Before Tax (V-VI)		<b>(14,263,933.10)</b>	<b>(17,541,039.50)</b>
VIII.	Tax Expense:			
	(a) Current Tax		-	-
	(b) Deferred Tax (Asset) / Liability		(5,127,648.00)	(5,593,916.00)
	(c) Short (Excess) Prov for Tax for Earlier Years		1,012,611.82	32,237.00
IX.	Profit / (Loss) from Continuing operations (VII-VIII)		<b>(10,148,896.92)</b>	<b>(11,979,360.50)</b>
<b>B</b>	<b>DISCONTINUING OPERATIONS</b>			
X.	Profit/(Loss) for the Year from Discontinuing Operations		-	-
<b>C</b>	<b>TOTAL OPERATIONS</b>			
XI.	Profit / (Loss) for the Year (IX + X)		<b>(10,148,896.92)</b>	<b>(11,979,360.50)</b>
<b>XII.</b>	<b>Earnings Per Equity Share of Rs.10/- each :</b>			
	Weighted average no. of shares (Basic & Diluted)		8,504,866	8,504,866
	(1) Basic Earning Per Share (Rs.)		(1.19)	(1.41)
	(2) Diluted Earning Per Share (Rs.)		(1.19)	(1.41)
	<b>Significant Accounting Policies</b>	<b>1</b>		

As per our report of even date  
**For Ladha Singhal and Associates**  
Chartered Accountants  
Firm Registration No : 120241W

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

Sd/-

**(Vinod Ladha)**  
Partner  
M. No. 104151  
Place : Mumbai  
Date : 30th May, 2016

Sd/-

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

Sd/-

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



CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2016

(Amount in Rs)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit/(Loss) before tax and Extraordinary Items	(14,263,933.10)	(17,541,039.50)
<b>Adjustments for</b>		
Depreciation	5,951,487.00	7,984,775.00
Provision for Gratuity	2,269,723.00	(528,047.00)
Miscellaneous Expenditure Written off	52,550.00	66,548.00
<b>Operating Loss Before Working Capital Adjustments</b>	<b>(5,990,173.10)</b>	<b>(10,017,763.50)</b>
<b>Changes in Working Capital</b>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	11,162,850.00	24,465,249.00
Trade receivables	33,712,833.18	(9,103,754.08)
Short-term loans and advances	812,356.21	1,679,938.63
Long-term loans and advances	700,000.00	-
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables	(16,900,598.20)	(25,863,966.70)
Other current liabilities	(4,500,585.91)	(1,286,498.94)
<b>Cash generated from operations</b>	<b>18,996,682.18</b>	<b>(20,126,795.59)</b>
Direct Tax Paid (Refund) [Net]	1,211,473.00	724,734.82
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>17,785,209.18</b>	<b>(20,851,530.41)</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(13,362.00)	(816,410.60)
Proceeds from sale of fixed assets	-	-
Purchase of Non Current Investments	-	-
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(13,362.00)</b>	<b>(816,410.60)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from long-term borrowings	-	35,535,379.02
Repayment of long-term borrowings	(19,368,342.34)	(11,334,103.00)
Net increase / (decrease) in working capital borrowings	(410,490.44)	(867,592.73)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(19,778,832.78)</b>	<b>23,333,683.29</b>
<b>Net increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(2,006,985.60)</b>	<b>1,665,742.28</b>
<b>Cash and cash equivalents at the beginning of the year</b>	<b>3,713,743.12</b>	<b>2,048,000.84</b>
<b>Cash and cash equivalents at the end of the year</b>	<b>1,706,757.52</b>	<b>3,713,743.12</b>
<b>Cash and cash equivalents at the end of the year *</b>		
* Comprises:		
(a) Cash on hand	240,768.00	330,901.30
(b) Balances with banks		
(i) In current accounts	48,482.64	1,638,564.82
(ii) In deposit accounts	1,534,726.00	1,744,277.00
(c) Bank Overdrawn Balances	(117,219.12)	
	1,706,757.52	3,713,743.12

NOTE : 1 The Cash Flow Statement has been prepared as per Indirect Method set out in Accounting Standard (AS-3) "Cash Flow Statements"  
2 Figures relating to previous year have been recast where necessary to confirm the figure of the current year

As per our report of even date  
For **Ladha Singhal and Associates**  
Chartered Accountants  
Firm Registration No : 120241W

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

Sd/-  
**(Vinod Ladha)**  
Partner  
M. No. 104151  
Date : 30th May, 2016 Place : Mumbai

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

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

**Notes to Financial Statements for the year ended 31st March, 2016****Note 1: Significant Accounting Policies****a. BACKGROUND**

Parnax Lab Limited is a public company incorporated under the provisions of the Companies Act, 2013. The Company is principally engaged in the business activities of manufacturing and export of Pharmaceutical Formulations.

**b. SIGNIFICANT ACCOUNTING POLICIES****i. Basis Of Preparation**

The financial statements have been prepared in accordance with the Generally Accepted accounting Principles in India under the historical cost convention. The company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2104.

**ii. Use of Estimates**

The preparation of the financial statements in conformity with the Indian GAAP requires management to make judgement, estimates and assumptions that affects the reported amount of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring material adjustment to the carrying amounts of assets or liabilities in future periods.

**iii. Revenue Recognition**

The Company follows Mercantile system of Accounting and Income and expenditure are recognised on accrual basis.

**iv. Fixed Assets**

All fixed Assets are stated at cost of acquisition less accumulated depreciation (net of cenvat, wherever availed). All cost relating to the acquisition and installation of the fixed assets are capitalised and includes financing costs relating to borrowed fund attributable to the acquisition of fixed assets up to the date the fixed assets is put to use.

**v. Depreciation**

Depreciation has been provided on straight-line method and in accordance with, Method and useful life prescribed in Schedule II to the Companies Act 2013.

Depreciation on Additions/Deletions during the year has been provided on pro rata basis.

**vi. Inventories Valuation**

Raw material and Packing Material: At lower of Cost or Net realisable value. The cost is arrived at on first-in-first-out basis and net of cenvat credit availed.

Finished Goods and Work in Progress: At lower of Cost or Net realisable value. Cost includes appropriate allocation of overheads and is arrived at on first-in-first-out basis.

**vii. Investments**

Long term investments are stated at cost less provision for diminution in value other than temporary, if any.

**viii. Borrowing Cost**

Borrowing Costs that are attributable to the acquisition and construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the year in which they are incurred.

**ix. Foreign Currency Transaction**

Foreign currency transactions are accounted on the basis of exchange rate prevailing at the time of transaction. The foreign currency transaction remains outstanding at year-end are restated at rate prevailing on 31st March. The Exchange difference if any arises due to exchange fluctuation is charged to Profit and Loss Account.

**x. Taxes on Income**

Current Tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and tax laws.



Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been announced upto the balance sheet date. Deferred Tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the taxable income and accounting income. The effect of tax rate change is considered in the Profit & Loss account of the respective year of change.

Minimum Alternate Tax (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 Institute of Chartered Accountants of India, the asset is created by way of a credit to the Profit & Loss Account 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 Company will pay normal Income Tax during specified period.

#### **xi. Retirement Benefits**

##### **i. Provident Fund**

Retirement benefit in form of Provident Fund is a defined contribution plan and the contributions made for the eligible employees, are charged to the Profit & Loss Account of the year when the contributions to the respective funds are dues.

##### **ii. Gratuity**

Retirement gratuity liability of employees is a defined benefit obligation. The company has taken Group gratuity Scheme offered by Life Insurance Corporation of India (LIC). Annual contributions are made on the basis of intimation received from LIC. The company accounts for liability for future gratuity benefits based on actuarial valuation carried out as at the end of each financial year. Actuarial gains and losses are recognised in full in statement of Profit and Loss for the period in which they occur.

#### **xii. Earning Per Share**

Basic earning per share are calculated by dividing the net profit /(loss) for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and the average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

#### **xiii. Segmental Reporting**

The Company is engaged in manufacture of Pharmaceutical Formulations. The entire operations are governed by same set of risk and return; hence the same has been considered representing a single primary segment.

#### **xiv. Impairment of Assets**

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to Statement of Profit & Loss in the year in which an asset is identified as impaired. The impaired loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

#### **xv. Provisions, Contingent Liabilities And Contingent Assets**

Provisions are recognized in the accounts in respect of present probable obligations arising as a result of past events and it is probable that there will be an outflow of resources, the amount of which can be reliably estimated

Contingent liabilities are disclosed in respect of possible obligation that arises from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly with in the control of the company.

Contingent Assets are neither recognized nor disclosed in the financial statements.

## Notes to Financial Statements for the year ended 31st March, 2016

## Note 2 : Share Capital

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015		
<b>Authorised:</b> 100,00,000 (100,00,000) Equity Shares of Rs. 10/- each	100,000,000.00	100,000,000.00		
<b>Total</b>	<b>100,000,000.00</b>	<b>100,000,000.00</b>		
<b>Issued, Subscribed and Paid up:</b> 85,04,866 (85,04,866) Equity Shares of Rs. 10/- each fully paid up	85,048,660.00	85,048,660.00		
<b>Total</b>	<b>85,048,660.00</b>	<b>85,048,660.00</b>		
<b>(i) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period :</b> Number of shares at the beginning of the year	8,504,866.00	8,504,866.00		
Add: Issue of Shares by way of Preferential Allotment	-	-		
Number of shares at the end of the year	<b>8,504,866.00</b>	<b>8,504,866.00</b>		
<b>(ii) Terms/rights attached to Equity Shares</b> The Company has only one class of equity shares having a par value of Rs. 10 per shares. Each holder of Equity Shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders				
<b>(iii) Detail of shares held by the holding company, the ultimate holding company, their subsidiaries and associates :</b>	Nil	Nil		
<b>(iv) Details of Shares held by each shareholder holding more than 5% shares :</b>				
Name of Shareholder	As at 31st March 2016		As at 31st March 2015	
	No. of Shares	%	No. of Shares	%
Baiju Shah	628,261	7.39%	592,261	6.96%
Binoy Shah	1,369,600	16.10%	1,369,600	16.10%
Ila Shah	660,872	7.77%	660,872	7.77%
Mihir Shah	1,141,250	13.42%	1,141,250	13.42%
Pragna Shah	539,887	6.35%	539,887	6.35%
Prakash Shah	675,426	7.94%	628,426	7.39%



Notes to Financial Statements for the year ended 31st March, 2016

Note 3 : Reserves & Surplus

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>A) General Reserve Account</b>		
Opening Balance	63,665,781.00	63,665,781.00
Add: Transferred from surplus in Statement of Profit and Loss		
Closing Balance	63,665,781.00	63,665,781.00
<b>B) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	(22,514,963.44)	(10,535,602.94)
Add/(Less): profit/(loss) for the year	(10,148,896.92)	(11,979,360.50)
Closing Balance	(32,663,860.36)	(22,514,963.44)
<b>Total</b>	<b>31,001,920.64</b>	<b>41,150,817.56</b>

Note 4 : Long Term Borrowing

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>(A) Secured Loans</b>		
(a) Term Loans (From Banks)		
State Bank of India (WCTL)	36,837,099.00	51,033,317.00
State Bank of India (FITL 2)	-	5,374,709.00
Maratha Sahakari Bank Ltd.	4,836,421.00	7,293,005.00
<b>Total</b>	<b>41,673,520.00</b>	<b>63,701,031.00</b>

- a) Term loan from State Bank of India is secured by extension of hypothecation on the current assets of the company and mortgage of immovable & movable assets of the company.  
 b) Term loan from Maratha Sahakari Bank Ltd. is secured by way of mortgage of office premises of the company  
 c) Vehicle loans from HDFC Bank Ltd. & ICICI Bank Ltd are secured against hypothecation of respective vehicle  
 d) Repayment Profile of Term Loans is as set out below:

Nature of Loan	Rate of Interest (%)	Balance No. of Installments	Installments ending on
State Bank of India (WCTL)	11.00	12	Mar-19
State Bank of India (FITL 2)	11.00	4	Mar-17
Maratha Sahakari Bank Ltd.	14.00	28	Jul-18

