



# 41st Annual Report 2018-2019



**CACHET**  
**PHARMACEUTICALS PVT. LTD.**

A Subsidiary of :



**ALKEM LABORATORIES LTD.**

*Helps Catching Up With*  
***Good Health***



## COMPANY INFORMATION

### BOARD OF DIRECTORS:

Mr. Satish Kumar Singh	:	Managing Director
Mr. Lalan Kumar Singh	:	Whole-Time Director
Mr. Arunkumar D. Deshmukh	:	Independent Director
Mrs. (Dr.) Anuja M. Sinha	:	Independent Director

### AUDIT COMMITTEE:

Mr. Arunkumar D. Deshmukh	:	Chairman
Mrs. (Dr.) Anuja M. Sinha	:	Member
Mr. Satish Kumar Singh	:	Member

### NOMINATION AND REMUNERATION COMMITTEE:

Mr. Arunkumar D. Deshmukh	:	Chairman
Mrs. (Dr.) Anuja M. Sinha	:	Member
Mr. Lalan Kumar Singh	:	Member

### REGISTERED OFFICE:

Exhibition Road, P.S.-Gandhi Maidan, Patna-800001, Bihar.

### HEAD OFFICE:

415, Shah Nahar, Dr. E. Moses Road, Worli, Mumbai, Maharashtra-400018.

### BANKERS:

Saraswat Co-Op Bank Ltd.  
Axis Bank Ltd.  
HDFC Bank Ltd.  
Bank of Baroda  
State Bank of India

### STATUTORY AUDITORS:

M/s. R. S. Sanghai & Associates, Chartered Accountants.

### COST AUDITOR:

Mr. Suresh D. Shenoy, Cost Accountant.

### SECRETARIAL AUDITOR:

M/s. DM & Associates Company Secretaries LLP, Practicing Company Secretaries

### ANNUAL GENERAL MEETING:

Day, Date & Time : Tuesday, 31<sup>st</sup> day of July, 2019 at 3.00 p.m.  
Venue : Exhibition Road, P.S.-Gandhi Maidan, Patna-800001, Bihar.



**CACHET PHARMACEUTICALS PRIVATE LIMITED**

CIN - U24230BR1978PTC001328

Regd. Off.: Exhibition Road,

P. S. Gandhi Maidan,

Patna – 800001, Bihar.

Tel. Nos. – 0612-2322570/ 2322588.

**NOTICE**

**NOTICE** is hereby given that the 41<sup>st</sup> Annual General Meeting of the members of **CACHET PHARMACEUTICALS PRIVATE LIMITED** will be held on Tuesday, **the 31<sup>st</sup> day of July, 2019 at 3.00 p.m.** at the Registered Office of the Company at Exhibition Road, Patna - 800 001 to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended on 31<sup>st</sup> March, 2019 and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Satish Kumar Singh (holding DIN: 00245973), who retires by rotation and being eligible, offers himself for re-appointment.
3. To reappoint statutory Auditors M/s. R. S. Sanghai & Associates, Chartered Accountants, Mumbai for further term of five years and in this regard to consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 of the Companies Act, 2013 and applicable rules of the Companies (Audit and Auditors) rules, 2014 **M/s. R. S. Sanghai & Associates, Chartered Accountants (Firm Reg. No.109094W)**, Mumbai, be and are hereby reappointed as the Statutory Auditors of the Company for another term of five years from financial year 2019-2020 to 2023-2024 and shall hold office, from the conclusion of this 41<sup>st</sup> Annual General Meeting to till conclusion of 46<sup>th</sup> Annual General Meeting of the Company at a remuneration as may be decided by the Board with the mutual consent of the auditors."

**RESOLVED FURTHER THAT** Board of Director of the Company be and is hereby authorised to do all such matters, things, acts as may be necessary and expedient to do to give effect to the above resolution."

**SPECIAL BUSINESS:**

4. To consider and if thought fit to pass with or without modifications the following resolution as an Ordinary Resolution:-

**"RESOLVED THAT** pursuant to the provisions of Section 148(3) of the Companies Act, 2013 and read with Rule 14(a) of the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, of the Companies Act, 2013, payment of Remuneration of Rs.2,20,000/- (Rupees Two Lakhs Twenty Thousand only) plus out of pocket expenses and applicable taxes to Mr. Suresh D. Shenoy, Cost Accountants (Membership No. 8318) for conducting the cost audit of cost records made and maintained by the company pertaining to pharmaceuticals product for the year ending March 31, 2020 be and is hereby determined"





**RESOLVED FURTHER THAT** any one of the Director of the Company be and is hereby authorized to file the relevant forms, documents and returns with the office of the Registrar of Companies as per the applicable Provisions of the Companies Act, 2013 and to do all acts, deeds and things as may be deemed necessary to give effect to the above resolution."

By Order of the Board,  
For CACHET PHARMACEUTICALS PVT. LTD.

Satish Kumar Singh,  
Managing Director  
DIN:00245703

Place: Mumbai  
Dated: 27<sup>th</sup> May, 2019







**NOTES: -**

1. An Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 relating to Special Business to be transacted at the Annual General Meeting is annexed hereto.
2. A member entitled to attend and vote is also entitled to appoint a proxy to attend and, on a poll, to vote instead of himself/herself. Such proxy need not be a member of the company. Proxies in order to be valid and effective must be delivered at the registered office of the company not later than forty-eight hours before the commencement of the meeting.
3. Corporate member intending to send their authorized representative is requested to send a duly certified copy of the board resolution authorizing their representatives to attend.
4. Members are requested to notify immediately, change in their address, if any, to the Company quoting their Folio Numbers.
5. Members are requested to send their queries, if any, on the financial accounts at least 7 days in advance so that the information can be made available at the meeting.
6. All documents referred to in the Notice will be available for inspection at the Company's registered office between 11:00 am and 1:00 pm upto 30th July, 2019 on all days (except Saturdays, Sundays and public holidays).

**EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**

**Item No. 4:**

The Board of Directors of the Company at their meeting held on 27<sup>th</sup> March, 2019 reappointed Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318) as the cost auditor of the company for the Financial Year 2019-20. As per Rule 14 of Companies (Audit and Auditors) Rules 2014, the appointment of and the remuneration payable to the Cost Auditor requires approval of Shareholders and hence this resolution is put for the consideration of the shareholders.

None of the Directors of the Company and their relatives are concerned or interested, whether financially or otherwise, in the Resolution.

Your Directors recommend the passing of the resolution listed at item no.4

**By Order of the Board,**

**For CACHET PHARMACEUTICALS PVT. LTD.**

  
Satish Kumar Singh  
Managing Director  
DIN:00245703



Place: Mumbai

Dated: 27<sup>th</sup> May, 2019



**CACHET PHARMACEUTICALS PRIVATE LIMITED**

Regd. Off.: Exhibition Road, P.S.-Gandhi Maidan, Patna – 800001. CIN - U24230BR1978PTC001328,  
Tel. No. – 0612-2322570/ 2322588, [www.cachetindia.com](http://www.cachetindia.com)

**ATTENDANCE SLIP**  
(To be presented at the entrance)

41<sup>st</sup> Annual General Meeting of the Members of **Cachet Pharmaceuticals Private Limited** on Wednesday, July 31, 2019 at 3:00 P.M. at the Registered Office of the Company at Exhibition Road, P.S.-Gandhi Maidan, Patna-800001.

Folio No. \_\_\_\_\_ DP ID No. \_\_\_\_\_ Client ID No. \_\_\_\_\_  
Name of the Member: \_\_\_\_\_ Signature: \_\_\_\_\_  
Name of the Proxyholder: \_\_\_\_\_ Signature: \_\_\_\_\_

1. Only Member/Proxyholder can attend the Meeting.
2. Member/Proxyholder should bring his/her copy of the AGM Notice for reference at the Meeting.

**CACHET PHARMACEUTICALS PRIVATE LIMITED**

Regd. Off.: Exhibition Road, P.S.-Gandhi Maidan, Patna – 800001. CIN - U24230BR1978PTC001328,  
Tel. No. – 0612-2322570/ 2322588, [www.cachetindia.com](http://www.cachetindia.com)

**PROXY FORM**

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

41<sup>st</sup> Annual General Meeting of the Members of **Cachet Pharmaceuticals Private Limited** on Wednesday, July 31, 2019 at 3:00 P.M. at the Registered Office of the Company at Exhibition Road, P.S.-Gandhi Maidan, Patna-800001.

Name of the Member(s) : \_\_\_\_\_  
Registered address: \_\_\_\_\_ E-mail ID : \_\_\_\_\_  
Folio No./Client ID No.: \_\_\_\_\_ DP ID No.: \_\_\_\_\_

I/We, being the member(s) holding \_\_\_\_\_ of Shares of Cachet Pharmaceuticals Private Limited, hereby appoint:

1. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_  
Address: \_\_\_\_\_ Signature: \_\_\_\_\_  
or failing him
2. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_  
Address: \_\_\_\_\_ Signature: \_\_\_\_\_  
or failing him
3. Name: \_\_\_\_\_ E-mail Id: \_\_\_\_\_  
Address: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 41<sup>st</sup> Annual General Meeting of the Members of **Cachet Pharmaceuticals Private Limited** to be held on Wednesday, July 31, 2019 at 3:00 P.M. at the Registered Office of the Company at Exhibition Road, P.S.-Gandhi Maidan, Patna-800001 and at any adjournment thereof in respect of Ordinary / Special Resolutions as indicated below:

1. Adoption of the Audited Financial Statements (including audited consolidated financial statements) for the financial year ended 31<sup>st</sup> March, 2019, the Reports of the Board of Directors' and Auditors' thereon.
2. Re- appointment of Mr. Satish Kumar Singh, Managing Director who retiring by rotation.
3. Appointment of M/s. R. S. Sanghai & Associates, Chartered Accountants, Mumbai as Statutory Auditors of the Company.
4. Reappointment and approval of remuneration of Cost Auditor.

