

Independent Auditors' Report

To
The Members,
Ramky Pharma City (India) Limited

Report on the Audit of the financial statements

Opinion

We have audited the accompanying financial statements of Ramky Pharma City (India) Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2020, the Statement of Profit and Loss (Including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "financial statements").

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

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules there under, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to the following matter in the Notes to the financial statements:

a) Note No. 36 to the financial statements which describe the uncertainty in connection with the Charge sheet filed by CBI against company and the attachment order of the Enforcement Directorate in respect of certain assets of the company. The Management believes that it has complied with the provisions of the concession agreement. Our report is not qualified in respect of this matter as the consequential financial impact of the said regulatory action will be reliably known only when the matter is resolved.

b) Note.39 of the financial statements, which describes the uncertainties and the impact of Covid19 on the Company.

Our opinion is not modified in respect of these matters.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the Management Discussion and Analysis and Board's Report including Annexures to Board's Report, but does not include the financial statements and our auditor's report thereon. The Board's Report including Annexures to Board's Report is expected to be made available to us after the date of this auditor's report.

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

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

When we read the Board's Report including Annexures to Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in Equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued there under. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure -A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss including other comprehensive income, the statement of changes in Equity and the statement of Cash flows and dealt with by this Report are in agreement with the relevant books of account.
 - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, relevant rules issued there under.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.
 - (f) In our opinion, the matter described in the point (b) of Emphasis of Matter paragraph above may have effect on the functioning of the business of the company.
 - (g) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and


- (h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended :

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

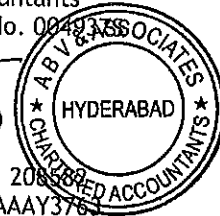
- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements - Refer Note No. 36 and 38 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

for A B V & Associates
Chartered Accountants
Firm Registration No. 0049388


(A.S.Naidu)
Partner

Membership No. 2085889
UDIN:20208582AAAAAY3763



Place: Hyderabad
Date: 10-06-2020

Annexure- A to the Independent Auditors' Report:

The Annexure referred to the Independent auditors' report to the members of the company on the financial statements for the year ended 31 March 2020, we report that:


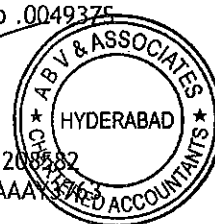
- i. (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- (b) A major portion of fixed assets have been physically verified by the management during the year at reasonable intervals; no material discrepancies were noticed on such verification.
- (c) According to the information and explanations 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. The inventory has been physically verified by the management during the year at reasonable intervals; no material discrepancies were noticed on such verification and have been properly dealt with in the books of account.
- iii. (a) According to the information and explanations given to us, the terms and conditions of loans granted to parties covered in the register maintained under section 189 of the Companies Act, 2013 are not prejudicial to the company's interest.
- (b) In respect of the above loans there is no specific repayment schedule for principal and interest and repayable on demand.
- (c) In respect of the above loans there is no amount overdue for more than ninety days.
- iv. According to the information and explanations given to us, in respect of loans, investments, guarantees, and security the provisions of section 185 and 186 of the Companies Act, 2013 have been complied with.
- v. The Company has not accepted any deposits within the meaning of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any tribunal.
- vi. We have broadly reviewed the accounts and records maintained by the company as specified by the Central Government of India for the maintenance of cost records under sub section (1) of Section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- vii. (a) According to the information and explanations given to us and the records of the Company examined by us the company has been generally regular in depositing the undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Service Tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues as applicable with the appropriate authorities and no undisputed amounts payable were outstanding as at 31st March, 2020 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of Income Tax or Sales Tax or duty of customs or duty of excise or value added tax or cess as at 31st March, 2020 which have not been deposited on account of a dispute. However, the Company disputes the dues in respect of Service Tax as mentioned below:

| Name of the Statute | Nature of the Dues | Amount | Period to which the amount relates | Forum where dispute is pending |
|--------------------------------------|--------------------|--|------------------------------------|---|
| Service Tax The Finance Act, 1994 | Tax Penalty | 11,24,03,856 11,24,03,856 Rs.2,50,00,000/- paid under protest | 2007-2013 | The Customs, Excise & Service Tax Appellate Tribunal, Hyderabad |
| Service Tax The Finance Act, 1994 | Tax Penalty | Rs. 10,07,65,310 Rs. 10,07,65,310 Rs.75,57,398/- paid under protest | 2012-2017 | The Customs, Excise & Service Tax Appellate Tribunal, Hyderabad |
| Goods and Services Tax Act, 2017 | Tax Penalty | Rs.2,24,51,810 Rs.22,44,683/- Rs.22,44,684/- paid under protest | July 2017 to Dec 2017 | The Appellate Joint Commissioner (CT), Vijayawada |

- viii. In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its bankers or to any financial institutions. The Company did not have any loans from Government and outstanding debentures during the year.
- ix. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Companies (Auditor's Report) Order, 2016 is not applicable.
- x. *As per the information and explanations gives to us, in the previous years a charge sheet has been filed by CBI with the CBI court, Nampally, Hyderabad alleging certain irregularities by the company pertaining to reduction of Green belt area. We are unable to reliably quantify the impact of such irregularities and the consequential financial impact on the company which will be known only when the matter is resolved. Further, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.*

- xi. According to the information and explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii. In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Companies (Auditor's Report) Order, 2016 is not applicable.
- 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 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 give 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 directors or persons connected with him. Accordingly, paragraph 3(xv) of the Companies (Auditor's Report) Order, 2016 is not applicable.
- xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For A B V & Associates
Chartered Accountants
Firm Registration No .0049375

(A.S.Naidu)
Partner
Membership No. 208582
UDIN:20208582AAAAA


Place: Hyderabad
Date : 10-06-2020

Annexure- B to the Independent Auditors' Report:

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

We have audited the internal financial controls over financial reporting of Ramky Pharma City (India) Limited ("the Company") as of 31st March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

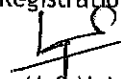
Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

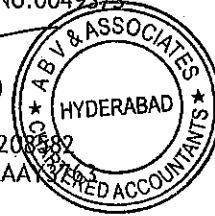
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for A B V & Associates
Chartered Accountants
Firm Registration No.0049375


(A.S.Naidu)
Partner

Membership No.208382
UDIN:20208582AAAAA



Place: Hyderabad
Date: 10-06-2020

(INR in Millions)

| | Notes | As at 31st March 2020 | As at 31st March 2019 |
|--|-------|--------------------------|--------------------------|
| Assets | | | |
| Non-current assets | | | |
| Property, plant and equipment | 4 | 1,103.80 | 1,172.65 |
| Capital work-in-progress | | 6.89 | 0.45 |
| Financial assets | | | |
| Non-current investments | 5 | 61.61 | 58.22 |
| Other financial assets | 6 | 50.63 | 50.32 |
| Deferred tax assets, net | 7 | 69.44 | 77.09 |
| Non-current tax assets | 8 | 40.04 | 47.55 |
| Total non-current assets | | 1,332.41 | 1,406.28 |
| Current assets | | | |
| Inventories | 9 | 776.25 | 762.12 |
| Financial assets | | | |
| Trade receivables | 10 | 648.19 | 637.72 |
| Cash and cash equivalents | 11 | 31.79 | 49.23 |
| Bank balances other than Cash and cash equivalents | 12 | 4.72 | 4.44 |
| Loans | | - | - |
| Other financial assets | 13 | 0.63 | 2.07 |
| Other current assets | 14 | 291.93 | 379.72 |
| Total current assets | | 1,753.51 | 1,835.30 |
| Total assets | | 3,085.92 | 3,241.58 |
| Equity and liabilities | | | |
| Equity | | | |
| Equity share capital | 15 | 180.00 | 180.00 |
| Other equity | 16 | | |
| General reserve | | 50.00 | 50.00 |
| Retained earnings | | 1,468.33 | 1,408.83 |
| Other comprehensive income | | (3.34) | (3.12) |
| Total equity | | 1,694.99 | 1,635.71 |
| Liabilities | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| Non-current borrowings | 17 | - | 520.00 |
| Other financial liabilities | 18 | 24.86 | 15.06 |
| Provisions | 19 | 4.85 | 3.61 |
| Total non-current liabilities | | 29.71 | 538.67 |
| Current liabilities | | | |
| Financial liabilities | | | |
| Borrowings | | | |
| Trade and other payables | | | |
| i) Total outstanding dues to micro and small enterprises | | 0.21 | 0.20 |
| ii) Outstanding dues to creditors other than micro and small enterprises | 20 | 663.69 | 183.24 |
| Other financial liabilities | 21 | 262.35 | 257.21 |
| Other current liabilities | 22 | 434.24 | 626.01 |
| Provisions | 23 | 0.73 | 0.53 |
| Total current liabilities | | 1,361.22 | 1,067.20 |
| Total liabilities | | 1,390.93 | 1,605.87 |
| Total equity and liabilities | | 3,085.92 | 3,241.58 |

The notes 1 to 40 are an integral part of these financial statements.