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>(B) Unsecured Loans</b>		
<b>(a) Loans &amp; Advances From Related Parties</b>		
From Intercorporates	59,600,000.00	61,200,360.17
From Director Shareholder & their Relatives	24,483,750.40	28,881,111.57
<b>Total</b>	<b>84,083,750.40</b>	<b>90,081,471.74</b>
<b>Total</b>	<b>125,757,270.40</b>	<b>153,782,502.74</b>



## Notes to Financial Statements for the year ended 31st March, 2016

## Note 5 : Short Term Borrowing

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Loans Repayable on Demand from Banks Working Capital Facility (Secured) - From State Bank of India (Working Capital facility from State Bank of India is secured by way of Hypothecation of stocks, book debts and entire current assets of the company. The facility is further secured by charge on fixed assets and personal guarantee of all the Directors of the company.)	20,075,789.52	20,486,279.96
<b>Total</b>	<b>20,075,789.52</b>	<b>20,486,279.96</b>

## Note 6 : Trade Payables

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Trade Payables:</b> Sundry Creditors for Goods	3,696,706.64	20,597,304.84
<b>Total</b>	<b>3,696,706.64</b>	<b>20,597,304.84</b>

## Note 7 : Other Current Liabilities

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>(a) Current Maturities of Long Term Debts</b>	23,342,618.00	14,685,728.00
<b>(b) Other Payables:</b>		
Statutory Remittances	2,257,141.72	2,867,323.73
Sundry Creditors for Expenses	8,351,955.34	12,242,359.24
<b>Total</b>	<b>33,951,715.06</b>	<b>29,795,410.97</b>

## Note 8 : Short-Term Provision

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for Gratuity	3,055,871.00	786,148.00
<b>Total</b>	<b>3,055,871.00</b>	<b>786,148.00</b>



Notes to Financial Statements for the year ended 31st March, 2016

Note 9 : Fixed Assets

(Amount in Rs.)

Description	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1st April 2015	Additions during the Year	Balance as at 31st March 2016	Balance as at 1st April 2015	Depreciation For the Year	Balance as at 31st March 2016	Balance as at 31st March 2016	Balance as at 31st March 2015
<b>TANGIBLE ASSETS</b>								
<b>LEASING</b>								
Land	1,616,560.00	-	1,616,560.00	-	-	-	1,616,560.00	1,489,600.00
<b>OWNED</b>								
Factory Building	55,045,468.52	-	55,045,468.52	25,191,424.67	1,557,153.00	26,748,577.67	28,296,890.85	31,411,195.85
Office Premises	8,076,542.00	-	8,076,542.00	2,361,786.56	313,287.00	2,675,073.56	5,401,468.44	6,028,042.44
Plant & Machinery	23,381,414.00	-	23,381,414.00	18,306,896.74	1,027,721.00	19,334,617.74	4,046,796.26	6,102,238.26
Electrical Installation	7,651,339.00	-	7,651,339.00	7,010,316.44	62,802.00	7,073,118.44	578,220.56	2,733,151.56
Generator	1,527,512.00	-	1,527,512.00	451,010.00	111,125.00	562,135.00	965,377.00	1,187,627.00
Furniture	2,926,430.00	-	2,926,430.00	2,725,042.21	47,435.00	2,772,477.21	153,952.79	248,063.79
Motar Car	10,864,700.00	-	7,739,129.00	8,225,122.00	924,199.00	6,023,750.00	1,715,379.00	3,320,113.00
		(3,125,571.00)			(3,125,571.00)			
Computer	3,942,591.55	-	3,942,591.55	3,793,561.23	50,839.00	3,844,400.23	98,191.32	98,706.32
Office Equipments	1,650,262.60	49,395.00	1,699,657.60	1,441,962.39	46,962.00	1,488,924.39	210,733.21	530,519.61
Other Equipment	38,624,284.85	-	38,588,251.85	17,428,523.19	905,718.00	18,334,241.19	20,254,010.66	21,486,316.66
		(36,033.00)						
Q.C Equipments	2,551,029.80	-	2,551,029.80	1,357,888.33	237,326.00	1,595,214.33	955,815.47	1,430,467.47
R & D Equipments	4,362,748.00	-	4,362,748.00	2,452,920.33	391,853.00	2,844,773.33	1,517,974.67	2,301,680.67
Air Conditioner	3,113,994.01	-	3,113,994.01	1,867,424.75	255,820.00	2,123,244.75	990,749.26	1,502,392.26
<b>INTANGIBLE ASSETS</b>								
Computer Software	116,907.00	-	116,907.00	34,074.00	19,247.00	53,321.00	63,586.00	102,080.00
<b>Total</b>	<b>165,451,783.33</b>	<b>49,395.00</b>	<b>162,339,574.33</b>	<b>92,647,952.84</b>	<b>5,951,487.00</b>	<b>95,473,868.84</b>	<b>66,865,705.49</b>	<b>79,972,194.89</b>
		<b>(3,161,604.00)</b>			<b>(3,125,571.00)</b>			
<b>Previous Year</b>	<b>164,635,372.73</b>	<b>816,410.60</b>	<b>165,451,783.33</b>	<b>84,663,177.84</b>	<b>7,984,775.00</b>	<b>92,647,952.84</b>	<b>72,803,830.49</b>	<b>79,972,194.89</b>

## Notes to Financial Statements for the year ended 31st March, 2016

## Note 10 : Non-Current Investments

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Other Investments</b>		
<b>(a) Investment in Equity Shares of Subsidiaries</b>		
Naxpar Pharma Pvt. Ltd. (49,90,000 Equity Share of Rs. 10/- Each)	99,800,000.00	99,800,000.00
<b>(b) Other Non Current Investments</b>		
The Shamrao Vitthal Co-op. Bank Ltd. (319 Shares of Rs. 25/- each)	7,975.00	7,975.00
Maratha Sahakari Bank Ltd. (15,500 Shares of Rs. 25/- each)	387,500.00	387,500.00
Investment in LLP (Novanax LLP)	6,948,938.00	6,948,938.00
<b>Total</b>	<b>107,144,413.00</b>	<b>107,144,413.00</b>

## Note 11 : Deferred Tax Assets (Net)

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Deferred Tax Assets</b>		
Disallowance under Income Tax Act, 1961	1,025,389.00	714,404.00
Business Loss and Unabsorbed Depreciation	35,224,461.00	30,896,243.00
Less : Deferred Tax Liability		
Related to Fixed Assets	10,834,729.00	11,323,174.00
<b>Total</b>	<b>25,415,121.00</b>	<b>20,287,473.00</b>

## Note 12 : Long-Term Loans and Advances

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Unsecured, Considered good</b>		
(a) Security Deposit	92,555.00	92,555.00
(b) Advances recoverable in cash or in kind or for value to be received	878,651.60	1,578,651.60
<b>Total</b>	<b>971,206.60</b>	<b>1,671,206.60</b>

## Note 13 : Other Non-Current Assets

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Preliminary Expenses</b>		
(To the extent not written off or adjusted)		
As per Last Balance Sheet / Incurred during the year	52,550.00	119,098.00
Less:- Written off during the year	52,550.00	66,548.00
<b>Total</b>	<b>-</b>	<b>52,550.00</b>

## Note 14 : Inventories

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(As taken, valued and certified by the Management)		
(Valued at Cost or Market value, whichever is lower)		
Finished Goods	320,280.00	2,828,388.00
Work in Progress	-	-
Raw Material	1,693,953.00	7,926,087.00
Packing Material	1,166,161.00	3,588,769.00
<b>Total</b>	<b>3,180,394.00</b>	<b>14,343,244.00</b>



Notes to Financial Statements for the year ended 31st March, 2016

Note 15 : Trade Receivable

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Unsecured, Considered good</b>		
Due for a period exceeding six months	68,729,918.26	28,949,884.03
Others	5,945,293.20	79,438,160.61
<b>Total</b>	<b>74,675,211.46</b>	<b>108,388,044.64</b>

Note 16 : Cash and Cash Equivalents

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Cash on Hand	240,768.00	330,901.30
(b) Balance with Scheduled Banks		
- In Current Accounts	48,482.64	1,638,564.82
- In Fixed Deposit Account	1,534,726.00	1,744,277.00
(Lodged as margin money against bank guarantee)		
(i) Balance with banks includes margin monies amounting to Rs. 15,34,726/- (Rs. 17,44,277/- ), which have an original maturity of more than 12 months		
(c) Balance Overdrawn Balance	(117,219.12)	-
<b>Total</b>	<b>1,706,757.52</b>	<b>3,713,743.12</b>

Note 17 : Short Term Loan & Advances

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Loans and Advances to Employees	813,458.35	1,649,158.35
(b) Other Loan and Advances		
- Advances recoverable in cash or in kind or for value to be received	11,401,132.63	9,437,137.25
- Advance to Supplier	1,737,342.34	3,232,385.15
- Advance Income Tax	5,960,149.50	5,761,288.32
(c) Balance with Government Authorities		
- Balance with Central Excise	33,317.00	4,826.00
- Service Tax (Credit to be availed)	925,659.04	1,941,703.35
- Sales Tax	1,758,065.34	1,216,120.81
<b>Total</b>	<b>22,629,124.19</b>	<b>23,242,619.22</b>

Note 18 : Revenue from Operations

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>(A) Other than Finance Company</b>		
(a) Sales	72,298,433.83	161,074,349.03
(b) Labour Charges & Other Income	346,496.00	2,523,278.28
<b>Total</b>	<b>72,644,929.83</b>	<b>163,597,627.31</b>

## Notes to Financial Statements for the year ended 31st March, 2016

## Note 19 : Other Income

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
(a) Dividend	1,107.00	1,107.00
(b) Interest Received on FDR	125,667.00	115,784.00
(c) Interest on Income Tax Refund	39,111.00	-
(d) Excise Refund Received	-	1,543,601.00
(e) Duty Drawback Received	615,317.00	1,382,959.00
(f) Exchange Gain	2,765,728.52	2,093,905.20
(g) Commission Received on Sales	3,068,263.00	1,714,759.00
(h) DEPB Received	-	904,383.49
<b>Total</b>	<b>6,615,193.52</b>	<b>7,756,498.69</b>

## Note 20 : Cost of Material Consumed

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>(A) Raw Materials Consumed :</b>		
Opening Stock	7,926,087.00	11,463,643.00
Add:- Purchases during the year	11,861,225.14	37,278,048.51
	19,787,312.14	48,741,691.51
Less: - Closing Stock	1,693,953.00	7,926,087.00
	18,093,359.14	40,815,604.51
<b>(B) Packing Material Consumed</b>		
Opening Stock	3,588,769.00	8,990,065.00
Add:- Purchases during the year	11,173,058.76	26,028,413.74
	14,761,827.76	35,018,478.74
Less: - Closing Stock	1,166,161.00	3,588,769.00
	13,595,666.76	31,429,709.74
<b>Total</b>	<b>31,689,025.90</b>	<b>72,245,314.25</b>

## Note 21 : Purchase of Stock In Trade

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Opening Stock of Finished Goods Traded	-	-
Add: Purchases during the year	6,935,551.60	15,351,778.84
	6,935,551.60	15,351,778.84
Less: Closing Stock of Finished Goods Traded	-	-
<b>Total</b>	<b>6,935,551.60</b>	<b>15,351,778.84</b>



Notes to Financial Statements for the year ended 31st March, 2016

Note 22 : Changes In Inventories

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>(a) At the beginning of the period</b>		
(i) Finished Goods	2,828,388.00	13,905,160.00
(ii) Work in Progress	-	4,449,625.00
<b>(b) At the end of the period</b>		
(i) Finished Goods	320,280.00	2,828,388.00
(ii) Work in Progress	-	-
<b>Total</b>	<b>2,508,108.00</b>	<b>15,526,397.00</b>

Note 23 : Employees Benefits Expenses

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
(a) Salaries and Wages	8,948,455.00	23,577,517.15
(b) Bonus & Exgresia	2,928,868.00	1,888,501.00
(c) Staff Welfare Expenses	324,801.00	562,214.40
(d) Gratuity Paid	818,517.00	893,934.00
(e) Employer's Contribution to Providend Fund	449,129.00	1,511,025.00
<b>Total</b>	<b>13,469,770.00</b>	<b>28,433,191.55</b>