Signed \_\_\_\_\_ day of \_\_\_\_\_ 2019  
Signature of Shareholder \_\_\_\_\_  
Signature of Proxy holder(s) \_\_\_\_\_

Affix  
Revenue  
stamp of  
Rs.1/-

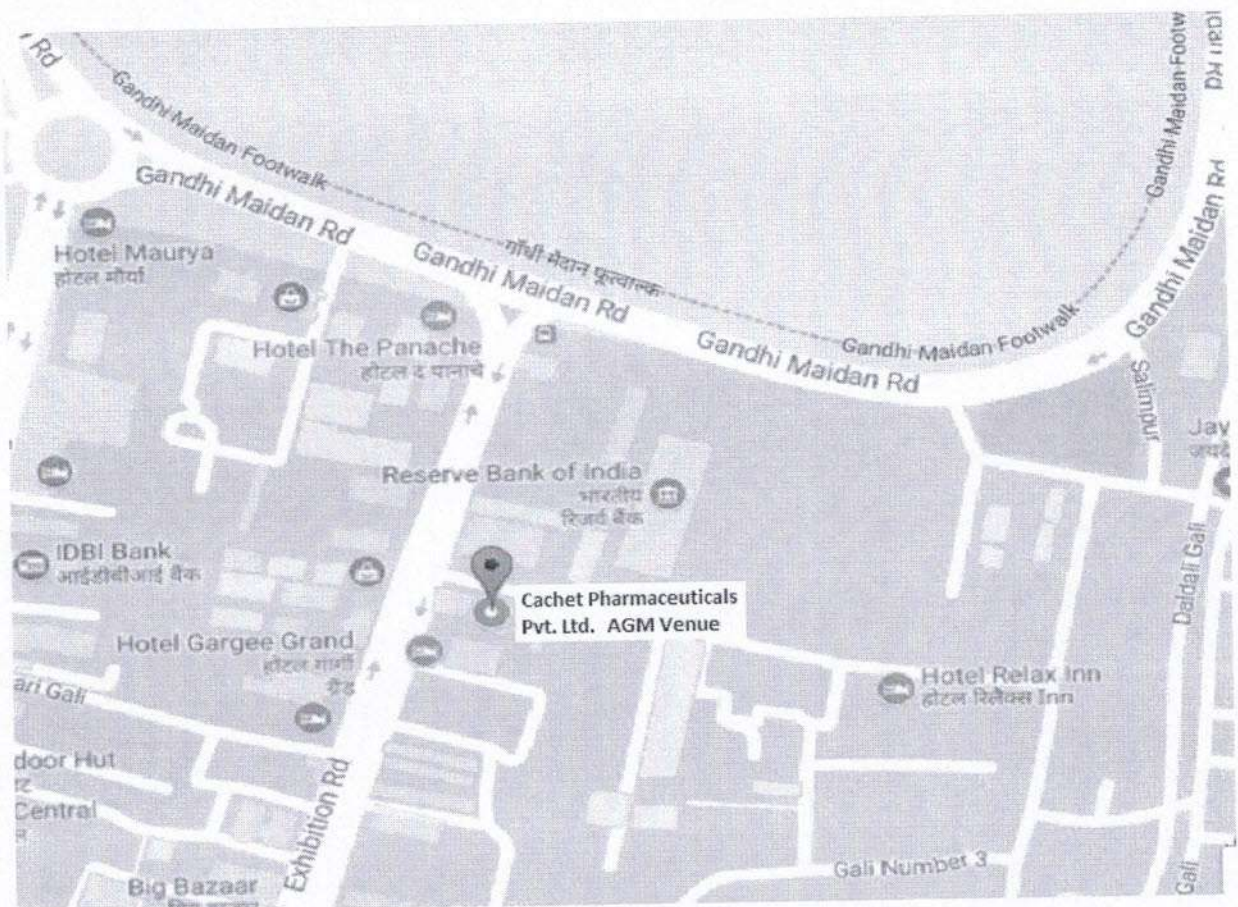
**NOTES:** This Form of Proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at Exhibition Road, P.S.-Gandhi Maidan, Patna – 800001, not less than 48 hours before the commencement of the Meeting.







## ROUTE MAP TO THE AGM VENUE







## DIRECTOR'S REPORT

Dear Shareholders,

The Board of Directors have pleasure in presenting their report on the business operations and the accounts of the company for the year ended 31<sup>st</sup> March, 2019.

### MILESTONES:-

From its inception in 1978, Cachet has steadily grown by Manufacturing and Marketing of Pharmaceutical Formulations.

Cachet Pharmaceuticals Private Limited, a highly professional and technology based organization, was incorporated in 1978, at Patna, Bihar, INDIA.

The first plant of Cachet was constructed at Bhiwadi (Rajasthan).

In 1993, Cachet set up its own marketing operations, for its range of branded Pharmaceutical formulations, with its head office in Mumbai, INDIA.

The Company, Cachet Pharmaceuticals Private Limited, grew several folds over the decade, through its superior technology, high quality products and outstanding service, adding newer credentials time and again. Cachet's product portfolio encompassed vital therapeutic segments like Anti-infective, Anti-inflammatory, Gastro-enterologicals, Anti-anaemic, Nutraceuticals, and others. Encouraged by the success and patronage, by Indian medical profession for its medicines, Cachet took a step ahead and initiated its international operations.

The second plant of Cachet was constructed at Baddi, Northern India. Early 2006 witnessed the commencement of Cachet's 2<sup>nd</sup> state of the art production plant. This new manufacturing plant has been built in compliance with the International Quality standards.

- WHO-GMP
- Directorate of Pharmacy and Medicine-Ivory Coast
- National Drug Authority - Uganda
- Drug Administration and Control Authority - Ethiopia
- Ministry Of Health – United Arab Emirates

Third Plant of Cachet was constructed and commence at Sikkim in the year 2017 to help address the growing pharmaceutical demand of customers in India and abroad and Cachet is, now, present in more than 40 countries worldwide.





**FINANCIAL SUMMARY AND HIGHLIGHTS:**

(Rs. In Lakhs)

Particulars	2018-19	2017-18
<b>Revenue from Operations (Gross)</b>	<b>33,810.96</b>	<b>31,159.56</b>
Add: Other Income	79.58	62.00
<b>Total Income</b>	<b>33,890.54</b>	<b>31,221.56</b>
Operating Results:		
<b>Profit / (Loss) Before Tax</b>	<b>(780.62)</b>	<b>(1703.45)</b>
Less : Income Tax	Nil	Nil
Less : Deferred Tax	<b>251.24</b>	548.23
Less : Prior period Adjustment	Nil	Nil
<b>Profit After Tax</b>	<b>(529.38)</b>	<b>(1155.23)</b>
Add: Balance B/F from the previous year	<b>4325.41</b>	5432.30
Add.: Other Comprehensive Income/(Loss)	<b>(16.70)</b>	48.39
Add.: Securities Premium on Issue of Shares	Nil	Nil
<b>Balance Profit/(Loss) C/F to the next year</b>	<b>3779.39</b>	<b>4325.41</b>

During the year under review, the Company's gross turnover for the year has increased by 8.51% to **Rs.33,810.96 Lakhs** as compared to the previous year's turnover of **Rs.31,159.56 Lakhs**. The Company incurred losses amounting to Rs.529.38 Lakhs compared to the previous year's losses of Rs.1155.23 Lakhs.

**AMOUNTS TRANSFERRED TO RESERVES:**

The Company doesn't propose to transfer any amount to be transferred to General Reserves.

**DIVIDEND:**

In view of inadequacy of profit, the directors do not propose to declare any dividend for the year under review.

**STATE OF COMPANY'S AFFAIRS:**

The Company is mainly engaged in the Manufacturing and Marketing of finished Pharmaceutical Formulations & Nutraceuticals in INDIA and Overseas. Led by our visionary Directors, and, backed by, our team of talented and dedicated professionals, notable plant accreditations, fine quality products with excellent packaging, our commitment to excellence, Cachet is well poised to rapidly scale newer heights of success. The next few years would see Cachet further consolidating its position in, INDIA, and, in the present overseas markets', as, also, expanding its operations to newer countries. This is, in keeping with its mission of 'increasing access of quality medicines, at affordable prices to people worldwide, to reduce the burden of disease and improve the quality of life'.







## SEGMENT-WISE PERFORMANCE:

The Company is into single reportable segment only.

## INDIAN ACCOUNTING STANDARDS (Ind AS):

The company has adopted Indian Accounting Standards (Ind AS) as per the notification dated February 16, 2015 issued by the Ministry of Corporate Affairs (MCA). Ind AS has replaced the existing GAAP prescribed under the Section 133 of the Companies Act, 2013 read with rule 7 of the Companies (Accounts) Rules, 2014. The Company has prepared financials using Ind AS for the year ended March 31, 2019.

## CHANGE IN NATURE OF BUSINESS ACTIVITY, IF ANY:

During the year under review, the company has no changes in its business activities and operations.

## HOLDING / SUBSIDIARY COMPANY:

Pursuant to Section 2(87) of the Companies Act, 2013, the company is subsidiary company of M/s. Alkem Laboratories Limited by holding 58.79% of total shares capital of the company and which listed on Bombay Stock Exchange and National Stock Exchange and having market capitalisation of Rs.20,945 Crores (as on 31.03.2019).

The Company doesn't have any subsidiary company.

## CHANGES IN SHARES CAPITAL:

No changes in Share Capital of the company took place during the year under review.

## CREDIT RATING OF SECURITIES

The Company is private limited company and not there was no requirement of credit rating of securities

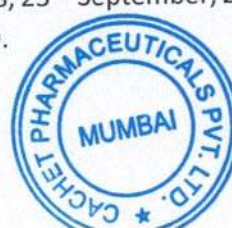
## INVESTORS EDUCATION AND PROTECTION FUND (IEPF):

There were no amounts which were required to be transfer to the Investors Education and Protection Fund.

## MANAGEMENT AND BOARD OF DIRECTORS:

During the year under review, there were four directors on the Board. The Board of Directors have met Nine times during the year from 1<sup>st</sup> April, 2018 to 31<sup>st</sup> March, 2019. The Board meetings were held on the following dates:

26<sup>th</sup> April, 2018, 18<sup>th</sup> May, 2018, 2<sup>nd</sup> July, 2018, 08<sup>th</sup> August, 2018, 25<sup>th</sup> September, 2018, 30<sup>th</sup> October, 2018, 10<sup>th</sup> December, 2018, 05<sup>th</sup> February 2019 and 29<sup>th</sup> March, 2019.







Mr. Sarvesh Singh was appointed as an Additional Director of the Company w.e.f. 29<sup>th</sup> March, 2019 and due to his other commitments he resigned from the board w.e.f. 6<sup>th</sup> May, 2019.

A separate meeting of the Independent Directors was held on 25<sup>th</sup> March, 2019 in presence of all Independent Directors.

Following are the details of attendance during the year:

Sr. No.	Name of Director	Designation	No. of Meetings Held	Nos. of Meetings attended	Attendance at AGM
1.	Mr. Satish Kumar Singh	Managing Director	9	9	Yes
2.	Mr. Lalan Kumar Singh	Whole time Director	9	9	Yes
3.	*Mr. Sarvesh Singh	Director	9	1	N.A.
4.	Mr. Arunkumar D. Deshmukh	Independent Director	9	9	Yes
5.	Mrs. (Dr.) Anuja M. Sinha	Independent Director	9	9	Yes

\* Appointed w.e.f. 29<sup>th</sup> March, 2019 and resigned w.e.f. 6<sup>th</sup> May, 2019.

Mr. Satish Kumar Singh who is longest in the office since his last appointment shall be liable to retire by rotation and being eligible, offers himself for re-appointment. Accordingly a resolution proposing his candidature for re-appointment forms part of the notice of 41<sup>st</sup> Annual General Meeting.

#### Audit Committee:

The Audit Committee of the company comprised of:

Sr. No.	Name of Director	Designation	Nos. of Audit Committee Meetings attended
1.	Mr. Arunkumar D. Deshmukh	Chairman	5
2.	Mrs.(Dr.) Anuja M. Sinha	Member	5
3.	Mr. Satish Kumar Singh	Member	5

During the year under review five meetings of the Audit committee were held on 18<sup>th</sup> May, 2018, 08<sup>th</sup> August, 2018, 25<sup>th</sup> September, 2018, 30<sup>th</sup> October, 2018 and 05<sup>th</sup> February, 2019.