In terms of our report attached.

for A B V & Associates

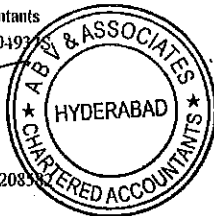
Chartered Accountants

Firm Regn No: 00499

CA A.S.Naidu

Partner

Membership No: 2083



Place : Hyderabad

Date : 10-06-2020

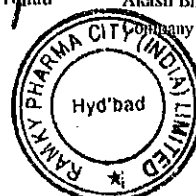
For and on behalf of the Board
Ramky Pharma City (India) Limited

P.P. Lal Krishna
Managing Director
DIN: 03515181

Divakar Marri
Director
DIN: 06865376

A. Satyam Naidu
C.F.O

Akash Bhagadia
Company Secretary



Ramky Pharma City (India) Limited
Statement of Profit and Loss
For the year ended 31st March 2020

(INR in Millions)

| | Notes | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
|--|-------|---------------------------------------|---------------------------------------|
| Revenue | | | |
| Revenue from contracts with customers | 24 | 1,554.05 | 1,548.78 |
| Other income | 25 | 39.91 | 52.95 |
| Total income | | 1,593.96 | 1,601.73 |
| Expenses | | | |
| Operating expenses | 26 | 1,278.29 | 1,213.40 |
| Purchases of stock-in-trade | | 0.03 | 1.21 |
| Employee benefits expense | 27 | 75.35 | 71.52 |
| Finance costs | 28 | 61.09 | 117.06 |
| Depreciation expense | 4 | 71.77 | 61.50 |
| Other expenses | 29 | 25.31 | 34.40 |
| Total expenses | | 1,511.84 | 1,499.09 |
| Profit before tax | | 82.12 | 102.64 |
| Current tax | | 14.90 | 22.36 |
| Deferred tax | | 7.72 | (8.53) |
| Taxes of earlier years | | 0.00 | (2.44) |
| MAT Credit Entitlements | | - | (7.14) |
| Income tax expense | | 22.62 | 4.25 |
| Profit for the year | | 59.50 | 98.39 |
| Other comprehensive income | | | |
| <i>Items that will not be re classified to profit and loss</i> | | | |
| Actuarial gains/(losses) of defined benefit plans | | (0.30) | (2.02) |
| Income tax relating to items that will not be reclassified to profit or loss | | 0.08 | 0.56 |
| Other comprehensive income for the year, net of income tax | | (0.22) | (1.46) |
| Total comprehensive income for the year | | 59.28 | 96.93 |
| Earnings per share | | | |
| Basic earnings per share (INR) | | 3.31 | 5.47 |
| Diluted earnings per share (INR) | | 3.31 | 5.47 |

The notes 1 to 40 are an integral part of these financial statements.

In terms of our report attached.

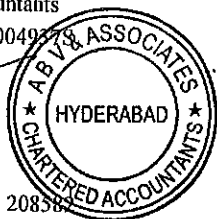
for A B V & Associates

Chartered Accountants

Firm Regn No: 0049

CA A.S.Naidu
 Partner

Membership No: 20858



Place : Hyderabad

Date : 10-06-2020

For and on behalf of the Board

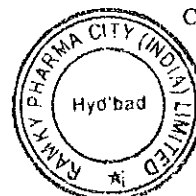
Ramky Pharma City (India) Limited

P.P. Lal Krishna
 Managing Director
 DIN: 03515181

Divakar Marri
 Director
 DIN: 06865376

A. Satyan Naidu
 C.F.O.

Akash Bhagadia
 Company Secretary



Ramky Pharma City (India) Limited
Statement of Cash Flows
For the year ended 31st March 2020

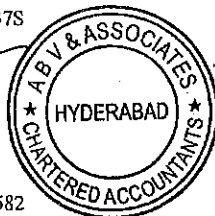
| | (INR in Millions) | |
|---|---------------------------------------|---------------------------------------|
| | For the year ended 31st March 2020 | For the year ended 31st March 2019 |
| Cash flows from operating activities | | |
| Profit for the year (before tax) | 82.12 | 102.64 |
| <i>Adjustments for:</i> | | |
| Depreciation expense | 71.77 | 61.50 |
| Loss on sale of fixed assets | - | - |
| Bad debts written off | - | 9.88 |
| Finance costs | 61.09 | 117.06 |
| Other Income | (8.95) | (16.41) |
| <i>Working capital adjustments:</i> | | |
| (Increase) / Decrease in inventories | (14.13) | (10.18) |
| (Increase) / Decrease in trade receivables | (10.46) | (133.48) |
| Decrease in other financial assets | 1.13 | (12.58) |
| (Increase) / Decrease in other current assets | 87.79 | 585.61 |
| Increase / (Decrease) in trade payables | 480.46 | 86.62 |
| Increase / (Decrease) in other financial liabilities | 9.80 | 4.13 |
| Increase in other current liabilities | (191.79) | (276.11) |
| Increase / (Decrease) in provisions | 1.14 | (0.81) |
| Cash generated from (used in) operations | 569.97 | 517.87 |
| Income tax paid (Net) | (7.39) | (26.22) |
| Net cash from (used in) operating activities (A) | 562.58 | 491.65 |
| Cash flows from investing activities | | |
| Purchase of property, plant and equipment | (9.37) | (148.35) |
| Proceeds from Sale of fixed assets | - | - |
| Interest received | 5.57 | 12.50 |
| Bank Balances not considered as Cash and Cash equivalents | (0.28) | (0.26) |
| Net cash from investing activities (B) | (4.08) | (136.11) |
| Cash flows from financing activities | | |
| Proceeds (Repayment) of long term borrowings | (510.00) | (250.00) |
| Interest expense | (65.94) | (119.33) |
| Dividend Paid (Including Dividend Distribution Tax) | - | (43.40) |
| Net cash from (used in) financing activities (C) | (575.94) | (412.73) |
| Net increase/(decrease) in cash and cash equivalents (A+B+C) | (17.44) | (57.19) |
| Cash and cash equivalents at 1 April | 49.23 | 106.42 |
| Closing cash and cash equivalents | 31.79 | 49.23 |

The notes 1 to 40 are an integral part of these financial statements.

In terms of our report attached.

for A B V & Associates
Chartered Accountants
Firm Regn No: 004937S

CA A.S.Naidu
Partner
Membership No: 208582



Place : Hyderabad
Date: 10-06-2020

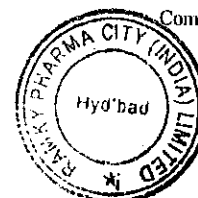
For and on behalf of the Board
Ramky Pharma City (India) Limited

P.P. Lal krishna
Managing Director
DIN: 03515181

Divakar Marri
Director
DIN: 06865376

A.Satyam Naidu
C.F.O

Akash Bangadia
Company Secretary



Ramky Pharma City (India) Limited
Notes to the financial statements for the year ended 31 March 2020

1. Reporting entity

Ramky Pharma City (India) Limited ("the Company") is a special purpose vehicle incorporated for developing an exclusive hub for bulk drug, pharmaceuticals, chemical and allied industries under "Public-Private- Partnership" at J N Pharma City, Visakhapatnam, India. The Company's registered office is located at 6-3-1089/G/10&11, Gulmohar Avenue, Rajbhavan Road, Hyderabad, Telangana, 500082 India.