Note 24 : Finance Cost

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
(a) Bank Charges & Commission	622,277.52	701,089.26
(b) Interest Paid to Bank - Working Capital	8,947,912.00	11,272,497.00
(c) Interest Paid to Bank - Term Loan	1,199,027.00	1,480,548.00
(d) Interest paid on Vehicle Loan	6,621.00	55,206.00
(e) Interest paid to Others	77,937.22	634,850.64
<b>Total</b>	<b>10,853,774.74</b>	<b>14,144,190.90</b>

## Notes to Financial Statements for the year ended 31st March, 2016

## Note 25 : Other Expenses

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>(A) Manufacturing Expenses</b>		
(a) Analytical Charges, Chemical & Glassware Consumed	146,290.00	539,519.00
(b) Consumable & Stores	5,670.00	404,457.00
(c) Power & Fuel Consumed	669,472.74	1,935,361.79
(d) Factory Expenses	331,380.00	498,143.00
(e) Freight & Octroi	229,038.80	1,002,469.10
(f) Loading Unloading & Packing Charges	104,148.00	1,929,238.00
(g) License Fees	94,766.00	114,075.00
(h) Labour Charges Paid	4,527,643.00	3,566,094.00
(i) Repair & Maintenance		
-Plant & Machinery	281,526.00	622,332.00
-Building	869,896.00	415,173.00
-Other	205,226.00	237,519.00
(j) Security Charges	852,368.00	730,527.00
(k) Water Charges	-	275,000.00
	<b>8,317,424.54</b>	<b>12,269,907.89</b>
<b>(B) Selling and Distribution Expenses</b>		
(a) Sales Promotion Expenses	136,905.00	101,843.83
(b) Advertisement Expenses	79,570.00	104,521.00
(c) Commission on Sale	804,924.00	317,919.00
(d) CHA Charges	843,400.00	1,322,882.00
(e) Freight & Octroi (Export & Outward)	2,917,434.50	4,448,601.00
(f) Export Insurance	115,074.00	249,591.00
(g) Export Expenses	83,629.00	296,869.00
(h) Product Dev & Registration	274,266.00	367,817.00
(i) Travelling Expenses	833,140.00	1,666,762.74
(j) Rate Difference & Discount on Sales	981,822.00	38,273.90
	<b>7,070,164.50</b>	<b>8,915,080.47</b>
<b>(C) Administrative and General Expenses</b>		
(a) Rent Rates & Taxes	159,744.00	169,590.00
(b) Insurance	724,720.42	803,891.00
(c) Legal & Professional Fees	2,593,805.00	2,118,593.00
(d) Payment to Auditors		
-Audit fees	251,250.00	250,000.00
(e) ROC Filing Fees	17,900.00	28,900.00
(f) Office Expenses	254,382.82	206,128.17
(g) Conveyance	471,545.03	449,218.52
(h) Sundry Balances W/off	90,570.71	2,111,928.80
(i) Printing & Stationery	212,405.28	453,015.00
(j) Telephone Expenses	143,101.35	217,645.82
(k) Postage & Courier	353,831.00	490,428.67
(l) Donation	-	75,000.00
(m) Motar Car Expenses	281,687.56	445,309.37
(n) Electricity Charges	358,580.00	378,661.00
(o) Membership & subscription	113,644.25	124,609.08
(p) Other Expenses	62,830.45	440,288.24
(q) Listing Fees	224,720.00	151,686.00
(r) Preliminary Expenses written off	52,550.00	66,548.00
	<b>6,367,267.87</b>	<b>8,981,440.67</b>
<b>Total</b>	<b>21,754,856.91</b>	<b>30,166,429.03</b>



**Notes to Financial Statements for the year ended 31st March, 2016**

26. CONTINGENT LIABILITY : in respect of

- a. Guarantees issued by the bankers in favour of various authorities, which have been counter Guarantee by the company Rs. 24.76 Lacs (Rs. 24.76 Lacs).
  - b. Tax Matters
    - i. Disputed excise duty demand, matter under appeal Rs. 68.87 Lacs (Rs. 68.87 Lacs)
    - ii. Disputed income tax demand, matter under appeal Rs. 59.42 Lacs (Rs. 59.42 Lacs)
27. Dues to Small Scale industrial undertakings enterprises are worked out on the basis of verbal confirmation from suppliers. As at 31st March, 2016, there were no small scale industrial undertakings to which the company owes any sum which is outstanding for more than 30 days. The information pertaining to micro and small enterprises as required to be disclosed in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006 is not readily ascertainable and hence not disclosed.
28. Since the Company's business activity falls within a single primary business segment and also there is no significant reportable segment, hence no disclosure has been made as specified in Accounting Standard (AS-17) "Segment Reporting".

29. **Earning per share has been calculated as under:**

Particulars	As on 31.03.2016	As on 31.03.2015
Net Profit (Loss) After Tax as per Profit & Loss Account	(1,01,48,897)	(1,19,79,361)
Weighted Average number of equity shares used as denominator for calculating EPS	85,04,866	85,04,866
Basic & Diluted Earning (Loss) per share	(1.19)	(1.41)
Nominal Value per equity share	10	10

30. **Disclosure in respect of gratuity liability**

<b>i. Change in the present value of obligation during the year</b>		
Present value of obligation as at the beginning of the year	65,89,807	68,00,626
Interest cost	5,27,185	5,44,050
Current service cost	2,00,210	3,97,310
Benefits paid	37,01,703	42,675
Actuarial (gains)/losses on obligation	(1,51,792)	(11,09,504)
Present value of obligation as at the end of the year	34,63,707	65,89,807
<b>ii. Change in the fair value of the assets during the year</b>		
Fair value of plan assets at the beginning of the year	17,42,809	53,64,470
Actual return on plan assets	1,99,269	4,81,864
Employer contribution	21,67,461	2,667
Actual benefits paid	37,01,703	42,675
Fair value of plan assets at the end of the year	4,07,836	58,06,326
<b>iii. Amount Recognised in Balance Sheet</b>		
Present value of Defined benefit obligation	34,63,707	65,89,807
Fair value of plan assets	4,07,836	58,03,659
Net asset / (liability)	(30,55,871)	(7,86,148)
Net assets / (liability) recognised in the Balance Sheet	(30,55,871)	(7,86,148)
<b>iv. Expense recognized in statement of Profit and Loss</b>		
Current service cost	2,00,210	3,97,310
Interest cost	5,27,185	5,44,050
Actual return on plan assets	1,99,269	4,81,864
Net actuarial (gain)/loss recognised in the year	(1,51,792)	(11,09,504)
Expenses recognised in the Statement of Profit and Loss	3,76,334	6,50,008



<b>v. Actuarial assumptions used</b>		
Discount rate (per annum)	8% p.a.	8% p.a.
Expected rate of return on plan assets	N.A.	N.A.
In service morality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
Future salary increase	6% p.a.	6% p.a.
Withdrawal rates	1% p.a.	1% p.a.
Retirement age	58 years	58 years
<b>vi. Category of Assets</b>	<b>Insurer Managed Funds</b>	<b>Insurer Managed Funds</b>

### 31. Related Party Disclosures

(i) Name of the related Parties and Description of relationship

Subsidiary	Naxpar Pharma Pvt. Ltd.
Key Management Personnel	Mr. Prakash M. Shah Mr. Baiju M. Shah
Relatives of Key Management Personnel	Mr. Mihir P Shah Mr. Binoy B. Shah Ms. Pragna P Shah Ms. Ila B. Shah Ms. Ami M. Shah
Concern in which KMP and/or Relatives of KMP is interested	M/s Nithyasha Healthcare Pvt. Ltd.

(ii) Transaction with Related Parties

Particulars	As on 31.03.2016	As on 31.03.2015
<b>Sale of Material</b>		
Naxpar Pharma Pvt. Ltd.	2,34,207	4,21,580
Nithyasha Healthcare Pvt. Ltd.	5,59,989	26,02,593
<b>Purchase of Material</b>		
Naxpar Pharma Pvt. Ltd.	32,24,519	57,582
<b>Salary Paid to Relative of Key Management Personnel</b>		
Mr. Binoy B. Shah	6,00,000	12,00,000
<b>Commission Paid</b>		
Nithyasha Healthcare Pvt. Ltd.	Nil	19,727
<b>Outstanding Balances</b>		
<b>Loan Received</b>		
Naxpar Pharma Pvt Ltd	Nil	1,00,360
<b>Loan Given</b>		
Naxpar Pharma Pvt Ltd	62,84,822	Nil
<b>Payable to Key Management Personnel &amp; Relative of Key Management Personnel</b>		
Binoy Shah	5,58,835	5,14,212
<b>Unsecured Loan from Key Management Personnel</b>		
Prakash M Shah	1,32,16,750	1,63,94,112
Baiju M Shah	1,12,67,000	1,24,87,000
<b>Receivable from Concern in which KMP and/or Relatives of KMP is Interested</b>		
Nithyasha Healthcare Pvt. Ltd.	Nil	6,98,816



**32. VALUE OF RAW MATERIAL, SPARE PARTS & COMPONENTS CONSUMED:**

	IMPORTED		INDIGENOUS	
	Value	%	Value	%
Raw Material	Nil (Nil)	Nil (Nil)	3,16,89,026 (7,22,45,314)	100% (100%)
Stores & Spare Parts	Nil (Nil)	Nil (Nil)	5,670 (4,04,457)	100% (100%)

**33. EXPENDITURE IN FOREIGN CURRENCY:**

Foreign Travelling	4,09,599 (5,23,787)
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**34. EARNING IN FOREIGN CURRENCY:**

FOB Value of Exports	6,00,61,299 (12,00,47,767)
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35. The balances of Unsecured Loans, Creditors, Debtors and Loans and Advances are subject to confirmation and reconciliation, if any.
36. In the opinion of the board, the Current Assets, Loans and Advances are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business.
37. Balance of Investment in M/s Novonax LLP is subject to confirmation.
38. Previous year's figures have been regrouped and rearranged, to correspond with the figures of current year wherever necessary. Figures in bracket represent previous year.

Signature to Notes 1 to 38 forming part of accounts.

As per our report of even date  
**For Ladha Singhal and Associates**  
 Chartered Accountants  
 Firm Registration No : 120241W

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

Sd/-  
**(Vinod Ladha)**  
 Partner  
 M. No. 104151  
 Place : Mumbai  
 Date : 30th May, 2016

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

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

# **Consolidated Financial Statement For the year ended 31st March, 2016**



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## INDEPENDENT AUDITOR'S REPORT

To  
The Board of Directors  
Parnax Lab Limited

We have audited the accompanying consolidated financial statements of **Parnax Lab Limited** (hereinafter referred to as "the Holding Company") and its subsidiary, Naxpar Pharma Private Limited (the Holding Company and its subsidiaries together referred to as "the Group") which comprise the consolidated Balance Sheet as at March 31, 2016, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group, in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has in place an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st March, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

**Report on other Legal and Regulatory Requirements****1. As required by section 143(3) of the Act, we report, to the extent applicable, that:**

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of written representations received from the directors of the Holding Company as on 31st March, 2016, and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditor of its subsidiary company, none of the directors of the Group Company is disqualified as on 31st March, 2016, from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
  - ii) The Group did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses; and
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its Subsidiary Company.

**For Ladha Singhal & Associates**

Chartered Accountants  
(Firm Registration No. 120241W)

Sd/-

**Vinod Ladha**

(Partner)  
M. No. 104151  
Place: Mumbai  
Dated: 30th May 2016



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## Annexure - A to the Independent Auditors' Report

(Referred to in paragraph (f) under "Report on Other Legal and Regulatory Requirements" section of our report of even date)

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

We have audited the internal financial controls over financial reporting of Parnax Lab Limited (hereinafter referred as "the Holding Company") and its subsidiary company as on 31st March, 2016 in conjunction with our audit of the consolidated financial statements of the Company for the year ended and as on that date.