#### Nomination & Remuneration Committee (NRC):

The Nomination and Remuneration Committee comprised of:

Sr. No.	Name of Director	Designation	Nos. of NRC Meetings attended.
1.	Mr. Arunkumar D. Deshmukh	Chairman	1
2.	Mrs.(Dr.) Anuja M. Sinha	Member	1







3.	Mr. Lalan Kumar Singh	Member	1
3.	*Mr. Sarvesh Singh	Member	NIL

\* Appointed w.e.f. 29<sup>th</sup> March, 2019 and resigned w.e.f. 6<sup>th</sup> May, 2019.

During the year under review one meeting of the Nomination & Remuneration committee was held on 5<sup>th</sup> February, 2019. The committee was reconstituted on 29<sup>th</sup> March, 2019 after appointment of Mr. Sarvesh Singh and consequent upon his resignation w.e.f. 6<sup>th</sup> May, 2019, the same reconstituted as before by reinstating Mr. Lalan Kumar Singh on the committee.

The policy of the Company on directors' appointment and remuneration, including criteria for determining qualifications, positive attributes, independence of a Director, and other matters provided under sub-section (3) of Section 178 of the Companies Act, 2013, adopted by the Board, is attached as Annexure-3 to the Board Report. Further the remuneration paid to the Directors is as per the terms laid out in the Nomination and Remuneration Policy of the Company.

#### Formal Annual Board Evaluation:

In compliance with the Companies Act, 2013, during the year, the Board adopted a formal mechanism for evaluating its performance as well as that of its Committees and Individual Directors including the Chairman of the Board. Structured questionnaires were used in the overall Board evaluation comprising various aspects of Board functions. The evaluation of Independent Directors was carried out by the entire Board and that of the Chairman and Non-Independent Directors were carried out by the Independent Directors. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

#### Declaration by Independent Directors:

The Company has received necessary declaration from each independent director under section 149(7) of the Companies Act, 2013, that he / she meets the criteria of independence laid down in Section 149(6) of the Companies Act, 2013.

#### Internal financial control and their adequacy:

The Board has adopted policies and procedure for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its asset, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosure. The Company has an adequate internal controls system commensurate with its size and the nature of its business. All the transactions entered into by the Company are duly authorized and recorded correctly. All operating parameters are monitored and controlled. The top management and the Audit Committee of the Board of Directors review the adequacy and effectiveness of internal control systems from time to time.





## DISCLOSURES RELATING TO SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES:

The company is subsidiary company of M/s. Alkem Laboratories Limited Pursuant to Section 2(87) of the Companies Act, 2013 by virtue of being subsidiary; the following are the fellow subsidiaries of the company which are subsidiaries of Holding company:

Name of the Companies	County of Incorporation
Indchemie Health Specialities Pvt. Ltd.	India
Enzene Biosciences Ltd.	India
Alkem Foundation	India
The Pharamanetwork, LLC (wholly owned subsidiary of S & B holdings B.V.)	United States of America
Ascend Laboatories, LLC (wholly owned by The Pharma Network, LLP)	United States of America
S & B Pharma Inc.	United States of America
Ascend Laboratories (UK) Ltd.	United Kingdom
S & B Holdings B.V.	Netherlands
Pharmacor Pty Limited	Australia
Alkem Laboratories (PTY) Limited	South Africa
Ascend Laboratories Ltd.	Canada
The Pharma Network, LLP	Kazakhstan
Ascends Laboratories SpA	Chile
Pharma Network SpA (Wholly owned by Ascend Laboratories SpA)	Chile
Alkem Laboratories Corporation	Philippines
Ascend GmbH (formerly known as Alkem Pharma GmbH)	Germany
Ascends Laboratories SDN BHD.	Malaysia
Alkem Laboratories Korea Inc	Korea
Pharmacor Ltd.	Kenya
Alkem Laboratories (NIG) Limited (Liquidated on 6th May 2018)	Nigeria

## PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

Particulars and details of loans given, investments made or guarantees given and securities provided, if any, are given in the Notes to the Financial Statements.

## PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SECTION 188(1):

As per requirement of the Companies Act, 2013, all related party transactions are pre-approved by the Audit Committee and Board, as and when required. The same are also reviewed / ratified by the Audit Committee and Board on quarterly / annually.

All contracts / arrangements / transactions entered into by the company during the financial year 2018-2019 with related parties were in ordinary course of business and on arm's length basis. Except transactions with M/s. Alkem Laboratories Ltd., holding company, no material related party transaction i.e. transaction







exceeding 10% of the annual turnover as per the audited financial statement, were entered during the year by the company.

Disclosures of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of the Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto are enclosed with this report in Form AOC-2 as Annexure-2.

#### **CORPORATE SOCIAL RESPONSIBILITY:**

The provisions of Section 135 of the Companies Act, 2013 regarding Corporate Social Responsibility are not applicable to the Company.

#### **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

The information relating to conservation of energy, technology absorption, foreign exchange earnings and outgo pursuant to the provisions of Section 134(3)(m) of the Companies Act, 2013 is given in the Annexure-6 forming part of this report.

#### **RISK MANAGEMENT:**

At Cachet, risk management activities are part of the operational responsibilities of the management and has made them a significant part of overall governance. The Company implements a broad and strategic approach to risk management, taking into consideration both internal and external risks to respond promptly to changing dynamics.

#### **VIGIL MECHANISAM / WHISTLE BLOWER POLICY:**

The Vigil Mechanism / Whistle Blower policy duly adopted by the board which lays down a mechanism for reporting and investigation of all unethical behaviour, alleged violations or potential violations of laws, regulations or companies business code, policies, procedures or other standards and same has been uploaded on the company's web portal [www.cachetindia.com](http://www.cachetindia.com).

#### **MATERIAL ORDERTS OF JUDICIAL BODIES / REGULATORS:**

During the year under review, there were no significant and material orders passed by any regulator, court, tribunal, statutory and quasi-judicial body, impacting the going concern status of the company.

#### **STATUTORY AUDITOR AND AUDITORS' REPORT:**

Company's Statutory Auditors M/s R. S. Sanghai & Associates, Chartered Accountants, were appointed for a period of five years from the conclusion of the 36<sup>th</sup> Annual General Meeting till the conclusion of the 41<sup>st</sup> Annual General Meeting to be held this year and Board of directors proposed to appoint them for another term of five years to held office from conclusion of the 41<sup>st</sup> Annual General Meeting till the conclusion of the 46<sup>th</sup> Annual General Meeting subject to ratification by members at every Annual General Meeting. Members are requested to consider their appointment as the Statutory Auditors of the Company for further







term of five years for financial year from 2019-2020 to 2023-2024 at remuneration as may be decided by the Board. M/s R. S. Sanghai & Associates, Chartered Accountants and Statutory Auditors have confirmed that they are not disqualified as Auditors of the Company for the financial year 2019-2020.

The Auditors' Report for financial year ended 31st March, 2019, does not contain any qualification, reservation or adverse remark and enclosed with the 41<sup>th</sup> Annual Report of the company.

**Further there were no instances of fraud reported by the Auditor.**

#### **SECRETARIAL AUDIT REPORT:**

Pursuant to the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board of Directors had appointed M/s. DM & Associates Company Secretaries LLP, Company Secretaries (Regd. No.L2017MH003500) to conduct the Secretarial Audit of the Company for the financial year 2018- 19. The Secretarial Audit Report is annexed to this Report as Annexure 1. The said Report does not contain any adverse comment except observations as mentioned below:

#### **Observation of Secretarial Auditor:**

- 1) Dematerialisation of Shares as envisaged under rule 9A of the Companies (Prospectus and Allotment of Securities) Third Amendment rules, 2018.
- 2) Composition of Nomination and Remuneration Committee.
- 3) Loan Obtained from Directors relative.

#### **Management's Response:**

1) *The Management is in process to obtain ISIN for securities of the Company as envisaged under rule 9A of the Companies (Prospectus and Allotment of Securities) Third Amendment rules, 2018.*

2) *The Board of Directors appointed Mr. Sarvesh Singh, Non-Executive Director w.e.f. March 29, 2019 and reconstituted the Nomination and Remuneration Committee. Mr. Sarvesh Singh resigned from the board and committees thereof due to his other commitments and consequently the committee reconstituted as before. The Management submits that the Company is in search of a suitable candidate with relevant industry experience, for his appointment as another Non-Executive Independent Director. So far the Company has not got an appropriate candidate who can be appointed as Non-Executive Independent Director.*

3) *The Management is of the opinion that the Company by virtue of its constitution is a private limited company and hence exempted from accepting loan from Directors relative. Accordingly, the observation cited in the Secretarial Audit Report is self-explanatory and does not require any further justification/clarification.*







## **COST AUDIT:**

Pursuant to the provisions of Section 148 of the Act and the Rules made thereunder read with notifications/ circulars issued by the Ministry of Corporate Affairs from time-to-time and as per the recommendation of the Audit Committee, the Board of Directors at its meeting held on 18<sup>th</sup> May, 2018, had appointed Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), as the Cost Auditor of the Company for the financial year 2018- 19 to conduct the audit of the cost records of the Company. The Company had also received certificate from the Cost Auditor certifying his independence and arm's length relationship with the Company. A resolution for ratification of the remuneration payable to the Cost Auditor is proposed in the forthcoming AGM for seeking approval of Members. The Cost Audit Report will be filed within the period stipulated under the Act.

## **INTERNAL AUDITORS & THEIR REPORT:**

Pursuant to the provisions of Section 138 of the Companies Act, 2013 and Rules made thereunder, the Company had appointed M/s. Kaushal Kumar & Co., Chartered Accountants and M/s Rajeev & Rajesh, Chartered Accountants as Internal Auditor for the financial year 2018-19.

The internal auditors appointed by the Board who are acting independently and report given by them is placed before the board from time to time in order to take remedial measures on the adverse comments by them.

The Board of Directors proposed their appointment for the financial year 2019-2020.

## **COMPLIANCE WITH SECRETARIAL STANDARDS:**

The company generally complied with applicable Secretarial Standards issued by The Institute of Company Secretary of India and other Secretarial standards voluntarily adopted by the company.

## **CORPORATE INSOLVENCY RESOLUTION PROCESS INITIATED UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 (IBC)**

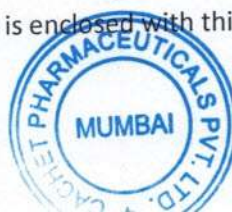
The company was not being insolvent and bankrupt during the financial year 2018-2019 and no any application filed for corporate insolvency resolution process, by a financial or operational creditor or by the company itself under the IBC before the NCLT.

## **FAILURE TO IMPLEMENT ANY CORPORATE ACTION:**

During the financial year 2018-2019, the company has not passed resolution for buy back of securities, payment of dividend declared, mergers and de-mergers, delisting, split and issue of any securities and no any corporate action required to be implement by the company.

## **EXTRACT OF ANNUAL RETURN:**

The extract of the Annual Return in Form MGT-9 is enclosed with this report as Annexure-4.