2. Basis of preparation

A. Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorized for issue by the Company's Board of Directors on 10-06-2020

Details of the Company's accounting policies are included in Note 3.

B. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), which is also the Company's functional currency. All amounts have been rounded-off to the nearest Millions, unless otherwise stated.

C. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

| Items | Measurement Basis |
|--|--|
| Certain financial assets and liabilities | Fair value |
| Net defined benefit (asset)/ liability | Present value of defined benefit obligations |

D. Use of estimates and judgment

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

– Note 7 – realization of deferred tax assets

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2018 is included in the following notes:

- Note 3(c) – impairment test of non-financial assets.
- Note 7 – recognition of deferred tax assets
- Note 33 – measurement of defined benefit obligations: key actuarial assumptions;
- Notes 19 and 23 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 3(c) – impairment of financial assets

E. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

Note 34 – financial instruments;

3. Significant accounting policies

a. Property, plant and equipment

i. *Recognition and measurement*

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located.

The cost of a self-constructed item of property, plant and equipment comprises the cost of materials and direct labor, any other costs directly attributable to bringing the item to working condition for its intended use, and estimated costs of dismantling and removing the item and restoring the site on which it is located.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. *Transition to Ind AS*

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015, measured as per the previous GAAP, and use that carrying value as the deemed cost of such property, plant and equipment.

iii. *Subsequent expenditure*

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

iv. *Depreciation*

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

| Asset | Management estimate of useful life | Useful life as per Schedule II |
|------------------------|------------------------------------|--------------------------------|
| Office equipment | 5 years | 5 years |
| Furniture and fixtures | 10 years | 10 years |
| Computer accessories | 3 years | 3 years |
| Social infrastructure | 20 years | 30 Years |
| Vehicles | 8 years | 8 years |

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Based on technical evaluation and consequent advice, the management believes that its estimates of useful lives as given above best represent the period over which management expects to use these assets. Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

b. Financial instruments

Non-derivative financial instruments

All financial instruments are recognized initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are included in the fair value of the financial assets. Purchase or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trade) are recognized on trade date. While, loans and borrowings and payable are recognized net of directly attributable transactions costs.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets at amortized cost; non derivative financial liabilities at amortized cost. The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition

Non- derivative financial assets

Financial assets are initially measured at fair value plus transaction costs and subsequently carried at amortized cost using the effective interest method, less any impairment loss.

The company's financial assets include security deposits, cash and cash equivalents, employee and other advances, trade receivables and eligible current and non-current assets.

Non-derivative financial liabilities

Financial liabilities at amortized cost are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

The company has the following financial liabilities: loans and borrowings, trade and other payables including deposits collected from various parties.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

c. Impairment

i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost.

At each reporting date, the Company assesses whether financial assets carried at amortised are credit impaired. A financial asset is credit impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. The Company measures loss allowances at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- i. the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- ii. the financial asset is 90 days or more past due.

Measurement of expected credit losses

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expect to receive).

Presentation of allowance for expected credit losses in the Balance Sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of non-financial assets

The Company's non-financial assets, other than deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

d. Revenue recognition

Revenue from contract with customers is recognised when the Company satisfies performance obligation by transferring promised goods and services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

Revenue from land and development is recognised based on the percentage of completion method where the performance obligations are satisfied over time. Operation or service revenue is recognised in the period in which the services are provided by the Company.

When there is uncertainty as to measurement or ultimate collectability, revenue recognition is postponed until such uncertainty is resolved.

Rental income

Rental income is recognized in profit or loss on a straight-line basis over the term of the lease except where the rentals are structured to increase in line with expected general inflation. Lease incentives granted are recognized as an integral part of the total rental income, over the term of the lease.

e. Inventories

Inventories comprise of lands and development expenditure. It is valued at direct development cost including related incidental expenditure attributable to the said property to bring it to the marketable stage.

Direct expenditure relating to construction activity is inventorised. Other expenditure (including borrowing costs) during construction period is inventorised to the extent the expenditure is directly attributable cost of bringing the asset to its working condition for its intended use. Other expenditure (including borrowing costs) incurred during the construction period which is not directly attributable for bringing the asset to its working condition for its intended use is charged to the statement of profit and loss. Direct and other expenditure is determined based on specific identification to the construction and real estate activity. Cost incurred/ items purchased specifically for projects are taken as consumed as and when incurred/ received.

Work-in-progress - Real estate projects (including land inventory): Represents cost incurred in respect of unsold area of the real estate development projects or cost incurred on projects where the revenue is yet to be recognised. Real estate work-in-progress is valued at lower of cost and net realizable value.

f. Employee benefits

i. Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii. Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. The Company makes

Ramky Pharma City (India) Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

specified monthly contributions towards Government administered provident fund scheme. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which the related services are rendered by employees.

Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in future payments is available.

iii. Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Company determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

iv. Compensated absences:

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit and the accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

g. Provisions (other than employee benefits)

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

h. Borrowing costs

Borrowing costs incurred for obtaining assets which takes substantial period to get ready for their intended use are capitalized to the respective assets wherever the costs are directly attributable to such assets and in other cases by applying weighted average cost of borrowings to the expenditure on such assets. Other borrowing costs are treated as expense for the year.

Transaction costs in respect of long-term borrowings are amortized over the tenor of respective loans using effective interest method.

i. Recognition of interest income or expense

Interest income or expense is recognised using the effective interest method.

The 'effective interest rate' is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

j. Income tax

Income tax comprises of current and deferred tax. It is recognized in profit or loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

ii. Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or

Ramky Pharma City (India) Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

k. Earnings per share

The basic earnings per share ("EPS") for the year is computed by dividing the net profit/ (loss) after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The Company has no potentially dilutive equity shares.

l. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment.

ii) Lease liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in

Ramky Pharma City (India) Limited

Notes to the financial statements for the year ended 31 March 2020 (continued)

an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to those items that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

m. Segment reporting

The Board of Directors assess the financial performance of the Company and make strategic decisions and has been identified as being the Chief Operating Decision Maker (CODM). Based on the internal reporting provided to the CODM, the Company has only one reportable segment i.e. 'construction and development of real estate' and hence no separate disclosures are required under Ind AS 108.

n. Changes in accounting policy and disclosures – New and amended standards

Ind AS 116 Leases

The Company applied Ind AS 116 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Ind AS 116 supersedes Ind AS 17 Leases including its appendices (Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease, Appendix A of Ind AS 17 Operating Leases-Incentives and Appendix B of Ind AS 17 Evaluating the Substance of Transactions Involving the Legal Form of a Lease). The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 1 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

The Company elected to use the transition practical expedient to not reassess whether a contract is, or contains, a lease at 1 April 2019. Instead, the Company applied the Standard only to contracts that were previously identified as leases applying Ind AS 17 and Appendix C of Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets).

There is no material impact of adopting Ind AS 116 on Balance Sheet, Statement of Profit and Loss, OCI or the Company's operating, investing and financing cash flows as on 1 April 2019 and 31 March 2020.