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

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

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls over financial reporting. Those Standards and the Guidance Note require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

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

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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary company have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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.

**For Ladha Singhal & Associates**

Chartered Accountants

Firm Registration No.: 120241W

Sd/-

**(Vinod Ladha)**

Partner

M.No.: 104151

Place : Mumbai

Dated : 30th May, 2016



## Consolidated Balance Sheet as at 31st March, 2016

(Amount in Rs)

	Particulars	Note No.	As at 31st March, 2016	As at 31st March, 2015
<b>I</b>	<b>EQUITY AND LIABILITIES</b>			
	<b>1. Shareholders' funds</b>			
	(a) Share Capital	2	85,048,660.00	85,048,660.00
	(b) Reserves and Surplus	3	191,352,352.75	166,345,980.26
			276,401,012.75	251,394,640.26
	<b>2. Minority Interest</b>		548,100.73	477,649.73
	<b>3. Non - Current Liabilities</b>			
	(a) Long Term Borrowing	4	223,182,235.51	256,293,839.24
	(b) Deferred Tax Liability (Net)	5	4,871,129.00	8,467,895.00
	(c) Long Term Provisions	6	-	1,397,827.00
			228,053,364.51	266,159,561.24
	<b>4. Current Liabilities</b>			
	(a) Short Term Borrowings	7	130,495,751.93	120,917,427.91
	(b) Trade Payables	8	30,881,624.60	92,707,785.35
	(c) Other Current Liabilities	9	112,709,485.85	80,583,560.41
	(d) Short Term Provisions	10	14,951,992.00	15,941,462.00
			289,038,854.39	310,150,235.67
	<b>TOTAL</b>		<b>794,041,332.38</b>	<b>828,182,086.90</b>
<b>II</b>	<b>ASSETS</b>			
	<b>1. Non - Current Assets</b>			
	(a) Fixed Assets (Net Block)			
	(i) Tangible Assets	11	378,347,533.80	360,858,779.30
	(ii) Intangible Assets	11	129,911.00	164,278.00
	(ii) Capital Work in Progress		24,386,091.00	9,495,645.00
	(b) Non Current Investments	12	9,095,413.00	8,595,413.00
	(c) Deffered Tax Asset		-	-
	(d) Long - Term Loans and Advances	13	76,425,280.60	69,390,782.60
	(e) Other Non Current Assets	14	-	52,550.00
			488,384,229.40	448,557,447.90
	<b>2. Current Assets</b>			
	(a) Inventories	15	66,284,862.00	70,318,890.00
	(b) Trade Receivable	16	194,176,583.34	235,011,606.08
	(c) Cash and Cash Equivalents	17	3,840,548.69	23,590,498.97
	(c) Short Term Loan and Advance	18	41,355,108.95	50,703,643.95
			305,657,102.97	379,624,639.00
	<b>TOTAL</b>		<b>794,041,332.37</b>	<b>828,182,086.90</b>
	<b>Significant Accounting Policies</b>	1		

As per our report of even date  
**For Ladha Singhal and Associates**  
Chartered Accountants  
Firm Registration No : 120241W

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

Sd/-  
**(Vinod Ladha)**  
Partner  
M. No. 104151  
Place : Mumbai  
Date : 30th May, 2016

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

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



## Consolidated Statement of Profit and Loss for the year ended 31st March 2016

(Amount in Rs)

	Particulars	Note No.	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>A</b>	<b>CONTINUING OPERATIONS</b>			
I	Revenue from Operations (gross)	19	712,184,569.93	1,032,505,634.05
	Less :Excise Duty		361,482.30	5,043,088.93
	Net Revenue From Operations		711,823,087.63	1,027,462,545.12
II	Other Income	20	7,032,123.52	8,141,386.69
<b>III</b>	<b>Total Revenue (I + II)</b>		<b>718,855,211.15</b>	<b>1,035,603,931.81</b>
<b>IV</b>	<b>Expenses</b>			
	Cost of Materials Consumed	21	367,266,244.59	632,690,153.32
	Purchase of Stock In Trade	22	3,723,547.60	15,351,778.84
	Change in Inventories	23	7,038,649.00	21,072,738.00
	Employee Benefits Expense	24	74,605,237.77	77,175,852.88
	Finance Cost	25	42,938,764.40	43,976,769.30
	Depreciation and Amortization Expense	11	28,953,806.00	29,932,247.00
	Other Expenses	26	159,512,380.75	160,989,985.11
	<b>Total Expenses</b>		<b>684,038,630.10</b>	<b>981,189,524.45</b>
V	Profit / (Loss) before Exceptional and Extraordinary Items and Tax (III-IV)		34,816,581.04	54,414,407.36
VI	Exceptional Items / Extraordinary Items Stamp Duty Paid		-	-
VII.	Profit / (Loss) Before Tax (V-VI)		34,816,581.04	54,414,407.36
VIII.	Tax Expense:			
	(a) Current Tax		11,200,000.00	15,000,000.00
	(b) Deferred Tax (Asset) / Liability		(3,596,766.00)	(3,433,217.00)
	(c) Mat Credit Entitlement		-	-
	(d) Short (Excess) Prov for Tax for Earlier Years		2,136,523.56	276,365.00
IX.	Profit / (Loss) from Continuing operations (VII-VIII)		25,076,823.48	42,571,259.36
<b>B</b>	<b>DISCONTINUING OPERATIONS</b>			
X.	Profit/(Loss) for the Year from Discontinuing Operations		-	-
<b>C</b>	<b>TOTAL OPERATIONS</b>			
XI.	Profit / (Loss) for the Year (IX + X)		25,076,823.48	42,571,259.36
<b>XII.</b>	<b>Earnings Per Equity Share of Rs.10/- each :</b>			
	Weighted average no. of shares (Basic & Diluted)		8,504,866	8,504,866
	(1) Basic Earning Per Share (Rs.)		2.95	5.01
	(2) Diluted Earning Per Share (Rs.)		2.95	5.01
	<b>Significant Accounting Policies</b>	<b>1</b>		

As per our report of even date  
**For Ladha Singhal and Associates**  
Chartered Accountants  
Firm Registration No : 120241W

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

Sd/-  
**(Vinod Ladha)**  
Partner  
M. No. 104151  
Place : Mumbai  
Date : 30th May, 2016

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

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



**Consolidated Cash Flow Statement of Parnax Lab Limited and its Subsidiary Company  
for the year ended 31st March, 2016**

(Amount in Rs)

	Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>A.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
	Net Profit/(Loss) before tax and Extraordinary Items	34,816,581.04	54,414,407.36
	<b>Adjustments for</b>		
	Depreciation	28,953,806.00	29,932,247.00
	Provision for Gratuity	1,412,703.00	(9,533.00)
	Miscellaneous Expenditure Written off	52,550.00	66,548.00
	<b>Operating Loss Before Working Capital Adjustments</b>	<b>65,235,640.04</b>	<b>84,403,669.36</b>
	<b>Changes in Working Capital</b>		
	Adjustments for (increase) / decrease in operating assets:		
	Inventories	4,034,028.00	88,008,632.00
	Trade receivables	40,835,022.75	13,994,713.97
	Short-term loans and advances	3,559,095.89	24,121,697.36
	Long-term loans and advances	(7,034,498.00)	(411,000.00)
	Other non-current assets	-	-
	<u>Adjustments for increase / (decrease) in operating liabilities:</u>		
	Trade payables	(61,826,160.75)	(196,524,850.90)
	Other current liabilities	1,394,866.30	4,465,330.39
	Short-term provisions	-	-
	<b>Cash generated from operations</b>	<b>46,197,994.23</b>	<b>18,058,192.18</b>
	Direct Tax Paid (Refund) [Net]	11,347,084.44	20,570,313.56
	<b>Net cash flow from / (used in) operating activities (A)</b>	<b>34,850,909.79</b>	<b>(2,512,121.38)</b>
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
	Capital expenditure on fixed assets, including capital advances	(61,298,639.50)	(37,947,872.59)
	Proceeds from sale of fixed assets		
	Purchase of Non Current Investments	(500,000.00)	-
	<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(61,798,639.50)</b>	<b>(37,947,872.59)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
	Proceeds from long-term borrowings	44,546,427.17	70,105,021.02
	Repayment of long-term borrowings	(46,926,971.76)	(32,827,155.42)
	Net increase / (decrease) in working capital borrowings	9,578,324.02	17,691,839.82
	<b>Net cash flow from / (used in) financing activities (C)</b>	<b>7,197,779.43</b>	<b>54,969,705.42</b>
	<b>Net increase (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(19,749,950.28)</b>	<b>14,509,711.45</b>
	Cash and cash equivalents at the beginning of the year	23,590,500.97	9,080,789.52
	of the year of Subsidiary Company on account of first year on Consolidation		
	Cash and cash equivalents at the end of the year	3,840,550.69	23,590,500.97
	Cash and cash equivalents at the end of the year *		
	* Comprises:		
	(a) Cash on hand	428,167.79	1,849,953.44
	(b) Balances with banks		
	(i) In current accounts	80,238.56	16,348,948.53
	(ii) In deposit accounts	5,404,463.00	5,391,599.00
	(c) Others (specify nature)	(2,072,318.66)	-
		<b>3,840,550.69</b>	<b>23,590,500.97</b>

**NOTES:**

- The Cash Flow Statement has been prepared as per Indirect Method set out in Accounting Standard (AS-3) "Cash Flow Statements"
- Figures relating to previous year have been recast where necessary to confirm the figure of the current year

As per our report of even date  
**For Ladha Singhal and Associates**  
 Chartered Accountants  
 Firm Registration No : 120241W

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

Sd/-  
**(Vinod Ladha)**  
 Partner  
 M. No. 104151  
 Date : 30th May, 2016 Place : Mumbai

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

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

**Notes to Consolidated Financial Statements for the year ended 31st March, 2016****Note 1 : Significant Accounting Policies****a. BACKGROUND**

The Consolidated financial statement comprise the financial statements of Parnax Lab Limited and its subsidiary M/s Naxpar Pharma Private Limited hereinafter referred to as 'the Group'. The Group is principally engage in manufacturing and export of Pharmaceutical Formulations ildated

**b. SIGNIFICANT ACCOUNTING POLICIES****i. Basis Of Preparation**

The Consolidated financial statements of the group have been prepared and presented in accordance with the Generally Accepted accounting Principles in India under the historical cost convention. These statements have been prepared in accordance with Accounting Standard 21 – "Consolidated Financial Statements" and to comply in all material respect with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014.

**ii. Revenue Recognition**

The Company follows mercantile system of Accounting and Income and expenditure are recognised on accrual basis.

**iii. Principles of Consolidation:**

The Consolidated financial statements relate to the company and its subsidiary company. The consolidated financial statements have been prepared on this following basis:

- I. The financial statement of the company and its subsidiaries are combined on a line by – line basis by adding together the book values of likes items of assets, liabilities income and expenses after fully eliminating intra-group balances and intra-group transaction resulting in unrealized profit or losses.
- II. The excess of the Company's protion of the equity of the subsidiary at the date on which investment in subsidiary is made over the cost to the Company of its investment in subsidiary is recognised in the financial statements as capital reserve.
- III. As far as possible, the consolidated financial statement are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the company's separate financial statement.
- IV. Notes on these consolidated financial statements are intended to serve as a means of informative disclosure and a guide to better understanding of the consolidated position of the group. Recognising this purpose, the company has disclosed only such notes from the individual financial statements, which fairly present the needed disclosures.
- V. The list of subsidiaries considered in these consolidated financial statements with percentage holding is summarized below:

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest
Naxpar Pharma Private Limited	India	99.80%

**iv. Fixed Assets**

All fixed Assets are stated at cost of acquisition less accumulated depreciation (net of cenvat, wherever availed). All cost relating to the acquisition and installation of the fixed assets are capitalised and includes financing costs relating to borrowed fund attributable to the acquisition of fixed assets up to the date the fixed assets is put to use.

**v. Depreciation**

Depreciation has been provided on straight-line method and in accordance with, Method and useful life prescribed in Schedule II to the Companies Act 2013.



Depreciation on Additions/Deletions during the year has been provided on pro rata basis.