## **STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROL WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

Pursuant to Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013, the Independent Auditors' of the company have audited company's internal financial controls over financial reporting for the financial year ended on 31<sup>st</sup> March, 2019 and report thereon is enclosed to the Independent Auditors report as "Annexure B".

## **DEPOSITS:**

The company has not accepted any deposits from the public falling within the purview of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposits) Rules, 2014 and accordingly no amount was outstanding as on the balance sheet date.

## **DIRECTOR'S RESPONSIBILITY STATEMENT:**

Pursuant to Section 134(3)(C) & (5) of the Companies Act, 2013, Directors confirm that:

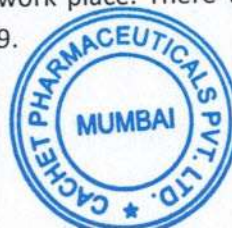
- (i) In the preparation of the annual accounts, the applicable accounting standards have been followed with no material departures;
- (ii) That the directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
- (iii) That the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) That the directors have prepared the annual accounts on a going concern basis.
- (v) That the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that these are adequate and are operating effectively.

## **PARTICULARS OF EMPLOYEES AND REMUNERATION:**

Pursuant to the provisions of Section 134 of the Companies Act, 2013 read with rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended, necessary details are appended as Annexure-5 to this report.

## **DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013:**

The company has formed the committee to prevent Sexual harassment under the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 and Formulated Policy on prevention of sexual harassment and safety of women employees at work place. There was no incidence of sexual harassment during the financial year ended 31<sup>st</sup> March, 2019.





**HUMAN RESOURCES:**

The Company treats its "Human Resources" as one of its most important assets. We focus on all aspects of the employee lifecycle. This provides holistic experience for the employees as well. During their tenure at the Company, employees are motivated through various skill development programs. We create effective dialogue through our communication channels to ensure that feedback reach the relevant team, including leadership.

The Company continuously invests in attraction, retention and development of talent on an on-going basis. A number of programs that provide focused people attention are currently underway. The Company thrust is on the promotion of talent internally through job rotation and job enlargement.


**INTELLECTUAL PROPERTY RIGHTS:**

During the year, the Company continued to accelerate the IPR on a number of marks. The Company having around 507 brands and out of them 332 brands are registered under the Trade Marks Act, 1999.

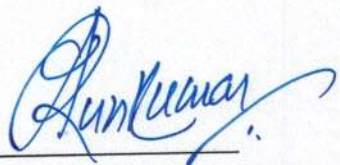
**ACKNOWLEDGEMENTS:**

The Board of Directors place on record their earnest appreciation for the unstinted commitment, dedication, hard work and significant contribution made by employees of the company. The Board of directors also sincerely thank all stakeholders, medical professionals, banks and trade associates for their continued assistance, co-operation and support.

By Order of the Board,  
For CACHET PHARMACEUTICALS PVT. LTD.

SKS  
  
Satish Kumar Singh  
Managing Director  
DIN NO.:00245703



  
Arunkumar D. Deshmukh  
Director  
DIN NO.:07210367

Place: Mumbai  
Dated: 27<sup>th</sup> May, 2019

\*\*\*\*\*





**Annexure-1 : SECRETARIAL AUDIT REPORT**

**DM & ASSOCIATES COMPANY SECRETARIES LLP**

(LLPIN NO. AAI-4743)

REGD. OFFICE: # 205, NADIADWALA MARKET, PODDAR ROAD, MALAD (EAST), MUMBAI-400097

Tel No. : 9167110063 Email: dinesh.deora@yahoo.com

Form no. MR-3

**Secretarial Audit Report**

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

**For the Financial Year Ended March 31, 2019**

To,  
The Members,  
**CACHET PHARMACEUTICALS PRIVATE LIMITED**  
Exhibition Road, P.S.-Gandhi Maidan  
Patna, Bihar-800001

Dear Members,

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended March 31, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2019 according to the provisions of:

1. The Companies Act, 2013 (the Act) and the rules made thereunder;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder: **NA**;
3. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder: **NA**;  
*As informed to us, the Company being deemed public company, the management is in the process of obtaining ISIN for its securities for facilitating Dematerialisation of shares as envisaged under rule 9A of the Companies (Prospectus and Allotment of Securities) Third Amendment Rules, 2018.*
4. The provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings: **NA**;
5. Provisions of Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') were not applicable to the Company during the Audit Period.





**DM & ASSOCIATES COMPANY SECRETARIES LLP**

(LLPIN NO. AAI-4743)

REGD. OFFICE: # 205, NADIADWALA MARKET, PODDAR ROAD, MALAD (EAST), MUMBAI-400097  
Tel No. : 9167110063 Email: dinesh.deora@yahoo.com

We have relied on the representations made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company.

We further state that, having regard to the Compliance system prevailing in the Company and based on the representations made by the Company, the Company has complied with the following laws Applicable specifically to the Company:

- i. Food Safety And Standards Act, 2006
- ii. Drugs and Magic Remedies (Objectionable Advertisement) Act, 1954
- iii. Drugs and Cosmetics Act, 1940
- iv. Narcotic Drugs and Psychotropic Substances Act, 1985
- v. The Air (Prevention and Control of Pollution) Act, 1981 and Rules issued by state control Board
- vi. The Water (Prevention and Control of Pollution) Act, 1974 and Rules issued by state control Board
- vii. The Patents Act, 1970
- viii. The Trade Marks Act, 1999
- ix. Indian Boilers Act, 1923
- x. Poisons Act, 1919

We have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India.

We further report that the Company has generally complied with the Secretarial Standards issued by Institute of Company Secretaries of India. Further the Company has generally complied with respect to event based filing of e-forms to be filed with Registrar of Companies.

*We were further informed that the Company had obtained Loan from Mrs. Premrata Singh who is wife of Mr. Satish Kumar Singh, Director of the Company, for fulfilling its working capital requirement and the Company repaid the same with interest on May 27, 2019.*

We further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non - Executive Directors and Independent Directors *except for the composition of Nomination and Remuneration Committee ('NRC') till March 29, 2019 thereafter the Board of Directors reconstituted the composition of NRC after appointing one more Non-Executive Director on March 29, 2019 to meet the requirements of section 178 of the Companies Act, 2013.* The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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







## DM & ASSOCIATES COMPANY SECRETARIES LLP

(LLPIN NO. AAI-4743)

REGD. OFFICE: # 205, NADIADWALA MARKET, PODDAR ROAD, MALAD (EAST), MUMBAI-400097

Tel No. : 9167110063

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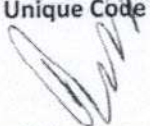
Majority decision is carried through while there were no dissenting members' views which are to be captured and recorded as part of the minutes.

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

For DM & Associates Company Secretaries LLP

Company Secretaries

ICSI Unique Code L2017MH003500

  
Dinesh Kumar Deora

Partner

FCS NO 5683

C P NO 4119



Place: Mumbai

Date: 27<sup>th</sup> May, 2019

Note: This report is to be read with our letter of even date that is annexed as Annexure - I and forms an integral part of this report.





## DM & ASSOCIATES COMPANY SECRETARIES LLP

(LLPIN NO. AAI-4743)

REGD. OFFICE: # 205, NADIADWALA MARKET, PODDAR ROAD, MALAD (EAST), MUMBAI-400097  
Tel No. : 9167110063 Email: dinesh.deora@yahoo.com

### ANNEXURE - I

To  
The Members,  
CACHET PHARMACEUTICALS PRIVATE LIMITED  
Exhibition Road, P.S.-Gandhi Maidan  
Patna, Bihar-800001

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, we have obtained the Management Representation about the compliance of laws, rules and regulations and happening of events, etc.
5. The compliance of the provisions of corporate and other applicable laws, rules and regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For DM & Associates Company Secretaries LLP  
Company Secretaries  
ICSI Unique Code L2017MH003500

Dinesh Kumar Deora  
Partner  
FCS NO 5683  
CP NO 4119

Place: Mumbai  
Date: 27<sup>th</sup> May, 2019







**Annexure-2**  
**Form No. AOC-2**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

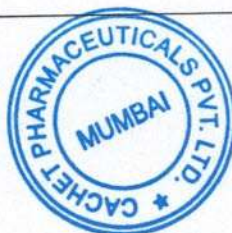
**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

**1. Details of contracts or arrangements or transactions not at arm's length basis:**

(a) Name(s) of the related party and nature of relationship:	NIL
(b) Nature of contracts / arrangements / transactions:	NIL
(c) Duration of the contracts / arrangements / transactions:	NIL
(d) Salient terms of the contracts or arrangements or transactions including the value, if any:	NIL
(e) Justification for entering into such contracts or arrangements or transactions:	NIL
(f) Date(s) of approval by the Board:	NIL
(g) Amount paid as advances, if any:	NIL
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188:	NIL

**2. Details of material contracts or arrangement or transactions at arm's length basis:**

Name of the Related party	Nature of relationship	Duration of Contract	Salient terms	Amount (Rs. In Lakhs)
<b>Nature of Contract:</b>				
<b>Interest expense on loans taken from Director:</b>				
Mr. Satish Kumar Singh	Key Managerial Personnel	Not Applicable	Not Applicable	80.63
				<b>80.63</b>
<b>Interest expense on loans taken from relatives of Director:</b>				
Mrs. Premlata Singh	Relative of Key Managerial Personnel	Not Applicable	Not Applicable	3.37
				<b>3.37</b>
<b>Loans Taken:</b>				
Mr. Satish Kumar Singh	Key Managerial Personnel	Not Applicable	Not Applicable	200.00
				<b>200.00</b>
<b>Sale of Finished Goods:</b>				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	10550.90
				<b>10550.90</b>
<b>Purchase of Finished Goods:</b>				







Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	890.96
Indchemie Health Specialities Pvt. Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	216.53
Galpha Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	59.68
				<b>1167.17</b>
<b>Purchase of Raw &amp; Packing Materials:</b>				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	14.03
Indchemie Health Specialities Pvt. Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	2.73
Galpha Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	1.46
				<b>18.22</b>
<b>Sale of Raw &amp; Packing Materials:</b>				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	2.56
Galpha Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	0.40
				<b>2.96</b>
<b>Manufacturing Charges received:</b>				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	716.03
				<b>716.03</b>
<b>Rent Paid:</b>				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	34.71
				<b>34.71</b>
<b>Reimbursement of Expenses:</b>				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	82.28
Indchemie Health Specialities Pvt. Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	11.44
				<b>93.72</b>
<b>Sale of Capital Goods:</b>				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	1.05
				<b>1.05</b>
<b>Royalty Income</b>				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	2.90
				<b>2.90</b>

1. Appropriate approvals have been taken for related party transactions. Advances have been adjusted against billing, wherever applicable.





## Annexure-3

**SALIENT FEATURES OF NOMINATION AND REMUNERATION POLICY**

This Nomination and Remuneration Policy is being formulated by **M/s. Cachet Pharmaceuticals Private Limited ('the Company')** in compliance with Section 178 of the Companies Act, 2013 as amended from time to time. This policy on nomination and remuneration of Directors, Key Managerial Personnel and Senior Management has been formulated by the Nomination and Remuneration Committee (NRC or the Committee) and has been approved by the Board of Directors of the Company.