Ramky Pharma City (India) Limited
Statement of Changes in Equity
For the year ended 31st March 2020

a. Equity share capital

(INR in Millions)

| | Amount |
|--|--------|
| Balance as at the 31 March 2018 | 180.00 |
| Changes in equity share capital during 2018-19 | - |
| Balance as at the 31 March 2019 | 180.00 |
| Changes in equity share capital during 2019-20 | - |
| Balance as at the 31st March 2020 | 180.00 |

b. Other equity

(INR in Millions)

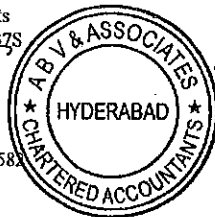
| | General reserve | Reserves and surplus | Items of Other comprehensive income (OCI) | Total |
|---|-----------------|----------------------|---|----------|
| | General reserve | Retained earnings | Others | |
| Balance at 31 March 2018 | 50.00 | 1,353.84 | (1.66) | 1,402.18 |
| Total comprehensive income for the year ended 31 March 2019 | | | | |
| Profit or loss | - | 98.39 | - | 98.39 |
| Other comprehensive income (net of tax) | - | - | (1.46) | (1.46) |
| Total comprehensive income | - | 98.39 | (1.46) | 96.93 |
| Transactions with owners in their capacity as owners directly in equity | - | - | - | - |
| Final dividend, declared and paid during the year | - | (36.00) | - | (36.00) |
| Tax on final dividend | - | (7.40) | - | (7.40) |
| Balance at 31 March 2019 | 50.00 | 1,408.83 | (3.12) | 1,455.71 |
| Total comprehensive income for the year ended 31st March 2020 | | | | |
| Profit or loss | - | 59.50 | - | 59.50 |
| Other comprehensive income (net of tax) | - | - | (0.22) | (0.22) |
| Total comprehensive income | - | 59.50 | (0.22) | 59.28 |
| Transactions with owners in their capacity as owners | - | - | - | - |
| Final dividend, declared and paid during the year | - | - | - | - |
| Tax on final dividend | - | - | - | - |
| Balance as at the 31st March 2020 | 50.00 | 1,468.33 | (3.34) | 1,514.99 |

The notes 1 to 40 are an integral part of these financial statements.

In terms of our report attached.

for A B V & Associates
Chartered Accountants
Firm Regn No: 0049378

CA A.S.Naidu
Partner
Membership No: 20858



Place : Hyderabad
Date: 10-06-2020

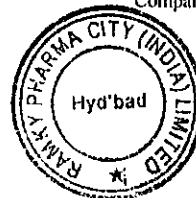
For and on behalf of the Board
Ramky Pharma City (India) Limited

P.P. Lal Krishna
Managing Director
DIN: 03515181

Divakar Marri
Director
DIN: 06865376

A.Satyam
A.Satyam Naidu
C.F.O

Akash Bhagadia
Company Secretary



Ranbaxy Pharma City (India) Limited
Notes to the financial statements
As at 31st March 2020

4. Property, plant and equipment

| | Freehold land | Social infrastructure | Plant and equipment | Furniture and fixtures | Vehicles | Office equipment | Computer accessories | Total |
|-------------------------------------|---------------|-----------------------|---------------------|------------------------|----------|------------------|----------------------|----------|
| Deemed cost (gross carrying amount) | | | | | | | | |
| Balance at 31 March 2018 | 64.67 | 464.68 | 502.79 | 1.20 | 11.54 | 1.70 | 0.84 | 1,047.42 |
| Additions | - | - | 305.97 | 0.09 | 0.13 | 0.26 | 0.33 | 306.78 |
| Disposals | - | - | - | - | - | - | - | - |
| Balance at 31 March 2019 | 64.67 | 464.68 | 808.76 | 1.28 | 11.67 | 1.96 | 1.17 | 1,354.20 |
| Additions | - | - | 2.11 | 0.06 | 0.07 | 0.21 | 0.47 | 2.93 |
| Disposals | - | - | - | - | - | - | - | - |
| Balance at 31st March 2020 | 64.67 | 464.68 | 810.87 | 1.35 | 11.74 | 2.17 | 1.64 | 1,357.12 |
| Accumulated depreciation | | | | | | | | |
| Balance at 31 March 2018 | - | 53.60 | 61.89 | 0.50 | 2.52 | 1.24 | 0.30 | 120.05 |
| Depreciation for the year | - | 17.86 | 41.48 | 0.17 | 1.51 | 0.15 | 0.33 | 61.50 |
| Disposals | - | - | - | - | - | - | - | - |
| Balance at 31 March 2019 | - | 71.46 | 103.37 | 0.67 | 4.03 | 1.39 | 0.63 | 181.55 |
| Depreciation for the year | - | 17.91 | 51.74 | 0.18 | 1.36 | 0.19 | 0.39 | 71.77 |
| Disposals | - | - | - | - | - | - | - | - |
| Balance at 31st March 2020 | - | 89.37 | 155.11 | 0.84 | 5.39 | 1.58 | 1.03 | 253.32 |
| Carrying amounts (net) | | | | | | | | |
| At 31st March 2019 | 64.67 | 393.22 | 705.39 | 0.62 | 7.64 | 0.57 | 0.54 | 1,172.65 |
| At 31st March 2020 | 64.67 | 375.31 | 655.76 | 0.50 | 6.35 | 0.59 | 0.62 | 1,103.80 |

* Refer Note no. 36

5. Non-current investments

| | (INR in Millions) | |
|--|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| a) Equity instruments of subsidiaries: <i>(unquoted, carried at cost)</i> 1,50,000 Equity shares of Rs.10/- each in JNPC Pharma Innovation Limited | 1.50 | 1.50 |
| b) In mutual funds, at fair value through profit and loss 25,026.552 units in IDFC Cash Fund-Growth-(Direct Plan) (Face value of Rs.1000/-each) (Refer Note no. 36) | 60.11 | 56.72 |
| | 61.61 | 58.22 |

As per Rule 6 of The Companies (Accounts) Rules, 2016 the Company is not required to prepare consolidated financial statements if its ultimate or any intermediate holding company files consolidated financial statements with the Registrar.

By virtue of the above exemption the Company has not prepared the consolidated financial statements as Ramky infrastructure limited (ultimate holding company) is preparing the consolidated financial statements.

6. Other non-current financial assets

| | (INR in Millions) | |
|---|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Unsecured, considered good: Security deposits | 50.63 | 50.32 |
| | 50.63 | 50.32 |

7. Deferred tax assets, net

A. Movement in temporary differences

| | (INR in Millions) | |
|-------------------------------|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Deferred tax asset | | |
| MAT credit entitlement | 165.59 | 165.60 |
| | 165.59 | 165.60 |
| Deferred tax liability | | |
| Property, plant and equipment | 90.74 | 83.56 |
| Investments | 7.19 | 6.25 |
| Others | (1.78) | (1.30) |
| | 96.15 | 88.51 |
| | 69.44 | 77.09 |

B. Reconciliation of effective Tax Rate

| | (INR in Millions) | | | |
|--|-------------------|--------------|-----------------|-------------|
| | 31st March 2020 | | 31st March 2019 | |
| Profit Before Tax | | 82.12 | | 102.64 |
| Tax using the Company's domestic tax rate | 27.82% | 22.85 | 27.82% | 28.55 |
| Effect of: | | | | |
| Non-deductible expenses | -0.25% | (0.20) | 1.34% | 1.33 |
| Increase / (Decrease) in Tax Rate | 0.00% | - | -20.83% | (21.38) |
| Recognition of previously unrecognised tax losses / allowances | -0.03% | (0.02) | -4.19% | (4.30) |
| Effective tax rate | 27.55% | 22.62 | 4.14% | 4.25 |

8. Non-current tax assets

| | (INR in Millions) | |
|--|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Advance Tax, Net of Provision for Income Tax | 40.04 | 47.55 |
| | 40.04 | 47.55 |

9. Inventories

(valued at lower of cost or net realisable value)

| | (INR in Millions) | |
|--|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Development expenditure (Refer Note no. 36) | 774.61 | 760.58 |
| Stock of stores, consumables and trading goods | 1.64 | 1.54 |
| | 776.25 | 762.12 |

10. Trade receivables

| | (INR in Millions) | |
|----------------------------|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Unsecured, considered good | 648.19 | 637.72 |
| | 648.19 | 637.72 |

11. Cash and Cash equivalents

| | (INR in Millions) | |
|---|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Cash on hand | | |
| Balances with banks: | 0.02 | 0.03 |
| - in current accounts | | |
| - in deposit accounts with maturity is less than 3 months | 31.77 | 49.20 |
| | 31.79 | 49.23 |

12. Bank balances other than Cash and cash equivalents

| | (INR in Millions) | |
|---|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Balances with banks: | | |
| - in Margin money deposits against guarantees | 4.72 | 4.44 |
| | 4.72 | 4.44 |