**vi. Inventories Valuation**

Raw material and Packing Material: At lower of Cost or Net realisable value. The cost is arrived at on first-in-first-out basis and net of envat credit availed.

Finished Goods and Work in Progress: At lower of Cost or Net realisable value. Cost includes appropriate allocation of overheads and is arrived at on first-in-first-out basis.

**vii. Investments**

Long term investments are stated at cost less provision for diminution in value other than temporary, if any.

**viii. Borrowing Cost**

Borrowing Costs that are attributable to the acquisition and construction of qualifying assets are capitalised. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use. Other borrowing costs are recognised as an expense in the year in which they are incurred.

**ix. Foreign Currency Transaction**

Foreign currency transactions are accounted on the basis of exchange rate prevailing at the time of transaction. The foreign currency transaction remains outstanding at year-end are restated at rate prevailing on 31st March. The Exchange difference if any arises due to exchange fluctuation is charged to Profit and Loss Account.

**x. Taxes on Income**

Current Tax is measured at the amount expected to be paid to the taxation authorities, using the applicable tax rates and tax laws.

Deferred tax assets and liabilities are measured using the tax rates and tax laws that have been announced upto the balance sheet date. Deferred Tax assets and liabilities are recognised for the future tax consequences attributable to timing differences between the taxable income and accounting income. The effect of tax rate change is considered in the Profit & Loss account of the respective year of change.

Minimum Alternate Tax (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 Institute of Chartered Accountants of India, the asset is created by way of a credit to the Profit & Loss Account 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 Company will pay normal Income Tax during specified period.

**xi. Leases**

Assets taken on lease by which all significant risks and rewards of ownership are retained by lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on straight line basis over the lease term.

**xii. Government Grant and Subsidies**

Government grants and/or subsidies from the government are recognised when there is reasonable certainty that the grant/subsidy will be received and all attaching conditions will be complied with.

Government grants and subsidies receivable against an expense are deducted from such expenses and subsidy/grant receivable against a specific fixed asset is deducted from cost of the relevant fixed asset.

**xiii. Retirement Benefits**

**i. Provident Fund**

Retirement benefit in form of Provident Fund is a defined contribution plan and the contributions made for the eligible employees, are charged to the Profit & Loss Account of the year when the contributions to the respective funds are dues.

**ii. Gratuity**

Retirement gratuity liability of employees is a defined benefit obligation. The holding company has taken Group gratuity Scheme offered by Life Insurance Corporation of India (LIC). Annual contributions are made on the basis of intimation received from LIC.

The company accounts for liability for future gratuity benefits based on actuarial valuation carried out as at the end of each financial year. Actuarial gains and losses are recognised in full in statement of Profit and Loss for the period in which they occur.

**xiv. Earning Per Share**

Basic earning per share are calculated by dividing the net profit / (loss) for the year attributable to equity shareholders (after deducting attributable taxes) by average number of equity shares outstanding during the year.

For the purpose of calculating diluted earning per share, the net profit or loss for the year attributable to equity shareholders and the average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

**xv. Segmental Reporting**

The Company is engaged in manufacture of Pharmaceutical Formulations. The entire operations are governed by same set of risk and return; hence the same has been considered representing a single primary segment.

**xvi. Impairment of Assets**

An assets is treated as impaired when the carrying cost of assets exceeds its recoverable value. An impairment loss is charged to Statement of Profit & Loss in the year in which an asset is identified as impaired. The impaired loss recognised in prior accounting periods is reversed if there has been a change in the estimate of recoverable amount.

**xvii. Provisions, Contingent Liabilities And Contingent Assets**

Provisions are recognized in the accounts in respect of present probable obligations arising as a result of past events and it is probable that there will be an outflow of resources, the amount of which can be reliably estimated.

Contingent liabilities are disclosed in respect of possible obligation that arises from past events but their existence is confirmed by the occurrence or non occurrence of one or more uncertain future events not wholly with in the control of the company.

Contingent Assets are neither recognized nor disclosed in the financial statements.



Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note 2 : Share Capital

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015		
<b>Authorised:</b> 100,00,000 (100,00,000) Equity Shares of Rs. 10/- each	100,000,000.00	100,000,000.00		
<b>Total</b>	<b>100,000,000.00</b>	<b>100,000,000.00</b>		
<b>Issued, Subscribed and Paid up:</b> 85,04,866 (85,04,866) Equity Shares of Rs. 10/- each fully paid up	85,048,660.00	85,048,660.00		
<b>Total</b>	<b>85,048,660.00</b>	<b>85,048,660.00</b>		
<b>(i) Reconciliation of number of shares outstanding at the beginning and at the end of the reporting period :</b>				
Number of shares at the beginning of the year	8,504,866.00	8,504,866.00		
Add: Issue of Shares by way of Preferential Allotment	-	-		
Number of shares at the end of the year	<b>8,504,866.00</b>	<b>8,504,866.00</b>		
<b>(ii) Terms/rights attached to Equity Shares</b>				
The Company has only one class of equity shares having a par value of Rs. 10 per shares. Each holder of Equity Shares is entitled to one vote per share. In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders				
<b>(iii) Detail of shares held by the holding company, the ultimate holding company, their subsidiaries and associates :</b>	N. A.	N. A.		
<b>(iv) Details of Shares held by each shareholder holding more than 5% shares :</b>				
Name of Shareholder	As at 31st March 2016		As at 31st March 2015	
	No. of Shares	%	No. of Shares	%
Baiju Shah	628,261	7.39%	592,261	6.96%
Binoy Shah	1,369,600	16.10%	1,369,600	16.10%
Ila Shah	660,872	7.77%	660,872	7.77%
Mihir Shah	1,141,250	13.42%	1,141,250	13.42%
Pragna Shah	539,887	6.35%	539,887	6.35%
Prakash Shah	675,426	7.94%	628,426	7.39%

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

## Note 3 : Reserves &amp; Surplus

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>A) General Reserve Account</b>		
Opening Balance	63,665,781.00	63,665,781.00
Add: Transferred from surplus in Statement of Profit and Loss	-	-
Closing Balance	63,665,781.00	63,665,781.00
<b>B) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening Balance	101,057,585.39	58,595,427.02
Add/(Less): profit/(loss) for the year	25,076,823.48	42,571,259.36
Less: Transfer to Minority Interest	70,451.00	109,101.00
Closing Balance	126,063,957.87	101,057,585.38
<b>C) Capital Reserve Created on Consolidation</b>		
Opening Balance	1,622,613.88	1,622,613.88
Add : Transfer during the year on Consolidation	-	-
Closing Balance	1,622,613.88	1,622,613.88
<b>Total</b>	<b>191,352,352.75</b>	<b>166,345,980.26</b>

## Note 4 : Long Term Borrowing

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>(A) Secured Loans</b>		
<b>(a) Term Loans</b>		
(i) From Bank		
Maratha Sahakari Bank Ltd.	11,149,603.00	14,856,380.00
Apna Sahakari Bank Ltd	61,859,557.00	46,490,610.00
Janaseva Sahakari Bank (Borivali) Ltd	23,102,732.00	40,788,211.00
State Bank of India (WCTL)	36,837,099.00	51,033,317.00
State Bank of India (FITL 2)	-	5,374,709.00
HDFC Car Loan I-10 Asta	77,908.29	251,326.73
State Bank of India (Car Loan)	127,484.00	324,204.00
HDFC Bank Ltd (Car Loan)	-	96,440.14
HDFC Bank Ltd (Car Loan) BMW	2,671,453.93	-
(i) From Others		
Daimler Financial Service I Pvt Ltd (Car Loan)	-	2,727,108.59
Mahindra & Mahindra Finance Ltd (Car Loan)	-	190,665.00
Mahindra & Mahindra Finance Ltd (Tractor Loan)	-	123,664.00
Volkswagen Finance Pvt Ltd (Car Loan)	1,423,036.64	2,203,281.96
	137,248,873.86	164,459,917.42
<b>(B) Unsecured Loans</b>		
<b>(a) Loans &amp; Advances From Related Parties</b>		
From Intercorporates	61,449,611.25	62,952,810.25
From Director Shareholder & their Relatives	24,483,750.40	28,881,111.57
	85,933,361.65	91,833,921.82
<b>Total</b>	<b>223,182,235.51</b>	<b>256,293,839.24</b>



**Notes to Consolidated Financial Statements for the year ended 31st March, 2016**

- a. Term loan from State Bank of India is secured by extension of hypothecation on the current assets of the company & mortgage of immovable & movable assets of the company situated at Plot No 74, 120 & 121, Govt Industrial Estate, Masat, Silvassa.
- b. Term loan from Maratha Sahakari Bank Ltd. is secured by way of mortgage of office premises of the company
- c. Term Loan from Apna Sahakari Bank Ltd, Janaseva Sahakari Bank (Borivali) Ltd and Maratha Sahakari Bank Ltd is secured by way of equitable mortgage of Land, Building located at Plot No. 182, Village Gurumajara, Tehsil Nalagargh, Dist. Solan, Himachal Pradesh and other immovable & Hypothecation of movable machineries and personal guarantee by the directors.
- d. Vehicle loans are secured against hypothecation of respective vehicle.

Nature of Loan	Nature of Loan	Rate of Interest (%)	Balance No. of Installments	Installments ending on
State Bank of India (WCTL)	Term Loan	11.00	12.00	Mar-19
State Bank of India (FITL 2)	Term Loan	11.00	4.00	Mar-17
Maratha Sahakari Bank Ltd.	Term Loan	14.00	28.00	Jul-18
Apna Sahakari Bank Ltd	Term Loan	13.00	30.00	Sep-18
Janaseva Sahakari Bank (Borivali) Ltd	Term Loan	13.50	30.00	Sep-18
Maratha Sahakari Bank Ltd.	Term Loan	14.00	54.00	Sep-20
HDFC Bank Ltd.	Car Loan	10.75	17.00	Aug-17
State Bank of India	Car Loan	11.00	18.00	Sep-17
HDFC Bank Ltd	Car Loan	10.25	8.00	Nov-16
HDFC Bank Ltd	Car Loan	9.35	57.00	Dec-20
Daimler Financial Service I Pvt Ltd	Car Loan	11.50	7.00	Oct-16
Mahindra & Mahindra Finance Ltd	Tractor Loan	17.60	11.00	Feb-17
Mahindra & Mahindra Finance Ltd	Car Loan	13.00	13.00	Apr-17
Volkswagan Finance Pvt Ltd	Car Loan	11.50	31.00	Oct-18

**Note 5 : Deferred Tax Liability (Net)**

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Deferred Tax Liability</b>		
Related to Fixed Assets	41,336,080.00	40,558,463.00
<b>Less : Deferred Tax Assets</b>		
Disallowance under Income Tax Act, 1961	1,240,490.00	1,194,325.00
Business Loss and Unabsorbed Depreciation	35,224,461.00	30,896,243.00
<b>Total</b>	<b>4,871,129.00</b>	<b>8,467,895.00</b>

**Note 6 : Long Term Provisions**

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for Gratuity	-	1,397,827.00
<b>Total</b>	<b>-</b>	<b>1,397,827.00</b>



## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

## Note 7 : Short Term Borrowing

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Loans Repayable on Demand from Banks Working Capital Facility (Secured)		
- From State Bank of India	20,075,789.52	20,486,279.96
- From Apna Sahakari Bank Ltd	110,419,962.41	100,431,147.95
Working Capital facility is secured by way of Hypothecation of stocks, book debts and entire current assets of the company. The facility is further secured by second charge on fixed assets & personal guarantee of all the Directors of the company.		
<b>Total</b>	<b>130,495,751.93</b>	<b>120,917,427.91</b>

## Note 8 : Trade Payables

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Trade Payables: Sundry Creditors for Goods		
	30,881,624.60	92,707,785.35
<b>Total</b>	<b>30,881,624.60</b>	<b>92,707,785.35</b>

## Note 9 : Other Current Liabilities

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Current Maturities of Long Term Debts	64,120,176.82	33,389,117.68
(b) Other Payables:		
Statutory Remittances	7,407,891.20	14,775,642.70
Sundry Creditors for Expenses	41,181,417.83	32,418,800.03
<b>Total</b>	<b>112,709,485.85</b>	<b>80,583,560.41</b>

## Note 10 : Short-Term Provision

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
Provision for Taxation	11,200,000.00	15,000,000.00
Provision for Gratuity	3,751,992.00	941,462.00
<b>Total</b>	<b>14,951,992.00</b>	<b>15,941,462.00</b>



Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note 11 : Fixed Assets

(Amount in Rs.)