**SALIENT FEATURES :**

The Nomination and Remuneration Policy:

- Formulates criteria for determining qualifications, positive attributes and independence of a Director.
- Formulate criteria for evaluation of Independent Directors and the Board.
- Identify persons who are qualified to become Directors and who may be appointed in Senior Management in accordance with the criteria laid down in this policy.
- Carry out evaluation of Director's performance.
- Recommend to the Board the appointment and removal of Directors and Senior Management.
- Recommend to the Board policy relating to remuneration for Directors, Key Managerial Personnel and Senior Management.
- Devise a policy on Board diversity, composition, size.
- Succession planning for replacing Key Executives and overseeing.
- Carry out any other function as is mandated by the Board from time to time and / or enforced by any statutory notification, amendment or modification, as may be applicable.
- Perform such other functions as may be necessary or appropriate for the performance of its duties.

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## Annexure-4

**FORM NO. MGT 9**  
**EXTRACT OF ANNUAL RETURN**  
**As on financial year ended on 31.03.2016**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

**I. REGISTRATION & OTHER DETAILS:**

1	CIN	U24230BR1978PTC001328
2	Registration Date	25.04.1978
3	Name of the Company	Cachet Pharmaceuticals Private Limited
4	Category/Sub-category of the Company	Company Limited by Shares Indian Non-Government Company
5	Address of the Registered office & contact details	Exhibition Road, P.S. Gandhi Maidan, Patna - 800 001, Ph.- 0612-2322570, 2322588
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	N.A.

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:**

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)			
SR. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Pharmaceutical and Nutraceutical Products	21002 & 21003	100

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:**

SR. NO.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1.	M/s Alkem Laboratories Limited, Alkem House, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013.	U00305MH1973 PLC174201	Holding	58.79%	2(46)







## IV. SHARE HOLDING PATTERN:

(Equity share capital breakup as percentage of total equity)									
(i) Category-wise Share Holding									
Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2018]				No. of Shares held at the end of the year [As on 31-March-2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual/ HUF	-	7,350	7,350	41.21%	-	7,350	7,350	41.21%	0.00%
b) Central Govt.	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt.(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	-	10,484	10,484	58.79%	-	10,484	10,484	58.79%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (1)</b>	-	<b>17,834</b>	<b>17,834</b>	<b>100%</b>	-	<b>17,834</b>	<b>17,834</b>	<b>100%</b>	<b>0.00%</b>
(2) Foreign									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (2)</b>	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>TOTAL (A)</b>	-	<b>17,834</b>	<b>17,834</b>	<b>100%</b>	-	<b>17,834</b>	<b>17,834</b>	<b>100%</b>	<b>0.00%</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt.	-	-	-	0.00%	-	-	-	0.00%	0.00%







d) State Govt.(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance Companies	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub-total (B)(1):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals	-	-			-	-			
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Others	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	0.00%	-	-	-	0.00%	0.00%
Overseas Corporate Bodies	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%
Clearing Members	-	-	-	0.00%	-	-	-	0.00%	0.00%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Bodies – D R	-	-	-	0.00%	-	-	-	0.00%	0.00%







Sub-total (B)(2):-	-	-	-	0.00%	-	-	-	0.00%	0.00%
Total Public (B)	-	-	-	0.00%	-	-	-	0.00%	0.00%
C. Shares held by Custodian for GDRs & ADRs	-	-	-	0.00%	-	-	-	0.00%	0.00%
Grand Total (A+B+C)	-	17,834	17,834	100%	-	17,834	17,834	100%	0.00%

(ii) Shareholding of Promoter :

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year [as on 31 <sup>st</sup> March, 2018]			Shareholding at the end of the year [as on 31 <sup>st</sup> March, 2019]			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Alkem Laboratories Limited	10,484	58.79%	--	10,484	58.79%	--	7.79%
2.	Ms. Prerana Kumar	758	4.25%	--	758	4.25%	--	-0.80%
3.	Mr. Basudeo Narain	731	4.10%	--	731	4.10%	--	-0.77%
4.	Ms. Anita Singh	585	3.28%	--	585	3.28%	--	-0.62%
5.	Mr. Samprada Singh	545	3.06%	--	545	3.06%	--	-0.57%
6.	Mr. Dhananjay Kumar	525	2.94%	--	525	2.94%	--	-0.56%
7.	Mr. Mritunjay Kumar	525	2.94%	--	525	2.94%	--	-0.56%
8.	Mr. Satish Kumar	467	2.62%	--	467	2.62%	--	-0.49%
9.	Samprada Singh (HUF)	443	2.48%	--	443	2.48%	--	-0.47%
10.	Ms. Manju Singh	428	2.40%	--	428	2.40%	--	-0.45%
11.	Ms. Madhurima Singh	365	2.05%	--	365	2.05%	--	-0.38%
12.	Ms. Seema Singh	365	2.05%	--	365	2.05%	--	-0.38%
13.	Mr. Sarvesh Singh	340	1.91%	--	340	1.91%	--	-0.36%
14.	Mr. Sandeep Singh	340	1.91%	--	340	1.91%	--	-0.36%
15.	Ms. Jayanti Sinha	233	1.31%	--	233	1.31%	--	-0.24%
16.	Mr. Rajesh Kumar	225	1.26%	--	225	1.26%	--	-0.24%
17.	Mr. Balmiki Prasad	175	0.98%	--	175	0.98%	--	-0.19%





18.	Ms. Archana Singh	150	0.84%	--	150	0.84%	--	-0.16%
19.	Mr. Rajeev Ranjan	150	0.84%	--	150	0.84%	--	-0.16%
	<b>Total</b>	<b>17,834</b>	<b>100%</b>	<b>--</b>	<b>17,834</b>	<b>100%</b>	<b>--</b>	<b>--</b>

(iii) Change in Promoters' Shareholding (please specify, if there is no change):

Sr. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	<b>Alkem Laboratories Ltd.</b>						
1	At the beginning of the year			10,484	58.79%	10,484	58.79%
	Changes during the year			NIL	NIL	NIL	NIL
	At the end of the year			10,484	58.79%	10,484	58.79%

(iv) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

SN	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Name						
	At the beginning of the year				0.00%		0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year				0.00%		0.00%
2	Name						
	At the beginning of the year				0.00%		0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year				0.00%		0.00%





**(v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Mr. Satish Kumar Singh						
	At the beginning of the year			467	2.62%	467	2.62%
	Changes during the year				0.00%		-0.49%
	At the end of the year			467	2.62%	467	2.62%
2	Name						
	At the beginning of the				0.00%		0.00%
	Changes during the year				0.00%		0.00%
	At the end of the year				0.00%		0.00%

**V. INDEBTEDNESS:**

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

(Rs. In Lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year:</b>				
i) Principal Amount	5,054.00	793.94	-	5,847.94
ii) Interest due but not paid	-	67.33	-	67.33
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>5054.00</b>	<b>861.27</b>	<b>-</b>	<b>5915.27</b>
<b>Change in Indebtedness during the financial year:</b>				
* Addition	19191.04	200.00	-	19391.04
* Reduction	(20,014.32)	-	-	(20014.32)
Changes in CC limit	-	-	-	-
<b>Net Change</b>	<b>(823.28)</b>	<b>200.00</b>	<b>-</b>	<b>(623.28)</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	4230.72	1061.27	-	5291.99
ii) Interest due but not paid	-	88.64	-	88.64





iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>4230.72</b>	<b>1149.91</b>	<b>-</b>	<b>5380.63</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Rs. In Lakhs)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
	<b>Name</b>	<b>Mr. Lalankumar Singh</b>	<b>Mr. Satish Kumar Singh</b>	<b>-</b>
	<b>Designation</b>	<b>Whole-Time Director</b>	<b>Managing Director</b>	
1	Gross salary		-	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	51.56	-	51.56
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others, specify	-	-	-
5	Others, please specify	-	-	-
	<b>Total (A)</b>	<b>51.56</b>	<b>-</b>	<b>51.56</b>
	<b>Ceiling as per the Act*</b>	<b>84.00</b>	<b>-</b>	<b>84.00</b>

\*Note: Ceiling as per the Special Resolution passed Section 196, 197, 198 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 at the Extra Ordinary General Meeting held on 13<sup>th</sup> February, 2017.

### B. Remuneration to other Directors:

(Rs. In Lakhs)

SN.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	<b>Mr. Arunkumar Deshmukh</b>	<b>Mrs. (Dr.) Anuja M. Sinha</b>	
	Fee for attending board committee	0.45	0.30	0.75
	Commission	-	-	-
	Others, please specify	-	-	-
	<b>Total (1)</b>	<b>0.45</b>	<b>0.40</b>	<b>0.75</b>
2	Other Non-Executive Directors	-	-	-







Fee for attending board committee	-	-	-
Commission	-	-	-
Others, please specify	-	-	-
Total (2)	-	-	-
Total (B)=(1+2)	0.45	0.40	0.75
Total Managerial Remuneration	-	-	52.31
Overall Ceiling as per the Act*	-	-	84.00

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sr. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total Amount	
		Name		(Rs./Lac)	
	Designation	CEO	CFO	CS	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	-	-	-

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

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty			None		
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty			None		
Punishment					
Compounding					







C. OTHER OFFICERS IN DEFAULT					
Penalty			None		
Punishment					
Compounding					







## Annexure-5

DETAILS OF REMUNERATION OF EMPLOYEES PURSUANT TO SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(2) OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31ST MARCH, 2018.

A. Employed throughout the year and were in receipt of remuneration for the year which in aggregate was not less than Rs.1.02 Cr. per annum.

Sr. No.	Name of the Employee	Designation	Remuneration Received (Amt. in Rs.)	Nature of employment	Age (Yrs)	% of Equity shares held	Whether relative of any director or Manager
1.	RAJEEV RANJAN	PRESIDENT	20,973,000	Full time	53	0.84%	No
2.	RAJESH KUMAR	COO	20,973,000	Full time	49	1.26%	No
3.	SHASHI SHEKHAR KUMAR	V.P. - INT. BUSINESS	6,736,512	Full time	47	NIL	No
4.	AJAY NAGYAN	CORPORATE VP-TECHNICAL	6,727,504	Full time	57	NIL	No
5.	INDRANIL CHAKRAVARTTY	PRESIDENT - SLS & MKTG	6,210,317	Full time	56	NIL	No
6.	SANJAY KUMAR	VP -FACTORY OPERATIONS	5,564,250	Full time	49	NIL	No
7.	SUNIL SARDESAI	VP - COMMERCIAL	5,221,284	Full time	57	NIL	No
8.	LALAN KUMAR SINGH	DIRECTOR	5,155,800	Full time	76	NIL	No
9.	N V SHANBHAG	ASST. VP - ACCOUNTS	4,009,116	Full time	63	NIL	No
10.	JAYANT ADHIKARY	GM-SALES & MARKETING	3,845,364	Full time	53	NIL	No

B. Employed for a part of the year and were in receipt of remuneration which, in the aggregate, was not less than Rs.8.50 Lakhs per month: N.A.





## Annexure-6

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

## a) Energy Conservation Measures taken:

Energy conservation continues to receive top priority in the Company, Energy consumption is monitored, maintenance systems are improved and distribution losses are reduced.