13. Other current financial assets

| | (INR in Millions) | |
|-----------------------------------|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| <i>Unsecured, considered good</i> | | |
| Other loans and advances | 0.63 | 2.07 |
| | 0.63 | 2.07 |

14. Other current assets

| | (INR in Millions) | |
|---|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Advances recoverable in cash or in kind | | 291.78 |
| Cenvat/GST receivable | 221.84 | 87.30 |
| Pre-paid expenses | 69.19 | 0.64 |
| | 0.90 | |
| | 291.93 | 379.72 |

15. Share capital

| | (INR in Millions) | |
|---------------------------------------|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Authorised | | |
| Equity shares of Rs. 10/- each | 180.00 | 180.00 |
| | 180.00 | 180.00 |
| Issued, subscribed and paid-up | | |
| Equity shares of Rs. 10/- each | 180.00 | 180.00 |
| | 180.00 | 180.00 |

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

| | 31st March 2020 | | 31st March 2019 | |
|-----------------------------------|-----------------|-------------------|-----------------|-------------------|
| | Number | (INR in Millions) | Number | (INR in Millions) |
| At the commencement of the period | 18,000,000 | 180.00 | 18,000,000 | 180.00 |
| Shares issued for cash | - | - | - | - |
| At the end of the period | 18,000,000 | 180.00 | 18,000,000 | 180.00 |

B. Rights, preferences and restrictions attached to equity shares

The company has a single class of equity shares. Accordingly, all equity shares rank equally with regard to dividends and share in the company's residual assets on winding up. The equity shares are entitled to receive dividend as declared from time to time. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to his/its share of the paid-up equity share capital of the company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable has not been paid. Failure to pay any amount called up on shares may lead to their forfeiture. On winding up of the company, the holders of equity shares will be entitled to receive the residual assets of the company, remaining after distribution of all preferential amounts, in proportion to the number of equity shares held.

C. Shareholders holding more than 5% of equity share capital

| | 31st March 2020 | | 31st March 2019 | |
|--|-----------------------|--------------|-----------------------|--------------|
| | Number of shares held | % of holding | Number of shares held | % of holding |
| Ramky Infrastructure Limited | 9,180,000 | 51% | 9,180,000 | 51% |
| Ramky Estates and Farms Limited | 6,840,000 | 38% | 6,840,000 | 38% |
| Andhra Pradesh Industrial Infrastructure Corporation Limited | 1,980,000 | 11% | 1,980,000 | 11% |
| | 18,000,000 | 100% | 18,000,000 | 100% |

D. Shares held by holding company

| | 31st March 2020 | | 31st March 2019 | |
|------------------------------|------------------|--------------|------------------|--------------|
| | Number | Amount | Number | Amount |
| Ramky Infrastructure Limited | 9,180,000 | 91.80 | 9,180,000 | 91.80 |
| | 9,180,000 | 91.80 | 9,180,000 | 91.80 |

(INR in Millions)

16. Other equity

| | 31st March 2020 | | 31st March 2019 | |
|---|-----------------|-----------------|-----------------|-----------------|
| | Number | Amount | Number | Amount |
| General reserve | | 50.00 | | 50.00 |
| Surplus in the statement of profit and loss | | | | |
| Balance at the beginning of the year | | | | |
| Profit for the year | | 1,408.83 | | 1,353.84 |
| Final dividend, declared and paid during the year | | 59.50 | | 98.39 |
| Tax on final dividend | | - | | (36.00) |
| Balance at the end of the year | | 1,468.33 | | 1,408.83 |
| Other comprehensive income | | | | |
| Balance at the beginning of the year | | | | |
| Changes during the year | | (3.12) | | (1.66) |
| Balance at the end of the year | | (0.22) | | (1.46) |
| | | (3.34) | | (3.12) |
| | | 1,514.99 | | 1,455.71 |

(INR in Millions)

17. Non-current borrowings

| | 31st March 2020 | | 31st March 2019 | |
|----------------|-----------------|--------|-----------------|---------------|
| | Number | Amount | Number | Amount |
| Secured loans | | | | |
| (a) From banks | | | | |
| - Term loans | | | | 520.00 |
| | | | | 520.00 |

(INR in Millions)

A. Security:

Axis Bank Limited

- (i) First charge on all movable and immovable assets of the company and second charge on all current assets of the company.
- (ii) Pledge of 10% of class A Equity shares of Ramky Enviro Engineers Limited held by Mr. A.Ayodhya Rami Reddy, pledge of 30% Equity shares of Smilax Laboratories Limited held by Mr. A.Ayodhya Rami Reddy and pledge of 30% equity shares of the company held by Ramky Infrastructure Limited. These are common securities on pari passu basis with Smilax Laboratories Limited. Personal Guarante of Mr. A.Ayodhya Rami Reddy.

B. Repayment schedule:

The term loan from Axis Bank Limited is repayable in 16 Quarterly instalments of Rs.6.50 Crores/- each commencing from 30th June,2017 and Last 3 quarterly instalments of Rs.8.67 Crores/- and Interest rate is 11% p.a.

18 Other non-current financial liabilities

| | (INR in Millions) | |
|-------------------|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Security deposits | 24.86 | 15.06 |
| | 24.86 | 15.06 |

19. Non-current provisions

| | (INR in Millions) | |
|---------------------------------|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Provision for employee benefits | | |
| - Gratuity | 1.49 | 0.90 |
| - Compensated absences | 3.36 | 2.71 |
| | 4.85 | 3.61 |

20. Trade payables

| | (INR in Millions) | |
|---|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Trade payables | | |
| - due to micro and small enterprises | 0.21 | 0.20 |
| - due to other than micro and small enterprises | 663.69 | 183.24 |
| | 663.90 | 183.45 |

21. Other current financial liabilities

| | (INR in Millions) | |
|--|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Current maturities of long-term debts | 260.00 | 250.00 |
| Interest accrued and due on borrowings | 2.35 | 7.21 |
| | 262.35 | 257.21 |

22. Other current liabilities

| | (INR in Millions) | |
|--|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Advance from customers | 428.25 | 617.21 |
| Dues to statutory/government authorities | 3.66 | 6.24 |
| Accrued salaries, wages and benefits | 1.39 | 0.24 |
| Expenses payable | 0.94 | 2.32 |
| | 434.24 | 626.01 |

23. Current provisions

| | (INR in Millions) | |
|----------------------------------|-------------------|-----------------|
| | 31st March 2020 | 31st March 2019 |
| Provision for income tax | | |
| Provision for employee benefits: | | |
| - Gratuity | - | - |
| - Compensated absences | 0.73 | 0.53 |
| | 0.73 | 0.53 |

24. Revenue from contracts with customers

| | (INR in Millions) | |
|---|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| Revenue from sale of land and development | 82.60 | 277.54 |
| Operations and maintenance revenue | 1,470.02 | 1,269.03 |
| Sale of goods | 1.43 | 2.21 |
| | 1,554.05 | 1,548.78 |

25. Other income

| | (INR in Millions) | |
|----------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| Interest income | 8.95 | 16.41 |
| Other non-operating income | 30.96 | 36.54 |
| | 39.91 | 52.95 |

26. Operating expenses

| | (INR in Millions) | |
|--|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| Development expenditure | 36.14 | 168.52 |
| Operating and maintainance expenditure | 1,018.21 | 836.90 |
| Water charges | 193.22 | 185.12 |
| Chemicals and reagents | 2.99 | 0.87 |
| Power and fuel | 18.27 | 16.96 |
| Security charges | 9.46 | 5.03 |
| | 1,278.29 | 1,213.40 |

27. Employee benefits expense

| | (INR in Millions) | |
|---|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| Salaries and wages | 68.86 | 63.59 |
| Contribution to provident and other funds | 3.97 | 3.78 |
| Workmen and staff welfare expenses | 2.52 | 4.15 |
| | 75.35 | 71.52 |

28. Finance costs

| | (INR in Millions) | |
|-----------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| Interest expense | | |
| - on term loans | 60.61 | 116.81 |
| - others | 0.43 | 0.23 |
| Other borrowing costs | | |
| - bank charges | 0.05 | 0.02 |
| | 61.09 | 117.06 |