Description	Gross Block			Accumulated Depreciation			Net Block	
	Balance as at 1st April 2015	Additions during the Year	Balance as at 31st March 2016	Balance as at 1st April 2015	Depreciation For the Year	Balance as at 31st March 2016	Balance as at 31st March 2016	Balance as at 31st March 2015
<b>TANGIBLE ASSETS</b>								
<b>LEASED</b>								
Land	1,616,560.00	-	1,616,560.00	-	-	-	1,616,560.00	1,616,560.00
<b>OWNED</b>								
Land	15,486,939.60	-	15,486,939.60	-	-	-	15,486,939.60	15,486,939.60
Factory Building	207,906,107.51	24,641,091.00	232,547,198.51	54,199,570.99	6,576,199.00	60,775,769.99	171,771,428.52	153,706,536.52
Office Premises	8,076,542.00	-	8,076,542.00	2,361,786.56	313,287.00	2,675,073.56	5,401,468.44	5,714,755.44
Plant & Machinery	101,328,983.66	12,919,861.00	114,248,844.66	40,486,036.74	7,385,899.00	47,871,935.74	66,376,908.92	60,842,946.92
Electrical Installation	28,633,992.45	-	28,633,992.45	17,502,291.44	4,449,604.00	21,951,895.44	6,682,097.01	11,131,701.01
Generator	1,527,512.00	-	1,527,512.00	451,010.00	111,125.00	562,135.00	965,377.00	1,076,502.00
Furniture	16,412,557.25	329,092.00	16,741,649.25	7,844,666.21	1,995,180.00	9,839,846.21	6,901,803.04	8,567,891.04
Motar Car	23,683,163.00	3,799,826.00	24,357,418.00	10,797,645.00	2,615,521.00	10,287,595.00	14,069,823.00	12,885,518.00
Computer	7,213,031.66	168,821.00	7,381,852.66	5,448,633.23	409,670.00	5,858,303.23	1,523,549.43	1,764,398.43
Office Equipments	2,737,592.88	263,111.00	3,000,703.88	1,933,136.39	261,391.00	2,194,527.39	806,176.49	804,456.49
Other Equipment	109,339,754.76	3,997,540.50	113,301,262.26	34,451,262.93	3,036,632.00	37,487,894.93	75,813,367.33	74,888,491.83
Q.C Equipments	11,664,545.16	296,804.00	11,961,349.16	3,718,553.33	919,506.00	4,638,059.33	7,323,289.83	7,945,991.83
R & D Equipments	4,362,748.00	-	4,362,748.00	2,452,920.33	391,853.00	2,844,773.33	1,517,974.67	1,909,827.67
Air Conditioner	4,252,861.27	28,080.00	4,280,941.27	2,222,196.75	344,754.00	2,566,950.75	1,713,990.52	2,030,664.52
Bus	1,006,500.00	-	1,006,500.00	520,902.00	108,818.00	629,720.00	376,780.00	485,598.00
<b>INTANGIBLE ASSETS</b>								
Computer Software	233,814.00	-	233,814.00	69,536.00	34,367.00	103,903.00	129,911.00	164,278.00
<b>Total</b>	<b>545,483,205.20</b>	<b>46,444,226.50</b>	<b>588,765,827.70</b>	<b>184,460,147.90</b>	<b>28,953,806.00</b>	<b>210,288,382.90</b>	<b>378,477,444.80</b>	<b>361,023,057.30</b>
<b>Previous Year</b>	<b>511,518,472.61</b>	<b>33,964,732.59</b>	<b>545,483,205.20</b>	<b>154,527,900.90</b>	<b>29,932,247.00</b>	<b>184,460,147.90</b>	<b>361,023,057.30</b>	<b>356,990,571.71</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

## Note 12 : Non-Current Investments

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>(A) Other Non Current Investments</b>		
The Shamrao Vitthal Co-op. Bank Ltd. (319 Shares of Rs. 25/- each)	7,975.00	7,975.00
Maratha Sahakari Bank Ltd. (25,540 Shares of Rs. 25/- each)	638,500.00	638,500.00
Janasev Sahakari Bank Borivali Ltd (20,000 Shares of Rs. 25/- each)	500,000.00	500,000.00
Apna Sahakari Bank Ltd (20,000 Shares of Rs. 25/- each)	500,000.00	500,000.00
Investment in LLP (Novanax LLP)	6,948,938.00	6,948,938.00
Investment in Partnership Firm (Sonex Inc)	500,000.00	-
<b>Total</b>	<b>9,095,413.00</b>	<b>8,595,413.00</b>

## Note 13 : Long-Term Loans and Advances

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Unsecured, Considered good</b>		
(a) Capital Advances	73,283,472.00	65,312,216.00
(b) Security Deposit	2,263,157.00	2,499,915.00
(c) Advances recoverable in cash or in kind or for value to be received	878,651.60	1,578,651.60
<b>Total</b>	<b>76,425,280.60</b>	<b>69,390,782.60</b>

## Note 14 : Other Non-Current Assets

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Preliminary Expenses</b> (To the extent not written off or adjusted)		
As per Last Balance Sheet / Incurred during the year	52,550.00	119,098.00
Add: Incurred during the year		
Less:- Written off during the year	52,550.00	66,548.00
<b>Total</b>	<b>-</b>	<b>52,550.00</b>

## Note 15 : Inventories

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(As taken, valued and certified by the Management) (Valued at Cost or Market value, whichever is lower)		
Finished Goods	3,330,440.00	14,900,714.00
Work in Progress	4,531,625.00	-
Raw Material	23,802,259.00	30,133,673.00
Packing Material	33,906,118.00	25,284,503.00
Other Material	714,420.00	-
<b>Total</b>	<b>66,284,862.00</b>	<b>70,318,890.00</b>

## Note 16 : Trade Receivable

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
<b>Unsecured, Considered good</b>		
Due for a period exceeding six months	69,181,094.20	35,671,252.03
Others	124,995,489.14	199,340,354.05
<b>Total</b>	<b>194,176,583.34</b>	<b>235,011,606.08</b>



Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note 17 : Cash and Cash Equivalents

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Cash on Hand	428,165.79	1,849,953.44
(b) Balance with Scheduled Banks		
- In Current Accounts	80,238.56	16,348,948.53
- In Fixed Deposit Account	5,404,463.00	5,391,599.00
(Lodged as margin money against bank guarantee)		
(c) Balance Overdrawn Balance	(2,072,318.66)	-
<b>Total</b>	<b>3,840,548.69</b>	<b>23,590,500.97</b>

Note 18 : Short Term Loan & Advances

(Amount in Rs.)

Particulars	As at 31st March, 2016	As at 31st March, 2015
(a) Loans and Advances to Employees	3,087,894.35	1,796,279.35
(b) Other Loan and Advances		
- Advances recoverable in cash or in kind or for value to be received	5,622,515.06	10,144,869.25
- Advance to Supplier	1,737,342.34	3,232,385.15
- Advance Income Tax	26,556,013.94	32,345,453.06
(c) Balance with Government Authorities		
- Balance with Central Excise	33,317.00	4,826.00
- Service Tax (Credit to be availed)	925,659.04	1,941,703.35
- Sales Tax	3,392,367.22	1,238,127.80
<b>Total</b>	<b>41,355,108.95</b>	<b>50,703,643.95</b>

Note 19 : Revenue from Operations

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
(a) Sales	543,958,277.26	902,984,806.23
(b) Labour Charges	168,226,292.67	129,520,827.82
<b>Total</b>	<b>712,184,569.93</b>	<b>1,032,505,634.05</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

## Note 20 : Other Income

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
(a) Dividend	111,407.00	27,276.00
(b) Interest Received on FDR	372,800.00	411,506.00
(c) Excise Refund Received	-	1,543,601.00
(d) Duty Drawback Received	615,317.00	1,382,959.00
(g) Exchange Gain	2,765,728.52	2,093,905.20
(h) Interest From Sundry Deposits	59,497.00	62,997.00
(i) Commission Received on Sales	3,068,263.00	1,714,759.00
(j) DEPB Received	-	904,383.49
(k) Interest Received on IT Refund	39,111.00	-
<b>Total</b>	<b>7,032,123.52</b>	<b>8,141,386.69</b>

## Note 21 : Cost of Material Consumed

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>(a) Raw Material &amp; Packing Material Consumed :</b>		
Opening Stock	55,418,176.00	121,682,827.00
Add:- Purchases during the year	369,556,445.59	566,425,502.32
	424,974,621.59	688,108,329.32
Less: - Closing Stock	57,708,377.00	55,418,176.00
<b>Total</b>	<b>367,266,244.59</b>	<b>632,690,153.32</b>

## Note 22 : Purchase of Stock In Trade

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
Opening Stock of Finished Goods Traded	-	-
Add: Purchases during the year	3,723,547.60	15,351,778.84
	3,723,547.60	15,351,778.84
Less: Closing Stock of Finished Goods Traded	-	-
<b>Total</b>	<b>3,723,547.60</b>	<b>15,351,778.84</b>



Notes to Consolidated Financial Statements for the year ended 31st March, 2016

Note 23 : Changes In Inventories

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
(a) At the beginning of the period		
(i) Finished Goods	14,900,714.00	25,885,976.00
(ii) Work in Progress	-	10,087,476.00
(b) At the end of the period		
(i) Finished Goods	3,330,440.00	14,900,714.00
(ii) Work in Progress	4,531,625.00	-
<b>Total</b>	<b>7,038,649.00</b>	<b>21,072,738.00</b>

Note 24 : Employees Benefits Expenses

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
(a) Salaries and Wages	62,734,096.00	64,988,150.90
(b) Bonus & Exgresia	4,046,595.00	2,778,743.00
(c) Staff Welfare Expenses	3,561,470.77	3,570,138.98
(d) Gratuity Paid	1,052,404.00	1,746,235.00
(e) Employer's Contribution to Providend Fund	2,393,236.00	3,174,955.00
(f) Contribution to ESIC	817,436.00	917,630.00
<b>Total</b>	<b>74,605,237.77</b>	<b>77,175,852.88</b>

Note 25 : Finance Cost

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
(a) Bank Charges & Commission	1,446,622.04	1,318,853.35
(b) Interest Paid to Bank - Working Capital	22,698,818.90	24,336,834.00
(c) Interest Paid to Bank- Term Loan	15,769,719.00	15,981,872.00
(d) Interest on Vehicle Loan	882,928.12	1,081,556.43
(e) Interest to Others	2,140,676.34	1,257,653.52
<b>Total</b>	<b>42,938,764.40</b>	<b>43,976,769.30</b>

## Notes to Consolidated Financial Statements for the year ended 31st March, 2016

## Note 26 : Other Expenses

(Amount in Rs.)