- i) Specific Energy Conservation measures are taken to include installation of energy efficient system in the existing equipment, configuration and also capacitors are put on all heavy machines to control the power factor.
- ii) For new machines we are purchasing system / equipment having Electric Motors having variable speed drive which allows the motor's energy output to match the required load.
- iii) This achieves energy savings ranging from 30 to 60 percent, depending on how the motor is used.
- iv) Voltage stabilizers are placed at appropriate places so that motors may also benefit from voltage optimisation.
- v) UPS & Electronic blast is used to save the energy in routine work. LED lights are used in place of routine lights.
  - vi) Installed PAPPU pump for condensate Recovery in boilers
  - vii) Installation of VFD in Air Compressor
  - viii) Replacement of Metal Fan of cooling Tower with PVC

## b) Additional proposals or activities, if any:

We have purchased Zero power Air Ventilation System (Double Effect Turbo Ventilator) which gives:

- i. Free Day Light
- ii. Free Ventilation

This turbine ventilator works on wind energy.

We have improved the insulation of low and high temperature services and put **electronic blast in all lightening devices to save energy.**

## c) Impact of measures taken:

Energy conservation measures of the type mentioned above have resulted in gradual savings in energy.

## d) Total energy consumption and energy conservation per unit of production increased.





**Water:-**

- i) Reverse osmosis (R.O.) water system rejection (30%) is used in toilets to save water wastage. It is about 3 kilo litre per day.
- ii) Put sensors in water tanks to control the water wastage.
- iii) Made two rain harvesting pits to save rain water.

**B. RESEARCH & DEVELOPMENT AND TECHNOLOGY ABSORPTION:****RESEARCH & DEVELOPMENT (R & D):****1. Specific areas in which R&D is carried out by the Company:**

Development of formulations as immediate release, delayed release, enteric release, sustained release, dry powder inhalers, nasal sprays, liquid orals, Injectibles and various platform technologies.

R & D has developed the formulations for new and existing molecules and drug combinations which include its standardization and execution at production site, evaluation of these batches against reference samples for safety, efficacy and bio-equivalence.

Development of new analytical test procedures for various dosage forms to establish the quality and setting up specification for the release, stability testing of dosage forms and Active Pharmaceutical ingredient.

**2. Benefits derived as a result of the above R & D:**

Product Improvement, Process Development, Standardization of Quality Control of Formulation.

**3. Future plan of action:**

R & D is working on the following segment:-

- Nutraceuticals.
- Technology – such as skin gels.
- Development of formulations for Semi regulatory market.
- Development of formulations for Domestic market.

**4. Expenditure on R & D:**

- |   |       |
|---|-------|
| i) Capital  | : Nil |
| ii) Recurring   | : Nil |
| iii) Total  | : Nil |
| iv) Total R & D Expenditure as percentage to total turnover | : Nil |





## TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION

Efforts made in technology absorption, adaptation and innovation:

### DISCLOSURE OF PARTICULARS WITH REGARD TO TECHNOLOGY ABSORPTION:

#### 1. Efforts in brief made towards technology absorption, adaptation and innovation:

- a) Our efforts in the area of technology absorption, adoption and innovation are based on our own efforts in R & D. They include improvement in yield and quality, efficacy, improvement of processes and development of new processes with validation studies.
- b) External institute for R & D:  
National Institute of Pharmaceutical Education and Research (N.I.P.E.R Sector- 67, S.A.S Nagar, Mohali 160062, Punjab, India)
  - Formulation development
  - Zeta size analysis
  - Zeta potential analysis
- c) University Institute of Pharmaceutical Sciences, Punjab University (Punjab University, Sector 14, Chandigarh, India)
  - Formulation development
  - Master size analysis
  - Transmission electron microscope
  - Scanning electron microscope

#### 2. Benefits derived as a result of the above efforts:

Benefits derived are introduction of new products, improvement in the yield and quality, safety and efficacy of products, cost reduction of products and processes without affecting the quality of the products and process efficacy.

### C: FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year under review the foreign exchange earnings was Rs.4109.51 Lakhs and outgo was Rs.416.82 Lakhs.





## INDEPENDENT AUDITOR'S REPORT

To the Members of Cachet Pharmaceuticals Private Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the accompanying Ind AS financial statements of Cachet Pharmaceuticals Private Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, the statement of profit and loss (Including Other Comprehensive Income), the statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, its loss, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

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

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





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

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

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

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

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

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists.





Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit. We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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





## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. In Annexure A.
2. As required by Section 143(3) of the Act, 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, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.
  - e) On the basis of the written representations received from the directors as on 31st March, 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the other matters to be included in the Auditor's Report in accordance with 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.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. – Refer Note 3.30 to the financial.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

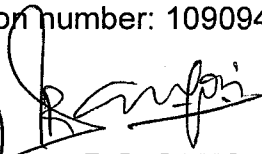




- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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



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

Place of Signature:- Mumbai  
Date: 27<sup>th</sup> May, 2019



**Re: CACHET PHARMACEUTICALS PRIVATE LIMITED**

**"Annexure A" to the Independent Auditors' Report:**

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the Ind AS financial statements of the Company for the year ended 31<sup>st</sup> March, 2019, we report that:

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- ii) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi) We have broadly reviewed the cost records maintained by the company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed records are maintained by the Company.





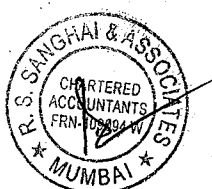
vii) (a) According to information and explanations given to us and on the basis of our examination of the records of the Company amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees State Insurance, Goods & Service Tax, Income-Tax, Duty of Customs, Cess and any other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at 31<sup>st</sup> March, 2019, for a period of more than six months from the date on when they become payable.

(b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of customs duty, service tax, Goods & Service tax and excise duty which have not been deposited on account of any dispute. The particulars of dues of sales-tax and income tax as at 31<sup>st</sup> March, 2019, which have not been deposited on account of dispute, are as follows-

Name of the Statute	Nature of Dues	Total Amount (Rs. In Lakhs)	Amount deposited (Rs. In Lakhs)	Period to which the amount relates	Forum where the dispute is pending
Sales Tax Delhi	CST payable against pending form(s)	0.90	-	2010-11	Assistant Comm/AVATO(war d 60), Delhi
Income Tax Act 1961	Income Tax	6.29	-	2011-12	Assessing Officer
Income Tax Act 1961	Income Tax	10.58	3.00	2014-15	CIT (Appeal), Patna-1
Income Tax Act 1961	Income Tax	14.65	-	2015-16	Assessing Officer
<b>Total</b>		<b>32.42</b>	<b>3.00</b>		

viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowing to banks/financial institutions. The Company has not taken any loan from the government and has not issued any debentures.

ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of para 3(ix) of the Order are not applicable to the Company and hence not commented upon.





- x) Based upon the audit procedures performed and the information and explanations given by the management, we report that no fraud by the Company or on the company by its officers or employees has been noticed or reported during the year.
- xi) Based upon the audit procedures performed and the information and explanations given by the management, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act.
- xii) In our opinion and according to the information and explanation given to us, the Company is not a Nidhi Company. Therefore, the provisions of para 3 (xii) of the Order are not applicable to the Company.
- xiii) In our opinion, all transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the Ind AS Financial Statements as required by the applicable accounting standards.
- xiv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, the provisions of para 3(xiv) of the Order are not applicable to the Company and hence not commented upon.
- xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

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

Firm's registration number: 109094W



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

Place of Signature:- Mumbai  
Date: 27<sup>th</sup> May, 2019

## **“Annexure B” to the Independent Auditor’s Report**

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

We have audited the internal financial controls with reference to financial statements of **CACHET PHARMACEUTICALS PRIVATE LIMITED** (“the Company”) as of 31<sup>st</sup> March, 2019, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

#### **Management’s Responsibility for Internal Financial Controls**

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

#### **Auditors’ Responsibility**

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

Our audit involves performing procedures to obtain audit evidence about the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, assessing the risk that a material weakness exists,





and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

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

### **Meaning of Internal Financial Controls with reference to financial statements**

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

### **Inherent Limitations of Internal Financial Controls with reference to financial statements**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at 31<sup>st</sup> March, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note



on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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



A handwritten signature in black ink, appearing to read "R.S. SANGHAI".

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

Place of Signature: - Mumbai  
Date: 27<sup>th</sup> May, 2019



**CACHET PHARMACEUTICALS PRIVATE LIMITED**
**BALANCE SHEET AS AT 31ST MARCH, 2019**

PARTICULARS	Note No.	As at 31st March, 2019 Rs. in Lakhs	As at 31st March, 2018 Rs. in Lakhs
<b>I. ASSETS</b>			
<b>1 Non-Current Assets</b>			
(a) Property, plant and equipment	3.1	9,176.76	9,469.17
(b) Capital work in progress	3.1	14.25	-
(c) Other intangible assets	3.1	91.38	89.10
(d) Financial assets			
(i) Investments	3.2	1.15	1.15
(ii) Loans	3.3	107.82	169.90
(iii) Other non-current financial assets	3.4	534.12	515.02
(e) Deferred tax assets (net)	3.5E	1,050.75	791.94
(f) Other tax assets (net)	3.5D	220.83	206.53
(g) Other non-current assets	3.6	-	27.85
<b>Total Non-Current Assets</b>		<b>11,197.06</b>	<b>11,270.66</b>
<b>2 Current Assets</b>			
(a) Inventories	3.7	3,274.08	4,202.38
(b) Financial assets			
(i) Trade receivables	3.8	4,606.54	5,376.28
(ii) Cash and cash equivalents	3.9	227.60	401.14
(iii) Bank balances other than (ii) above	3.10	3.09	8.48
(iv) Loans	3.11	139.37	102.37
(v) Other current financial assets	3.12	184.97	99.77
(c) Other current assets	3.13	580.04	930.25
<b>Total Current Assets</b>		<b>9,015.69</b>	<b>11,120.67</b>
<b>TOTAL ASSETS</b>		<b>20,212.75</b>	<b>22,391.33</b>
<b>II. EQUITY AND LIABILITIES</b>			
<b>1 Equity</b>			
(a) Equity share capital	3.14	17.83	17.83
(b) Other equity (Refer Statement of changes in Equity)		3,779.39	4,325.41
<b>Total Equity</b>		<b>3,797.22</b>	<b>4,343.24</b>
<b>2 Non-Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	3.15	2,741.22	2,702.62
(b) Provisions	3.16	942.13	863.71
(c) Other non-current liabilities	3.17	398.26	431.60
<b>Total Non-Current Liabilities</b>		<b>4,081.61</b>	<b>3,997.93</b>
<b>3 Current Liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	3.18	2,302.54	2,962.19
(ii) Trade payables	3.19		
(a) total outstanding dues of micro enterprises & small enterprises		1,964.16	3,994.74
(b) total outstanding dues of creditors other than micro enterprises & small enterprises		5,544.56	4,419.68
(iii) Other current financial liabilities	3.20	1,648.23	1,677.12
(b) Other current liabilities	3.21	471.43	440.69
(c) Provisions	3.22	403.00	555.74
<b>Total Current Liabilities</b>		<b>12,333.92</b>	<b>14,050.16</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>20,212.75</b>	<b>22,391.33</b>