29. Other expenses

| | (INR in Millions) | |
|---|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| Rates and taxes | 0.91 | 3.09 |
| Professional and technical charges | 8.99 | 10.38 |
| Fees and charges | 0.13 | 0.23 |
| Business promotion | 1.14 | 1.39 |
| Advertisement | 0.13 | 0.00 |
| Travelling and conveyance | 3.41 | 3.56 |
| Printing and stationary | 0.11 | 0.13 |
| Audit fees (Refer (i) below) | 0.50 | 0.50 |
| Communication charges | 0.80 | 0.43 |
| Repairs and maintenance | 1.01 | 0.42 |
| Insurance | 1.53 | 1.23 |
| Corporate social responsibility expenditure and donations | 5.41 | 2.01 |
| Bad debts written off | - | 9.88 |
| Miscellaneous expenses | 1.24 | 1.15 |
| | 25.31 | 34.40 |

(i) Details of payments to auditors

| | (INR in Millions) | |
|----------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| As statutory auditor | | |
| Audit fees | 0.50 | 0.50 |
| Total | 0.50 | 0.50 |

30. Related parties

A. List of related parties and nature of relationship

| S. No. | Name of the related party | Nature of relationship |
|--------|--|------------------------------|
| 1 | Ramky Infrastructure Limited | Holding company |
| 2 | JNPC Pharma Innovation Limited | Subsidiary |
| 3 | Ramky Estates and Farms Limited | Group Company |
| 4 | Ramky Enviro Engineering Limited | Group Company |
| 5 | Smilax Laboratories Limited | Group Company |
| 6 | Visakha Solvents Limited | Group Company |
| 7 | Ramky Foundation | Group Company |
| 8 | Frank Lloyd Tech Management Services Limited | Fellow subsidiary |
| 9 | P. P. Lal Krishna | Managing Director and C.E.O. |
| 10 | A. Satyam Naidu | C.F.O. |
| 11 | Akash Bhagadia | Company Secretary |

B. Transactions with related parties during the year ended

| S. No. | Name of the related party | Nature of transactions | (INR in Millions) | |
|--------|----------------------------------|--------------------------------|-------------------|---------------|
| | | | 31 March 2020 | 31 March 2019 |
| 1 | Ramky Infrastructure Limited | Mobilization Advance Recovered | 79.10 | 618.74 |
| | | Contract expenditure | 1,059.61 | 663.34 |
| | | Recovery of Expenses Incurred | 101.24 | 85.30 |
| | | O&M Income | - | 24.35 |
| | | Dividend paid | - | 18.36 |
| 2 | Ramky Enviro Engineering Limited | O&M Income | 29.00 | 25.90 |
| 3 | Smilax Laboratories Limited | O&M Income | 33.42 | 24.44 |
| 4 | Visakha Solvents Limited | O&M Income | 1.41 | 1.20 |
| 5 | Ramky Foundation | Donations | 5.00 | 1.93 |
| 6 | Ramky Estates and Farms Limited | Dividend paid | - | 13.68 |
| 7 | JNPC Pharma Innovation Limited | Expenses Incurred | 0.02 | 0.03 |
| 8 | P.P Lal Krishna | Director Remuneration | 4.75 | 4.34 |
| 9 | A. Satyam Naidu | Salary | 1.52 | 1.45 |

C. Balances outstanding

| S. No. | Name of the related party | Details | (INR in Millions) | |
|--------|--|---------------------------|-------------------|---------------|
| | | | 31 March 2020 | 31 March 2019 |
| 1 | Ramky Infrastructure Limited | Mobilization advance paid | 189.20 | 268.30 |
| | | Trade Payables | 604.99 | 104.24 |
| | | Share Capital | 91.80 | 91.80 |
| 2 | Ramky Estates and Farms Limited | Share capital | 68.40 | 68.40 |
| 3 | Ramky Enviro Engineering Limited | Trade receivables | 39.92 | 10.92 |
| 4 | Smilax laboratories | Trade Receivables | 71.17 | 46.47 |
| 5 | Visakha Solvents Limited | Trade Receivables | 0.25 | 0.37 |
| 6 | JNPC Pharma Innovation Limited | Expenses Receivable | 0.17 | 0.15 |
| 7 | Frank Lloyd Tech Management services Limited | Expenses Payable | 10.48 | 10.48 |

Ramky Pharma City (India) Limited
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31. Capital management

The Company's policy is to maintain a strong capital base so as to safeguard its ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and for the future development of the Company. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return on capital to shareholders or issue of new shares.

The Company's adjusted net debt to equity ratio at 31 March 2019 was as follows:

| | (INR in Millions) | |
|---|-------------------|-----------------|
| | 31 March 2020 | 31 March 2019 |
| Total liabilities | 1,390.93 | 1,605.87 |
| Less: cash and cash equivalents | 31.79 | 49.23 |
| Adjusted net debt | 1,359.14 | 1,556.64 |
| Total equity | 1,694.99 | 1,635.71 |
| Adjusted net debt to adjusted equity ratio | 0.80 | 0.95 |

32. Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the group
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury shares

| | (INR in Millions) | |
|---|-------------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| i. Profit (loss) attributable to equity shareholders(basic) | 59.50 | 98.39 |
| ii. Weighted average number of equity shares (basic) | 18,000,000 | 18,000,000 |
| Basic EPS (In Rs.) | 3.31 | 5.47 |

The Company does not have any potentially dilutive equity shares outstanding during the year.

33. Assets and liabilities relating to employee benefits

For details about the related employee benefit expenses, see Note 27.

The Company operates the following post-employment defined benefit plan:

The Company has a defined benefit gratuity plan in India, governed by the Payment of Gratuity Act, 1972. The plan entitles an employee, who has rendered at least five years of continuous service, to gratuity at the rate of fifteen days wages for every completed year of service or part thereof in excess of six months, based on the rate of wages last drawn by the employee concerned. This defined benefit plans expose the Company to actuarial risks, such as longevity risk, currency risk, interest rate risk and market (investment) risk

A. Funding

The gratuity plan is funded.

B. Reconciliation of the net defined benefit (asset) liability

The following table shows a reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components.

Reconciliation of present value of defined benefit obligation

| Plan A | | |
|---|-------------------|---------------|
| | (INR in Millions) | |
| Liability | 31 March 2020 | 31 March 2019 |
| Balance at the beginning of the year | 8.18 | 6.15 |
| Benefits paid | (1.45) | (1.18) |
| Current service cost | 1.00 | 0.84 |
| Interest cost | 0.57 | 0.44 |
| Actuarial (gains) losses recognised in other comprehensive income | | |
| - changes in demographic assumptions | - | - |
| - changes in financial assumptions | 0.03 | 3.06 |
| - experience adjustments | 0.96 | (1.14) |
| Balance at the end of the year | 9.28 | 8.18 |

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| (INR in Millions) | | |
|--|---------------|---------------|
| Fund assets | 31 March 2020 | 31 March 2019 |
| Fair value of plan assets at the beginning of the year | 7.28 | 6.05 |
| Interest income | 0.53 | 0.49 |
| Contributions | 0.75 | 2.02 |
| Benefits paid | (1.45) | (1.18) |
| Remeasurement - return on assets | 0.68 | (0.10) |
| Balance at the end of the year | 7.79 | 7.28 |

Plan B

| (INR in Millions) | | |
|---|---------------|---------------|
| Balance at the beginning of the year | 31 March 2020 | 31 March 2019 |
| Balance at the beginning of the year | 3.24 | 2.82 |
| Benefits paid | (0.35) | (0.60) |
| Current service cost | 0.00 | 0.00 |
| Interest cost | 0.23 | 0.20 |
| Actuarial (gains) losses recognised in other comprehensive income | | |
| - changes in demographic assumptions | - | - |
| - changes in financial assumptions | (0.02) | 0.73 |
| - experience adjustments | 0.98 | 0.07 |
| Balance at the end of the year | 4.09 | 3.23 |