Particulars	For the year ended 31st March 2016	For the year ended 31st March 2015
<b>(A) Manufacturing Expenses</b>		
(a) Analytical Charges, Chemical & Glassware Consumed	6,964,656.00	6,400,172.68
(b) Consumable & Stores	4,780,291.33	5,855,303.00
(c) Power & Fuel Consumed	20,652,380.74	23,719,126.79
(d) Factory Expenses	1,754,289.50	1,228,638.00
(e) Freight & Octroi	4,492,987.81	5,160,622.80
(f) Loading Unloading & Packing Charges	48,761,441.00	46,123,177.00
(g) License Fees	317,894.00	(182,417.00)
(h) Labour Charges Paid	4,527,643.00	3,566,094.00
(i) Repair & Maintenance		
-Plant & Machinery	10,538,098.03	11,574,892.78
-Building	6,708,529.00	3,093,478.00
-Other	1,536,879.30	743,927.00
(j) Security Charges	2,662,233.00	2,789,861.00
(k) Water Charges	-	275,000.00
(l) Pollution Control Expenses	88,000.00	60,000.00
	113,785,322.71	110,407,876.05
<b>(B) Selling and Distribution Expenses</b>		
(a) Sales promotion Expenses	1,463,429.03	2,068,445.97
(b) Advertisement Expenses	204,106.00	109,521.00
(c) Commission on Sale	804,924.00	399,739.00
(d) CHA Charges	843,400.00	1,322,882.00
(e) Freight & Octroi (Export & Outward)	3,591,618.50	5,940,585.00
(f) Export Insurance	115,074.00	249,591.00
(g) Export Expenses	83,629.00	296,869.00
(h) Product Dev & Registration	274,266.00	367,817.00
(i) Travelling Expenses	4,503,817.69	3,896,086.33
(j) Rate Difference & Discount on Sales	981,822.00	271,632.90
	12,866,086.22	14,923,169.20
<b>(C) Administrative and General Expenses</b>		
(a) Rent Rates & Taxes	3,722,887.00	5,565,963.00
(b) Insurance	1,945,214.42	1,801,819.00
(c) Legal & Professional Fees	11,985,148.00	7,580,199.00
(d) Payment to Auditors		
-Audit fees	536,250.00	535,000.00
(e) ROC Filing Fees	27,500.00	80,700.00
(f) Office Expenses	879,904.82	620,165.55
(g) Conveyance	1,487,349.53	1,550,725.52
(h) Sundry Balances W/off	107,072.46	3,109,287.36
(i) Printing & Stationery	1,626,192.28	2,044,490.00
(j) Telephone Expenses	1,364,125.68	1,186,774.99
(k) Postage & Courier	872,272.00	1,332,521.17
(l) Donation	4,573,941.60	5,155,700.00
(m) Motar Car Expenses	2,520,057.39	2,952,790.52
(n) Electricity Charges	472,818.00	523,216.00
(o) Membership & subscription	159,768.68	480,901.30
(p) Other Expenses	303,199.96	920,452.45
(q) Listing Fees	224,720.00	151,686.00
(r) Preliminary Expenses written off	52,550.00	66,548.00
	32,860,971.82	35,658,939.86
<b>Total</b>	<b>159,512,380.75</b>	<b>160,989,985.11</b>



**Notes to Consolidated Financial Statements for the year ended 31st March, 2016**

**27. CONTINGENT LIABILITY :** in respect of

- a. Guarantees issued by the bankers in favour of various authorities, which have been counter Guarantee by the company Rs. 53.59 Lacs (Rs. 53.59 Lacs).
  - b. Tax Matters
    - i. Disputed excise duty demand, matter under appeal Rs. 68.87 Lacs (Rs. 68.87 Lacs)
    - ii. Disputed income tax demand, matter under appeal Rs. 59.42 Lacs (Rs. 59.42 Lacs)
    - iii. Disputed VAT demand, matter under appeal Rs. 75.91 Lacs (Rs. 75.91 Lacs)
  - c. Claims against the Company not acknowledge as debt Rs. 100.74 Lacs (Rs. 69.29 Lacs).
  - d. Estimated amount of contracts remaining to be executed on capital account and not provided for : Rs. 568.33 Lacs (Rs. 42.00 Lacs).
28. Dues to small scale industrial undertakings enterprises are worked out on the basis of verbal confirmation from suppliers. As at 31st March, 2016, there were no small scale industrial undertakings to whom the company owes any sum which is outstanding for more than 30 days. The information pertaining to micro and small enterprises as required to be disclosed in accordance with Section 22 of Micro, Small and Medium Enterprises Development Act, 2006 is not readily ascertainable and hence not disclosed.

**29. Earning per share has been calculated as under:**

Particulars	As on 31.03.2016	As on 31.03.2015
Net Profit After Tax as per Profit & Loss Account	2,50,76,823	4,25,71,259
Weighted Average number of equity shares used as denominator for calculating EPS	85,04,866	85,04,866
Basic & Diluted Earning per share	2.95	5.01
Nominal Value per equity share	10	10

**30. Discloser in respect of gratuity liability**

<b>i. Change in the present value of obligation during the year</b>		
Present value of obligation as at the beginning of the year	81,42,948	78,35,253
Interest cost	6,51,436	6,26,820
Current service cost	8,53,561	9,33,485
Benefits paid	37,01,703	42,675
Actuarial (gains)/losses on obligation	(5,30,768)	(12,09,935)
Present value of obligation as at the end of the year	54,15,474	81,42,948
<b>ii. Change in the fair value of the assets during the year</b>		
Fair value of plan assets at the beginning of the year	19,26,319	53,64,470
Actual return on plan assets	2,73,160	4,81,864
Employer contribution	31,65,706	2,667
Actual benefits paid	37,01,703	42,675
Fair value of plan assets at the end of the year	16,63,482	58,06,326
<b>iii. Amount Recognised in Balance Sheet</b>		
Present value of Defined benefit obligation	54,15,474	81,42,948
Fair value of plan assets	16,63,482	58,03,659
Net asset / (liability)	(37,51,992)	(23,39,289)
Net assets / (liability) recognised in the Balance Sheet	(37,51,992)	(23,39,289)
<b>iv. Expense recognized in statement of Profit and Loss</b>		
Current service cost	8,53,561	9,33,485
Interest cost	6,51,436	6,26,820
Actual return on plan assets	2,73,160	4,81,864
Net actuarial (gain)/loss recognised in the year	(5,30,768)	(12,09,935)
Expenses recognised in the Statement of Profit and Loss	7,01,069	11,68,522



<b>v. Actuarial assumptions used</b>		
Discount rate (per annum)	8% p.a.	8% p.a.
Expected rate of return on plan assets	N.A.	N.A.
In service morality	LIC (1994-96) Ultimate	LIC (1994-96) Ultimate
Future salary increase	6% p.a.	6% p.a.
Withdrawal rates	1% p.a.	1% p.a.
Retirement age	58 years	58 years
<b>vi. Category of Assets</b>		
<b>Holding Company</b>	<b>Insurer Managed Funds</b>	<b>Insurer Managed Funds</b>
<b>Subsidiary Company</b>	<b>Not Funded</b>	<b>Not Funded</b>

### 31. Operating Leases

- The Company has taken various premises under operating lease or leave and licence agreements. These are non cancellable during a lock in period which ranges between one year to two years under leave and licence agreements and are renewable by mutual consent on mutually agreeable terms.
  - Lease payments recognised in the Statement of Profit and Loss under Rent, Rates & Taxes in Note 26 includes Rs. 35,07,071/- (Rs. 53,96,373/-) in respect of premises taken on lease.
  - The future minimum lease payment under non cancellable operating lease :
    - Not later than one year is Rs. Nil (Rs. 10,54,520/-).
    - Later than one year and not later than five years is Rs. Nil (Rs. Nil/-)
    - Later than five years is Rs Nil.
32. Since the Company's business activity falls within a single primary business segment and also there is no significant reportable segment, hence no disclosures have been made as specified in Accounting Standard (AS-17) "Segment Reporting".

### 32. Related Party Disclosures

#### (i) Name of the related Parties and Description of relationship

Key Management Personnel	Mr. Prakash M. Shah Mr. Baiju M. Shah Mr. Mihir P. Shah
Relatives of Key Management Personnel	Mr. Binoy B. Shah Ms. Pragna P Shah Ms. Ila B. Shah Ms. Ami M. Shah
Concern in which KMP and/or Relatives of KMP is interested	M/s Nithyasha Healthcare Pvt. Ltd. M/s Novomed Pharma Pvt. Ltd.



(ii) Transaction with Related Parties

Particulars	As on 31.03.2016	As on 31.03.2015
<b>Sale of Material</b>		
Nithyasha Healthcare Pvt. Ltd.	29,32,820	36,60,129
<b>Interest Paid</b>		
Nithyasha Healthcare Pvt. Ltd.	1,80,001	3,40,212
Commission Paid		
Nithyasha Healthcare Pvt. Ltd.	Nil	1,01,547
<b>Salary Paid to Key Management Personnel &amp; their relatives</b>		
Mr Prakash Shah	27,00,000	24,00,000
Mr. Baiju M. Shah	27,00,000	24,00,000
Mr. Mihir P Shah	18,00,000	12,00,000
Mr. Binoy B. Shah	18,00,000	12,00,000
Ms. Pragna P Shah	7,20,000	2,40,000
Ms. Ila B. Shah	7,20,000	2,40,000
Ms. Ami M. Shah	7,20,000	2,40,000
<b>Outstanding Balances</b>		
<b>Salary Payable to Relative of Key Management Personnel</b>		
Ms. Ila Shah	22,174	19,800
Ms. Ami Shah	1,935	19,800
Mr. Baiju Shah	2,747	6,665
Mr. Binoy Shah	6,11,867	5,14,212
Ms. Pragna Shah	1,822	19,800
Mr. Prakash Shah	Nil	6,215
Mr. Mihir Shah	Nil	12,167
<b>Unsecured Loan from Key Management Personnel</b>		
Prakash M Shah	1,32,16,750	1,63,94,112
Baiju M Shah	1,12,67,000	1,24,87,000
<b>Concern in which KMP and/or Relatives of KMP is interested</b>		
Nithyasha Healthcare Pvt. Ltd.	15,00,000	15,00,000
Novomed Pharma Pvt. Ltd.	3,49,611	3,52,810
<b>Concern in which KMP and/or Relatives of KMP is interested</b>		
Nithyasha Healthcare Pvt. Ltd.	2,87,437	7,53,271

34. The balances of Unsecured Loans, Creditors, Debtors and Loans and Advances are subject to confirmation and reconciliation, if any.

35. In the opinion of the board, the Current Assets, Loans and Advances are approximately of the value stated in the Balance Sheet, if realised in the ordinary course of business.

36. Previous year's figures have been regrouped and rearranged, to correspond with the figures of current year wherever necessary. Figures in bracket represent previous year.

Signature to Notes 1 to 36 forming part of accounts.

As per our report of even date

**For Ladha Singhal and Associates**

Chartered Accountants

Firm Registration No : 120241W

For and on behalf of the Board of Directors

**For Parnax Lab Ltd.**

Sd/-

**(Vinod Ladha)**

**Partner**

M. No. 104151

Place : Mumbai

Date : 30th May, 2016

Sd/-

**(Prakash M. Shah)**

**Whole Time Director & CEO**  
**(DIN 00440980)**

Sd/-

**(Baiju M. Shah)**

**Whole Time Director & CFO**  
**(DIN 00440806)**

## FORM NO SH-13

## Nomination Form

[Pursuant to section 72 of the Companies Act, 2013 and rule 19(1) of the Companies (Share Capital and Debentures) Rules 2014]

To,  
**PARNAX LAB LIMITED.**  
 Gala No. 114, Bldg. No. 8,  
 Jogani Industrial Complex,  
 Chunabhatti,  
 Mumbai-400022.  
 Dist. Mumbai

I/We \_\_\_\_\_ the holder(s) of the securities particulars of which are given hereunder wish to make nomination and do hereby nominate the following persons in whom shall vest, all the rights in respect of such securities in the event of my/our death.

**(1) PARTICULARS OF THE SECURITIES (in respect of which nomination is being made)**

Nature of Securities	Folio No.	No of Securities	Certificate No	Distinctive No

**(2) PARTICULARS OF NOMINEE/S-**

- a) Name :
- b) Date of Birth:
- c) Father's/Mother's/Spouse's name:
- d) Occupation:
- e) Nationality:
- f) Address:
- g) E-mail Id:
- h) Relationship with the security holder:

**(3) IN CASE NOMINEE IS A MINOR -**

- a) Date of Birth:
- b) Date of attaining majority:
- c) Name of guardian:
- d) Address of guardian:

Name: \_\_\_\_\_

Address: \_\_\_\_\_

Name of the Security Holder(s): \_\_\_\_\_

Signature \_\_\_\_\_

Witness with the name and address: \_\_\_\_\_





## Parnax Lab Limited

Gala No. 114, Bldg. No. 8, Jogani Industrial Complex, Chunabhatti, Mumbai-400022.