Significant Accounting Policies	1
Critical Accounting Judgements & Estimations	2
Notes to the Financial Statements	3
The accompanying notes are an integral part of financial statements	

As per our Report attached of even date,  
For **R. S. SANGHAI & ASSOCIATES**

Chartered Accountants  
Firm Reg No: 109094W

  
**R.S. Sanghai**

Partner

Membership No: 036931

Place: Mumbai

Dated: 27th May 2019



For & on behalf of the Board,  
**CACHET PHARMACEUTICALS PRIVATE LIMITED**  
CIN: U24230BR1978PTC001328



**S.K. Singh**

Managing Director

DIN : 00245703



**Arunkumar Deshmukh**

Independent Director

DIN No. 07210367



PARTICULARS	Note No.	For the year ended 31st March, 2019 Rs. in Lakhs	For the year ended 31st March, 2018 Rs. in Lakhs
<b>Income:</b>			
Revenue from operations	3.23	33,810.96	31,159.56
Other income	3.24	79.58	62.00
<b>Total Income</b>		<b>33,890.54</b>	<b>31,221.56</b>
<b>Expenses:</b>			
Cost of materials consumed	3.25	7,020.03	7,554.92
Purchases of stock-in-trade		11,628.31	9,965.77
Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.26	540.36	737.21
Employee benefits expense	3.27	6,716.99	6,005.64
Finance costs	3.28	690.65	696.18
Depreciation and amortization expense	3.1	686.33	579.11
Other expenses	3.29	7,388.48	7,386.18
<b>Total Expenses</b>		<b>34,671.15</b>	<b>32,925.01</b>
<b>Profit Before Tax</b>		<b>(780.59)</b>	<b>(1703.45)</b>
<b>Tax Expense:</b>	3.5 A		
Current Tax		-	-
Deferred Tax (Net)		(251.24)	(548.23)
Less: MAT Credit Entitlement		-	-
Prior Period Tax Adjustment		-	-
<b>Total Tax Expense</b>		<b>(251.24)</b>	<b>(548.23)</b>
<b>Profit After Tax</b>		<b>(529.35)</b>	<b>(1155.23)</b>
<b>Other Comprehensive Income/(Loss)</b>			
Items that will not be reclassified to profit or loss			
- Remeasurements of defined benefit plans		(24.27)	70.33
- Tax on Remeasurements of defined benefit plans		7.57	(21.94)
<b>Total of Other Comprehensive Income for the period, net of tax</b>		<b>(16.70)</b>	<b>48.39</b>
<b>Total Comprehensive Income for the period</b>		<b>(546.05)</b>	<b>(1106.83)</b>
Earnings per equity share (In Rs.):	3.33		
Basic		(2,968.21)	(6,477.66)
Diluted		(2,968.21)	(6,477.66)
Face Value of Equity Share (In Rs.)		100.00	100.00



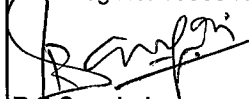
Significant Accounting Policies	1
Critical Accounting Judgements & Estimations	2
Notes to the Financial Statements	3
The accompanying notes are an integral part of financial statements	

As per our Report attached of even date,

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

Chartered Accountants

Firm Reg No: 109094W



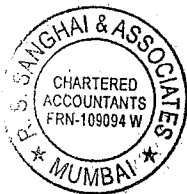
**R.S. Sanghai**

Partner

Membership No: 036931

Place: Mumbai

Dated: 27th May 2019



For & on behalf of the Board,

**CACHET PHARMACEUTICALS PRIVATE LIMITED**

CIN:U24230BR1978PTC001328



**S.K. Singh**

Managing Director

DIN : 00245703



**Arunkumar Deshmukh**

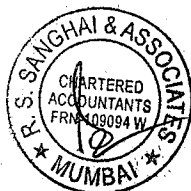
Independent Director

DIN : 07210367



STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2019

PARTICULARS	For the year ended 31st March, 2019 Rs. in Lakhs	For the year ended 31st March, 2018 Rs. in Lakhs
<b>A. Cash Flow from Operating Activity:</b>		
Net (Loss)/Profit before Tax	(780.59)	(1,703.43)
Adjustment for:		
Depreciation & amortisation	686.33	579.11
Provision for gratuity & compensated leave	113.65	83.80
Provision doubtful debts	350.77	187.36
Provision for anticipated sales return	(212.23)	62.82
Loss on sale of property, plant and equipments	25.28	16.67
Dividend received	(0.18)	(0.18)
Net interest paid	666.38	670.50
<b>Subtotal of adjustments</b>	<b>1,630.01</b>	<b>1,600.08</b>
<b>Operating profit before working capital changes</b>	<b>849.42</b>	<b>(103.35)</b>
Adjustment for:		
Trade and other receivables	418.96	(606.16)
Loans & other financial assets and other current assets	304.23	(1,079.82)
Inventories	928.30	136.06
Trade payable & other liabilities	(937.17)	3,668.28
<b>Subtotal of adjustments</b>	<b>714.32</b>	<b>2,118.36</b>
Cash generated from operations	1,563.75	2,015.00
Less: Direct taxes paid	(14.30)	(3.40)
<b>Cash Flow before extraordinary items</b>		
<b>Net Cash (used)/ generated Operating Activities</b>	<b>1,549.45</b>	<b>2,011.60</b>
<b>B Cash Flow from Investing Activities:</b>		
Purchases of property, plant and equipments (Net)	(471.39)	(1,643.81)
Sale of property, plant and equipments (Net)	35.66	67.04
Dividend received	0.18	0.18
Interest received	11.06	12.92
<b>Net Cash (used)/ generated in investing activities</b>	<b>(424.49)</b>	<b>(1,563.67)</b>
<b>C Cash Flow from Financing Activities:</b>		
Issue of share capital	-	-
Long term borrowings	38.60	25.58
Bank borrowings availed	(659.66)	197.19
Interest paid	(677.45)	(683.42)
<b>Net Cash (used)/ generated in Financing Activities</b>	<b>(1,298.50)</b>	<b>(657.84)</b>
<b>D Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>	<b>(173.54)</b>	<b>(12.72)</b>
<b>E Cash &amp; Cash Equivalents as at 1st April, 2018</b>	<b>401.14</b>	<b>413.86</b>
<b>F Cash &amp; Cash Equivalents as at 31st March, 2019 (D+E)</b>	<b>227.60</b>	<b>401.14</b>
<b>Notes:</b> 1. Cash & Cash Equivalents include cash and Bank Balances in Current Accounts and in Deposit Accounts (Refer Note 3.9 of the Accounts). 2. Additions to Property, plant and equipments (Including Capital Work In Progress) are considered as a part of investing activities. 3. Interest Income on Bank Deposits is classified as cash flow from Investing Activities. 4. Above Cash Flow Statements is prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 (IND AS-7) "Statement of Cash Flow". 5. Bank overdraft repayable on demand are grouped under cashflow from financing activities. 6. Previous Year's figures have been regrouped or rearranged wherever necessary.		



Significant Accounting Policies	1
Critical Accounting Judgements & Estimations	2
Notes to the Financial Statements	3
The accompanying notes are an integral part of financial statements	

As per our Report attached of even date,

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

Chartered Accountants

Firm Reg No: 109094W

**R.S.Sanghai**

Partner

Membership No: 036931

Place: Mumbai

Dated: 27th May, 2019



For & on behalf of the Board,

**CACHET PHARMACEUTICALS PRIVATE LIMITED**

CIN:U24230BR1978PTC001328

**S.K.Singh**

Managing Director

DIN : 00245703

**Arunkumar Deshmukh,**

Independent Director

DIN No.07210367



## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2019

(A) Equity share capital (Rs in Lakhs)				
Particulars	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	17,834	17.83	17,834	17.83
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	17,834	17.83	17,834	17.83

(B) Other equity (Rs in Lakhs)						
Particulars	Reserves and Surplus					
	Capital reserve	Securities premium	General reserve	Retained earning	Other comprehensive income/(loss)	Total other equity
Balance as at 1st April 2018	31.00	2,496.70	2,500.00	(703.30)	1.06	4,325.41
Total comprehensive income for the year ended 31st March, 2019						
Profit/(Loss) for the year	-	-	-	(529.35)	-	(529.35)
Other comprehensive income/(loss) for the year (net of tax)	-	-	-		(16.70)	(16.70)
Total comprehensive income for the year ended 31st March, 2019	-	-	-	(529.35)	(16.70)	(546.05)
Balance as at 31st March 2019	31.00	2,496.70	2,500.00	(1,232.65)	(15.64)	3,779.39

## Notes :

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

(a) Capital reserve

Capital reserve represents investment subsidies from state government.

(b) Securities premium

Securities premium represents premium on shares issued.

(c) General reserve

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

(d) Retained earning

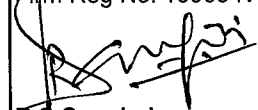
Retained earnings are the profits that the company has earned till date, less any transfers to general reserve.

As per our Report attached of even date,

For R. S. SANGHAI &amp; ASSOCIATES

Chartered Accountants

Firm Reg No: 109094W



R.S. Sanghai

Partner

Membership No: 036931

Place: Mumbai

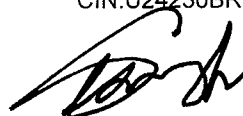
Dated: 27th May, 2019



For &amp; on behalf of the Board,

CACHET PHARMACEUTICALS PRIVATE LIMITED

CIN:U24230BR1978PTC001328



S.K. Singh

Managing Director

DIN : 00245703



Arunkumar Deshmukh

Independent Director

DIN No.07210367

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES:**

**1 Company overview and Significant Accounting policies**

**1A Company overview**

M/s. Cachet Pharmaceuticals Private Limited ('the Company') was incorporated in 1978 under the provisions of Companies Act, 1956 of India, as a company with limited liability. The Company is domiciled in India with its registered office address being at Exhibition Road, Patna - 800001, India. The company is engaged in manufacture and sale of pharmaceutical products.

**1B Significant Accounting Policies:**

**1.1 Basis of preparation of Financial Statements:**

**a) Statement of Compliance**

The financial statements of the Company as at and for the year ended March 31, 2019 have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Act.

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on **27<sup>th</sup> May, 2019**.

**b) Basis of preparation & presentation**

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

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

An asset is classified as current when it is:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

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

**c) Functional & presentation currency**

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





**1.2 Property, plant and equipment: ("PPE")**

**i. Recognition and Measurement**

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

**ii. Subsequent expenditure**

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

**iii. Depreciation & amortisation**

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

Tangible Assets	Useful Life
Leasehold Land	33 Years
Building	30 Years
Plant & Machinery	15 Years
Furniture & Fixture	10 Years
Computers	3 Years
Vehicles	8 Years
Office Equipment	5 Years

**1.3 Intangible Assets:**

**I. Recognition and Measurement**

Intangible assets such as computer software that are acquired by the Company and have finite useful life are measured at cost less accumulated amortisation and any accumulated impairment losses.

**II. Subsequent expenditure**

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific assets to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in the statement of profit & loss.