Expense recognised in profit or loss

Plan A

| (INR in Millions) | | |
|----------------------|---------------|---------------|
| Current service cost | 31 March 2020 | 31 March 2019 |
| Current service cost | 1.00 | 0.84 |
| Interest cost | 0.57 | 0.44 |
| Interest income | (0.53) | (0.49) |
| | 1.04 | 0.79 |

Plan B

| (INR in Millions) | | |
|----------------------|---------------|---------------|
| Current service cost | 31 March 2020 | 31 March 2019 |
| Current service cost | 0.00 | 0.00 |
| Interest cost | 0.23 | 0.20 |
| Past service gain | 0.97 | 0.81 |
| | 1.20 | 1.01 |

Remeasurements recognised in other comprehensive income

Plan A

| (INR in Millions) | | |
|---|---------------|---------------|
| Actuarial (gain) loss on defined benefit obligation | 31 March 2020 | 31 March 2019 |
| Actuarial (gain) loss on defined benefit obligation | 0.99 | 1.92 |
| Return on plan assets excluding interest income | (0.68) | 0.10 |
| | 0.30 | 2.02 |

Plan B

| (INR in Millions) | | |
|---|---------------|---------------|
| Actuarial (gain) loss on defined benefit obligation | 31 March 2020 | 31 March 2019 |
| Actuarial (gain) loss on defined benefit obligation | - | - |
| Return on plan assets excluding interest income | - | - |
| | - | - |

Ramky Pharma City (India) Limited
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C. Defined benefit obligation

i. Actuarial assumptions

Principal actuarial assumptions at the reporting date (expressed as weighted averages):

Plan A

| | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Discount rate | 6.70% | 7.65% |
| Future salary growth | 8.00% | 9.00% |
| Withdrawal Rate | 1.00% | 1.00% |
| Mortality table (as % of IALM(2006-08)(Mod.) Ult. Mortality Table) | 100.00% | 100.00% |

Plan B

| | 31 March 2020 | 31 March 2019 |
|--|---------------|---------------|
| Discount rate | 6.70% | 7.65% |
| Future salary growth | 8.00% | 9.00% |
| Attrition rate | 1.00% | 1.00% |
| Mortality table (as % of IALM(2006-08)(Mod.) Ult. Mortality Table) | 100.00% | 100.00% |

ii. Sensitivity analysis

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

Plan A

| | (INR in Millions) | | | |
|------------------------------------|-------------------|----------|---------------|----------|
| | 31 March 2020 | | 31 March 2019 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | 8.45 | 10.25 | 7.39 | 9.10 |
| Future salary growth (1% movement) | 10.17 | 8.52 | 8.94 | 7.52 |
| Withdrawal rate (1% movement) | 9.20 | 9.37 | 8.12 | 8.24 |

Plan B

| | (INR in Millions) | | | |
|------------------------------------|-------------------|----------|---------------|----------|
| | 31 March 2020 | | 31 March 2019 | |
| | Increase | Decrease | Increase | Decrease |
| Discount rate (1% movement) | 3.91 | 4.29 | 3.09 | 3.40 |
| Future salary growth (1% movement) | 4.29 | 3.90 | 3.41 | 3.08 |
| Attrition rate (1% movement) | 4.08 | 4.10 | 3.23 | 3.25 |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

34. Financial instruments - Fair values and risk management

A. Accounting classifications and fair values

The carrying amounts of financial assets and liabilities recognized in the financial statements approximate their fair values and hence no further details about the fair value measurements including their levels in the fair value hierarchy is not given.

The following table shows the carrying amounts and fair values of financial assets and financial liabilities:

31 March 2020

(INR in Millions)

| | Carrying Amount | | | Total carrying amount |
|---|--------------------------|--|--|-----------------------|
| | Financial assets - FVTPL | Other financial assets -amortised cost | Other financial liabilities - amortised cost | |
| Financial assets measured at fair value | | | | |
| Investment in mutual funds* | 60.11 | - | - | 60.11 |
| | 60.11 | - | - | 60.11 |
| Financial assets not measured at fair value | | | | |
| Security deposits | - | 50.63 | - | 50.63 |
| Investments | - | 1.50 | - | 1.50 |
| Trade receivables | - | 648.19 | - | 648.19 |
| Cash and cash equivalents | - | 31.79 | - | 31.79 |
| Bank balances other than Cash and cash equivalents | - | 4.72 | - | 4.72 |
| Other current financial assets | - | 0.63 | - | 0.63 |
| | - | 737.46 | - | 737.46 |
| Financial liabilities not measured at fair value | | | | |
| Secured bank loans | - | - | - | - |
| Security deposits received | - | - | 24.86 | 24.86 |
| Trade payables | - | - | 663.90 | 663.90 |
| Other current financial liabilities | - | - | 262.35 | 262.35 |
| | - | - | 951.12 | 951.12 |

31 March 2019

(INR in Millions)

| | Carrying Amount | | | Total carrying amount |
|---|--------------------------|--|--|-----------------------|
| | Financial assets - FVTPL | Other financial assets -amortised cost | Other financial liabilities - amortised cost | |
| Financial assets measured at fair value | | | | |
| Non-current investments* | 56.72 | - | - | 56.72 |
| | 56.72 | - | - | 56.72 |
| Financial assets not measured at fair value | | | | |
| Security deposits | - | 50.32 | - | 50.32 |
| Investments | - | 1.50 | - | 1.50 |
| Trade receivables | - | 637.72 | - | 637.72 |
| Cash and cash equivalents | - | 49.23 | - | 49.23 |
| Bank balances other than Cash and cash equivalents | - | 4.44 | - | 4.44 |
| Other current financial assets | - | 2.07 | - | 2.07 |
| | - | 745.29 | - | 745.29 |
| Financial liabilities not measured at fair value | | | | |
| Secured bank loans | - | - | 520.00 | 520.00 |
| Security deposits received | - | - | 15.06 | 15.06 |
| Trade payables | - | - | 183.45 | 183.45 |
| Other current financial liabilities | - | - | 257.21 | 257.21 |
| | - | - | 975.72 | 975.72 |

*Level 1 Inputs used

- Level1 inputs – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level2 inputs – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level3 inputs – Unobservable inputs for the asset or liability.

34. Financial instruments - Fair values and risk management (continued)

B. Financial risk management

iii) Liquidity risk

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

The Company aims to maintain the level of its cash and cash equivalents at an amount in excess of expected cash outflows on financial liabilities (other than trade payables) over the next six months. The Company also monitors the level of expected cash inflows with expected cash outflows on trade payables and other financial liabilities.

Exposure to liquidity risk

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

31 March 2020

| | Carrying Amount | Contractual Cashflows | | | | | More than 5 years | (INR in Millions) |
|---|-----------------|-----------------------|------------------|---------------|-----------|-----------|-------------------|-------------------|
| | | Total | 6 months or less | 6-12 months | 1-2 Years | 2-5 Years | | |
| Non-derivative financial liabilities | | | | | | | | |
| Secured Bank Loans | - | - | - | - | - | - | - | - |
| Security deposits received | 24.86 | 24.86 | - | - | - | - | - | 24.86 |
| Trade payables | 663.90 | 663.90 | 663.90 | - | - | - | - | - |
| Other current financial liabilities | 262.35 | 262.35 | 132.35 | 130.00 | - | - | - | - |
| | 951.12 | 951.12 | 796.26 | 130.00 | - | - | - | 24.86 |

31 March 2019

| | Carrying Amount | Contractual Cashflows | | | | | More than 5 years | (INR in Millions) |
|---|-----------------|-----------------------|------------------|---------------|---------------|---------------|-------------------|-------------------|
| | | Total | 6 months or less | 6-12 months | 1-2 Years | 2-5 Years | | |
| Non-derivative financial liabilities | | | | | | | | |
| Secured bank loans | 520.00 | 520.00 | - | - | 260.00 | 260.00 | - | - |
| Security deposits received | 15.06 | 15.06 | - | - | - | - | - | 15.06 |
| Trade Payables | 183.45 | 183.45 | 183.45 | - | - | - | - | - |
| Other current financial liabilities | 257.21 | 257.21 | 127.21 | 130.00 | - | - | - | - |
| | 975.72 | 975.72 | 310.65 | 130.00 | 260.00 | 260.00 | - | 15.06 |

The interest payments on variable interest rate loans in the table above reflect market forward interest rates at the reporting date and these amounts may change as market interest rates change. Except for these financial liabilities, it is not expected that cash flows included in the maturity analysis could occur significantly earlier, or at significantly different amounts.

iv) Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Interest rate risk

The Company adopts a policy of ensuring that between 80 and 90% of its interest rate risk exposure is at a fixed rate. This is achieved partly by entering into fixed-rate instruments and partly by borrowing at a floating rate instruments.