CIN: L36912MH1982PLC027925

Tel No.022-30015666 • Fax.022-24057708

Web site: www.naxparlab.com

Email ID: info@naxparlab.com

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### Attendance Slip

#### 34<sup>th</sup> Annual General Meeting

Reg. Folio/DP & Client No: .....

No.of Shares .....

I certify that I am a registered Shareholder/Proxy for the registered shareholder of the Company. I hereby record my presence at the 34<sup>th</sup> Annual General Meeting of the Company on Wednesday 28<sup>th</sup> September 2016 at 114, bldg. no. 8, Jogani Industrial Complex, Chunabhatti, Mumbai-400022.

Member's Name: .....

Proxy's Name: ..... Member's/ Proxy's Signature

Note:

1. Please fill this attendance slip and hand it over at the entrance.
2. Members/Proxy Holders/Authorised Representatives are requested to show their Photo ID Proof for attending the Meeting.
3. Authorized Representatives of Corporate members shall produce proper authorization issued in their favour.





# Parnax Lab Limited

Gala No. 114, Bldg. No. 8, Jogani Industrial Complex, Chunabhatti, Mumbai-400022.

CIN: L36912MH1982PLC027925

Tel No.022-30015666 • Fax.022-24057708

Web site: www.naxparlab.com

Email ID: info@naxparlab.com

## Proxy Form

(Pursuant to Section 105(6) of the Companies Act, 2013 and rules 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the member (s) : .....

Registered Address: .....

E. Mail Id:..... Folio No./Client Id ..... DP ID.....

I/We, being the member(s) holding of .....shares of the above named Company, hereby appoint

1. Name:.....

Address:.....

E.mail ID.....Signature:..... or failing him

2. Name:.....

Address:.....

E.mail ID.....Signature:..... or failing him

3. Name:.....

Address:.....

E.mail ID.....Signature:.....

my/our proxy to attend and vote(on a poll) for me/us and on my/our behalf at the 33<sup>rd</sup> Annual General Meeting of the Company, to be held on Wednesday 28<sup>th</sup> September 2016 at 11.00 am at 114, bldg. no. 8, Jogani Industrial Complex, Chunabhatti, Mumbai-400022 at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No	Resolutions		
		For	Against
	<b>Ordinary Business</b>		
1.	To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March 2016 including audited Balance sheet as at 31st March, 2016 and the statement of Profit & Loss for the year ended on that date and the Report of the Board of Directors and Auditors thereon.		
2.	Reappointment of Mr. Ami Mihir Shah who retires by rotation.		
3.	Appointment of M/s. Ladha Singhal & Associates, Chartered Accountants as Statutory Auditor.		
	<b>SPECIAL BUSINESS:</b>		
4.	To Approve the Related Party Transaction.		
5.	To Appoint Mr. Prakash Shah (DIN:00440980) as Chairman w.e.f. 12th August 2016.		
6.	To Appoint Mr. Baiju M Shah (DIN:00440806) as Managing Director w.e.f. 01st September 2016.		
7.	Ratification for alteration/ variation of utilization of proceeds of Preferential Allotment of 28,00,000 Equity Shares.		

Signed this.....day of .....2016

Signature of shareholder

Signature of Proxy holder(s)

Affix Revenue stamp
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**Note:**

- This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company, not less than 48 hours before the commencement of the Meeting.**





## Parnax Lab Limited

Gala No. 114, Bldg. No. 8, Jogani Industrial Complex, Chunabhatti, Mumbai-400022.

CIN: L36912MH1982PLC027925

Tel No.022-30015666 • Fax.022-24057708

Web site: [www.naxparlab.com](http://www.naxparlab.com) • Email ID: info@naxparlab.com

### 34<sup>th</sup> Annual General Meeting

### ASSENT/ DISSENT FORM FOR VOTING ON AGM RESOLUTIONS

1. Name(s) & Registered Address :  
Of the sole / first named Member
2. Name(s) of the Joint-Holder(s) :  
If any
3. i) Registered Folio No. :  
ii) DP ID No & Client ID No.  
[Applicable to Members Holding shares in dematerialized Form]
4. Number of Shares(s) held :
5. I/ W herby exercise my/our vote in respect of the following resolutions to be passed for the business stated in the Notice of the Annual general Meeting dated on Wednesday 28<sup>th</sup> September 2016 by conveying my/ our assent or dissent to the resolutions

Resolution No	Resolutions	No of Shares		
			For	Against
	<b>Ordinary Business</b>			
1.	To receive, consider and adopt the Financial Statements of the Company for the year ended 31st March 2016 including audited Balance sheet as at 31st March, 2016 and the statement of Profit & Loss for the year ended on that date and the Report of the Board of Directors and Auditors thereon.			
2.	Reappointment of Mr. Ami Mihir Shah who retires by rotation.			
3.	Appointment of M/s. Ladha Singhal & Associates, Chartered Accountants as Statutory Auditor.			
	<b>SPECIAL BUSINESS:</b>			
4.	To Approve the Related Party Transaction.			
5.	To Appoint Mr. Prakash Shah (DIN:00440980) as Chairman w.e.f. 12th August 2016.			
6.	To Appoint Mr. Baiju M Shah (DIN:00440806) as Managing Director w.e.f. 01st September 2016.			
7.	Ratification for alteration/ variation of utilization of proceeds of Preferential Allotment of 28,00,000 Equity Shares.			

Signed this.....day of .....2016

Signature of shareholder

Or

Signature of Proxy holder(s)

Affix  
Revenue  
stamp

- Notes: i) If you opt to cast your vote by e-voting, there is no need to fill up and sign this form.  
ii) Last date for receipt of Assent/ Dissent Form: Tuesday 27th September 2016 (5.00 pm IST)  
iii) Please read the instructions printed overleaf carefully before exercising your vote.

## General Instructions

1. Shareholders have option to vote either through e-voting i.e. electronic means or to convey assent/dissent. If a shareholder has opted for physical Assent/Dissent Form, then he/she should not vote by e-voting and vice versa. However, in case Shareholders cast their vote through physical assent/dissent form and e-voting, then vote cast through e-voting shall be treated as valid.
2. The notice of Annual General Meeting is dispatched / e-mailed to the members whose names appear on the Register of Members as on 26th August 2016 and voting rights shall be reckoned on the paid-up value of the shares registered in the name of the shareholders as on the said date.
3. Voting through physical assent/ dissent form cannot be exercised by a proxy. However, corporate and institutional shareholders shall be entitled to vote through their authorized representatives with proof of their authorization, as stated below.

## Instructions for voting physically on Assent / Dissent Form

1. A member desiring to exercise vote by Assent/ Dissent should complete this (no other form or photocopy thereof is permitted) and send it to the Scrutinizer, at their cost to reach the Scrutinizer at the registered office of the Company on or before the close of working hours i.e. 5.00 pm on Tuesday, 27th September 2016. All Forms received after this date will be strictly treated as if the reply from such Member has not been received.
2. This Form should be completed and signed by the Shareholder (as per the specimen signature registered with the Company/ Depository Participants). In case of joint holding, this Form should be completed and signed by the first named Shareholder and in his absence, by the next named Shareholder.
3. In respect of shares held by corporate and institutional shareholders (companies, trusts, societies etc.) the completed Assent/ Dissent Form should be accompanied by a certified copy of the relevant Board Resolution/ appropriate authorization, with the specimen signature(s) of the authorized signatory (ies) duly attested.
4. The consent must be accorded by recording the assent in the column "FOR" or dissent in the column "AGAINST" by placing a tick mark ( $\sqrt{\quad}$ ) in the appropriate column in the Form. The assent or dissent received in any other form shall not be considered valid.
5. Members are requested to fill the Form in indelible ink and avoid filling it by using erasable writing medium(s) like pencil.
6. There will be one Assent/ Dissent Form for every folio / Client id irrespective of the number of joint holders.
7. A member may request for a duplicate Assent/ Dissent Form, if so required and the same duly completed should reach the Scrutinizer not later than the specified under instruction No.1 above.
8. Members are requested not to send any other paper along with the Assent / Dissent Form. They are also requested not to write anything in the Assent/ Dissent form except giving their assent or dissent and putting their signature. If any such other paper is sent the same will be destroyed by the Scrutinizer.
9. The Scrutinizers decision on the validity of the Assent/ Dissent Form will be final and binding.
10. Incomplete, unsigned or incorrectly ticked Assent/ Dissent Forms will be rejected.

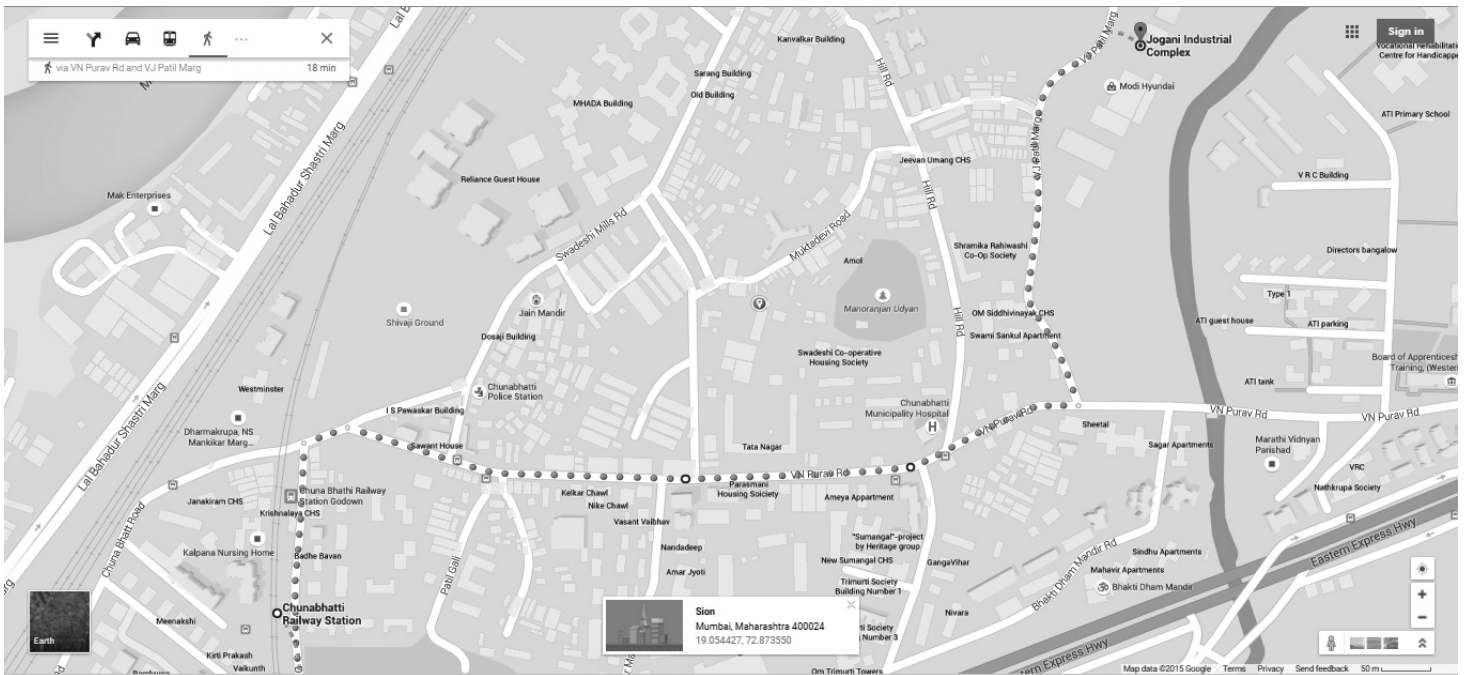
## 34<sup>th</sup> Annual General Meeting

Day & Date: Wednesday, 28<sup>th</sup> September 2016

Time: 11.00 AM

Venue: Gala No. 114, Bldg. No. 8,  
Jogani Industrial Complex, Chunabhatti, Mumbai - 400022.

### ROUTE MAP TO VENUE OF THE AGM





# **Parnax Lab Limited**

**Regd office:** 114, Bldg no. 8, Jogani Industrial Complex,  
Chunabhatti, Mumbai - 400022