Exposure to interest rate risk

The interest rate profile of the Company's interest-bearing financial instruments as reported to management is as follows:

| | (INR in Millions) | |
|-------------------------------|-------------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| Fixed rate instruments | | |
| Financial assets | 4.72 | 4.44 |
| Financial liabilities | 260.00 | 770.00 |

Fair value sensitivity analysis for fixed-rate instruments

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased or decreased profit by INR 5.70 Millions (2018-19: INR 9.04 Millions) for Financial liabilities. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

A change of 100 basis points in interest rates would have increased or decreased equity by INR 0.10 Millions (2018-19: INR 0.25 Millions) for financial assets. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

35. Details relating to dues to Micro, small and medium enterprises:

Information relating to Micro, small and medium enterprises (MSME) under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the company and the required disclosure is as below:

| Particulars | (INR in Millions) | |
|---|-------------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| a) Dues remaining unpaid to any supplier being MSME as at Balance sheet date | | |
| i) Principal amount | 0.21 | 0.20 |
| ii) Interest on above | - | - |
| b) The amount of interest paid in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during the year | - | - |
| c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006; | - | - |
| d) The amount of interest accrued and remaining unpaid at the end of the year | - | - |
| e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006 | - | - |

36 During the Financial Year 2012-13 a Charge sheet has been filed by CBI against company with the CBI court, Nampally, Hyderabad alleging certain irregularities by the company pertaining to reduction of Green belt area and also the Company has received a provisional attachment order under Section 5 (1) of the Prevention of Money Laundering Act, 2002 from Enforcement Directorate (ED) dated 07 January 2013 for attachment of assets/properties valued at Rs 1337.4 Millions comprising Land and facilities valuing Rs. 1305.4 Millions and Mutual Fund of Rs. 32.0 Millions. During the previous year the adjudicating authority passed a confirmation order of the above provisional attachment order and the company has preferred an appeal before the Appellate Tribunal. In the meantime, the office of Joint Director, Enforcement Directorate, Hyderabad Zonal office has served a Notice for taking the possession of the referred properties under section 8(4) of the PMLA 2002. The company has filed a writ petition before the honorable High court of Andhra Pradesh, Hyderabad seeking for stay of proceedings. The honorable High court of Andhra Pradesh has granted a interim stay of all further proceedings till a stay application is considered and appropriate orders passed by the Appellate authority. On 20th November, 2013, the Appellate Tribunal has considered the stay application and stayed the EDs notice. Since the Appellate Tribunal ceased of the matter, the cause in the writ petition does not survive. Hence, the above referred Writ Petition is dismissed. The case is posted for hearing on 29th July 2015 with the Appellate Tribunal. However, Mutual Fund of Rs. 32.00 Millions was transferred in the name of the Directorate of Enforcement. Further on 26th March 2015, the Joint Director, Enforcement Directorate, Hyderabad zonal office has passed a provisional attachment order for Rs 2161.80 Millions on the assets of company. The Joint Director has filed a complaint under PMLA before the Adjudicating authority seeking for confirmation of the above provisional attachment order on 10 April 2015. The Adjudicating Authority (AA) has served a show cause notice on 22 April 2015 calling upon to show cause as to why the provisional attachment order shall not be confirmed and directed to appear before the AA on 15 June 2015 and on 04-08-2015 the AA confirmed the provisional attached order and this order is in continuation to the order passed by ED for 1337.40 Millions. On 18-08-2015 the office of Joint Director, Enforcement Directorate, Hyderabad Zonal office has served a Notice for taking the possession of the referred properties under section 8(4) of the PMLA 2002.

During the Financial Year, the Appellate Tribunal has reversed the orders of the ED Courts, Hyderabad and passed directions to release the attachment of the parcels of land in the Pharma City subject to certain conditions such as:

- to maintain 50 meter inward buffer zone until decided by the Special Court
- Ramky shall not dispose off and sell buffer zone area nor raise any construction thereon, unless final order is passed in its favour
- The possession of 16 unsold plots be restored to Ramky on a condition that the Ramky shall not dispose off and sell the said plots or to raise any construction or to create third party interest. Ramky may also move an application for removal of said condition if no charges are framed against Ramky by the Special Court.

The Company has filed an appeal before the Hon'ble High Court of Telangana challenging the condition not to dispose of the said plots or to raise any construction or to create third party interest on the 16 plots attached in O C 441 of 2015 made in JPAPMLA1052/HYD/2015 on the file of Appellate Tribunal Prevention of Money Laundering Act at New Delhi in appeals against the Adjudicating Authority order dated 06/06/2013 in O C 441 of 2015 and release all properties in O C 441 of 2015 unconditionally.

No adjustments have been made in the financial statements, as the Management believes that the project of the company is being carried out in accordance with the provisions of the Concession Agreement executed between the company and Andhra Pradesh Industrial Infrastructure Corporation Limited (APIIC) after obtaining the requisite approvals and following the due process of law.

37 Expenditure towards Corporate Social Responsibility (CSR) activities:

As per section 135 of the Companies Act, 2013 and rules therein, the Company is required to spend at least 2% of average net profit of past three years towards Corporate Social Responsibility (CSR). Details of corporate social responsibility expenditures as certified by Management are as follows:

| Particulars | (INR in Millions) | |
|--|-------------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| a) Gross amount required to be spent by the Company during the year: | 2.20 | 1.88 |
| b) Amount spent in cash during the year on: | | |
| i) Construction/acquisition of any asset | | |
| ii) On purposes other than (i) above | 5.00 | 2.01 |

38 Contingent liabilities and commitments: (to the extent not provided for):

| Particulars | (INR in Millions) | |
|--|-------------------|---------------|
| | 31 March 2020 | 31 March 2019 |
| i. Disputed Service Tax & GST demands (including penalty) and net of amount paid under protest | 416.23 | 416.23 |
| ii. Other claims against the company not acknowledged as debts | 34.61 | 34.61 |

39 Estimation uncertainty relating to the global health pandemic on COVID-19:

The Company has considered the possible effects that may result from the pandemic relating to COVID-19 on the carrying amounts of receivables, advances to suppliers, and other financial assets. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these Financial Statements has used internal and external sources of information including credit reports and related information, economic forecasts and estimates on the expected future performance of the Company.

The Company has performed sensitivity analysis on the assumptions used and based on current estimates expects that the carrying amount of these assets will be recovered. The impact of COVID-19 on the Company's Financial Statements may differ from that estimated as at the date of approval of these Financial Statements and the Company will continue to closely monitor any material changes to future economic conditions.

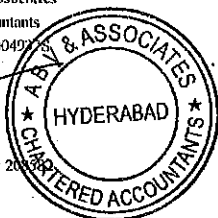
40 Balances in respect of Creditors, receivables and various Advances are subject to confirmation from the respective parties. Previous figures have been regrouped / rearranged where ever necessary to confirm the current year classification.

The notes 1 to 40 are an integral part of these financial statements.

In terms of our report attached.

for A B V & Associates
Chartered Accountants
Firm Regd No: 60497

CA A.B.Naidu
Partner
Membership No: 208382



Place : Hyderabad
Date : 10-06-2020

For and on behalf of the Board
Ramky Pharma City (India) Limited

P.P. Lal Irishena
Managing Director
DIN: 03515161

A. Satyam Naidu
C.F.O

Divakar Marri
Director
DIN: 08865376

Akshay Bhingadia
Company Secretary