**III. Amortisation**

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight line method over their estimated useful life, and is recognised in the statement of profit & loss.

The estimated useful lives for current & comparative periods are as follows:

Intangible Assets	Useful Life
Computer Software	5 Years

**1.4 Impairment of non-financial assets:**

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

**1.5 Financial instruments**

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

**a) Financial Assets**

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

The financial assets are classified in the following measurement categories:

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

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

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

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

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

**i) Amortised Cost**

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

- a) The asset is held within a business model with the objective of collecting the contractual cash flows, and
- b) The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

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

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





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

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

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

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

**Impairment of Financial Assets**

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

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

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

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

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

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

**Interest income**

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

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

**Dividends**

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

**Cash and cash equivalents**

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

**b) Financial Liabilities**

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

**Classification**

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

**Initial recognition and measurement**

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

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

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

**c) Offsetting financial instruments**

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

**1.6 Equity instruments:**

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

**1.7 Inventories:**

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





**1.8 Revenue Recognition:**

- a) Revenue from sale of goods is recognized when a performance obligation is satisfied, i.e. when 'control' of the goods underlying the particular performance obligation is transferred to the customer by the Company and no significant uncertainty exist regarding the amount of consideration that will be derived from the sale of goods as well as regarding its ultimate collection. Revenue from product sales is stated net of returns, Goods and Service Tax (GST) and applicable trade discounts and allowances. Revenue from sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable and are also netted off for probable saleable and non-saleable return of goods from the customers, estimated on the basis of historical data of such returns.
- b) Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and no significant uncertainty exist regarding its ultimate collection.
- c) Income from Royalty in relation to Sales based or usage-based royalties in exchange for a licence of Intellectual properties is recognised only when the later of the following event occurs:
  - (a) The subsequent sale or usage occurs; and
  - (b) The performance obligation to which some or all of the sales-based or usage-based royalty has been allocated has been satisfied ( or partially satisfied ).

**1.9 Foreign currency transactions:**

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

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

**1.10 Employee Benefits:**

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

**i) Defined Contribution Plan:**

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

**ii) Defined Benefit and Other Long Term Benefit Plans:**

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

**b) Short term Employee Benefits:**

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



**1.11 Taxes on Income:**

Income tax expense represents the sum of the current tax and deferred tax.

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

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

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

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

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

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

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

**1.12 Borrowing Costs:**

Borrowing costs attributable to acquisition and construction of qualifying assets are capitalized as a part of the cost of such assets up to the date when such assets are ready for its intended use. Other borrowing costs are charged to the Statement of Profit and Loss in the period in which they are incurred.

**1.13 Provision, Contingent Liabilities and Contingent Assets:**

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

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





**1.14 Earnings per share ('EPS'):**

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

**1.15 Government Grants:**

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

**1.16 Operating Leases:**

Assets taken on lease under which substantially all risks and rewards of ownership are effectively retained by the lessor are classified as operating lease. Lease payments under operating leases are recognised as expenses on straight line basis over the primary period of lease only if lease rentals are not linked to inflation in accordance with the respective lease agreements.



**Note 2: Critical Accounting Judgements and Key Sources of Estimation Uncertainty**

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

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

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

**a) Estimate of current and deferred tax**

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

**b) Recognition of deferred tax assets**

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

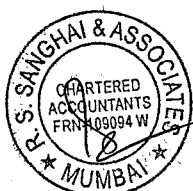
**c) Estimation of useful life**

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

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

**d) Provision for trade and other receivables**

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



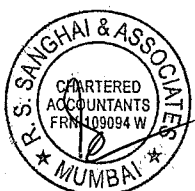


**e) Provisions and contingent liabilities**

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

**f) Provision for Expected Sales Returns**

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

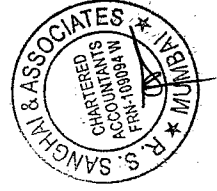


NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

3.1 Property, Plant and Equipment, Other Intangible Assets and Capital Work in Progress

(Rs. in Lakhs)

PARTICULARS	Tangible assets							Intangible assets		Capital work in progress
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Total	Computer Software	Total
At deemed cost										
As at 1st April 2017	173.56	408.42	3,872.25	3,500.18	208.16	304.95	88.96	8,556.49	132.26	132.26
Additions			1,691.09	411.94	48.94	83.12	26.83	2,261.91	5.61	5.61
Adjustments										
Deletions	-	43.13	5.06	9.66	-	83.68	-	141.53	-	-
Reclassification to assets held for sale										
As at 31st March 2018	173.56	365.29	5,558.28	3,902.46	257.10	304.39	115.79	10,676.87	137.87	137.87
At cost										
As at 1st April, 2018	173.56	365.29	5,558.28	3,902.46	257.10	304.39	115.79	10,676.87	137.87	137.87
Additions	-	-	87.39	115.06	13.26	203.51	21.83	441.05	16.09	16.09
Adjustments										
Deletions	-	-	-	14.16	-	139.26	-	153.42	-	-
As at 31st March, 2019	173.56	365.29	5,645.67	4,003.36	270.36	368.64	137.62	10,964.50	153.96	153.96
Depreciation and Amortisation										
As at 1st April 2017	-	-	120.88	399.74	57.53	75.07	43.07	696.28	38.90	38.90
Depreciation/amortisation for the year	-	-	143.63	327.10	26.37	48.94	23.19	569.23	9.88	9.88
Adjustments	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	0.20	-	57.63	-	57.83	-	-
As at 31st March 2018	-	-	264.51	726.64	83.90	66.37	66.25	1,207.68	48.78	48.78
Depreciation and Amortisation										
As at 1st April, 2018	-	-	264.51	726.64	83.90	66.37	66.25	1,207.66	48.78	48.78
Depreciation/amortisation for the year	-	39.67	186.48	339.15	28.78	54.70	23.75	672.53	13.80	13.80
Adjustments	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	5.02	-	87.44	-	92.46	-	-
As at 31st March, 2019	-	39.67	450.99	1,060.77	112.68	33.63	90.00	1,787.73	62.58	62.58
Net Book Value										
As at 31st March, 2018	173.56	365.29	5,293.78	3,175.82	173.20	238.02	49.54	9,469.17	89.09	89.09
As at 31st March, 2019	173.56	325.62	5,194.69	2,942.59	157.68	335.01	47.62	9,176.76	91.38	91.38





PARTICULARS	As at 31st March, 2019 Rs. in Lakhs	As at 31st March, 2018 Rs. in Lakhs
<b>3.2 : NON CURRENT INVESTMENTS:</b>		
<u>UNQUOTED :</u>		
<u>INVESTMENT IN EQUITY SHARES :</u>		
(at fair value through profit & loss)		
9000 equity shares of Rs. 10/- each of Shivalik Solid Waste Management Limited	0.90	0.90
2500 equity shares of Rs.10/- each of The Saraswat Co-operative Bank Limited	0.25	0.25
<b>TOTAL</b>	<b>1.15</b>	<b>1.15</b>
<b>3.3 : NON CURRENT LOANS:</b>		
<u>Unsecured, Considered Good:</u>		
Security Deposits	80.54	89.42
Other Loans and Advances	27.28	80.48
<b>TOTAL</b>	<b>107.82</b>	<b>169.90</b>
<b>3.4 : OTHER NON CURRENT FINANCIAL ASSETS :</b>		
Capital Subsidy Receivable (Refer Note 3.45)	500.00	500.00
Bank Deposits with maturity more than 12 months	29.57	14.21
Interest on deposit accrued but not due	4.55	0.81
<b>TOTAL</b>	<b>534.12</b>	<b>515.02</b>



**NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**
**3.5 Tax expense**
**(A) Amounts recognised in profit and loss**

Particulars	For the year ended 31st March, 2019 Rs. In Lakhs	For the year ended 31st March, 2018 Rs. In Lakhs
<b>Current income tax</b>	-	-
<b>Deferred income tax liability / (asset), net</b>		
Origination and reversal of temporary differences	(251.24)	(554.35)
Change in tax rate	-	6.12
<b>Deferred tax expense</b>	(251.24)	(548.23)
<b>Tax expense for the year</b>	(251.24)	(548.23)

**(B) Amounts recognised in other comprehensive income**
**(Rs in Lakhs)**

Particulars	For the year ended 31st March, 2019			For the year ended 31st March, 2018		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
<b>Items that will not be reclassified to profit or loss</b>						
Remeasurements of the defined benefit plans	(24.27)	7.57	(16.70)	70.33	(21.94)	48.38
	(24.27)	7.57	(16.70)	70.33	(21.94)	48.38

**(C) Reconciliation of effective tax rate**
**(Rs in Lakhs)**

Particulars	(%)	For the year ended 31st March, 2019	(%)	For the year ended 31st March, 2018
<b>Profit before tax</b>		(780.59)		(1,703.45)
Tax using the Company's domestic tax rate (Current year 31.20% and Previous Year 30.9%)	31.2%	(243.54)	30.90%	(526.37)
Increase in tax rate	0%		0.0%	(6.12)
<b>Tax effect of:</b>				
Expense/Income not deductible/included for tax purposes	1.0%	(7.70)	0.9%	(15.71)
Others	0.0%		0.0%	(0.03)
	32.2%	(251.24)	31.8%	(548.23)

The Company's weighted average tax rates for the years ended March 31, 2019 and 2018 were 31.20% and 30.90%, respectively. Income tax expense was **Rs.(251.24)** Lakhs for the year ended March 31, 2019, as compared to income tax expense of Rs.(548.23) Lakhs for the year ended March 31, 2018.

The Company's effective tax rate for the year ended March 31, 2019 was 32.30% (March 31, 2018 : 31.8%)

**(D) Tax assets**

Particulars	As at 31st March, 2019	As at 31st March, 2018
Non current tax assets (net)		
Advance payment of Income Tax (net of provision)	220.83	206.53
	220.83	206.53





**CACHET PHARMACEUTICALS PRIVATE LIMITED**
**NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**
**3.5 Tax expense**
**(E) Movement in deferred tax assets & liabilities**

(Rs in Lakhs)

**31st March, 2019**

Particulars	Net balance April 1, 2018	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
<b>Deferred tax liabilities</b>						
Property, plant and equipment	(746.48)	(103.98)	-	(850.46)	-	(850.46)
<b>Deferred tax assets</b>						
Trade Receivable	188.81	109.44		298.25	298.25	
Carried forward of Business Loss	606.03	280.95		886.98	886.98	
Loans and borrowings				-	-	
Employee benefits	309.67	41.44	7.57	358.68	358.68	
Provision on sales return	145.52	(66.22)		79.31	79.31	
Deferred Government Grant	145.06	(10.40)		134.66	134.66	
MAT Credit Entitlement	143.33	-		143.33	143.33	
<b>Deferred tax assets (Liabilities)</b>	<b>791.94</b>	<b>251.24</b>	<b>7.57</b>	<b>1,050.75</b>	<b>1,901.21</b>	<b>(850.46)</b>
Offsetting of deferred tax assets & deferred tax liabilities					(850.46)	850.46
<b>Net deferred tax assets / (liabilities)</b>	<b>791.94</b>	<b>251.24</b>	<b>7.57</b>	<b>1,050.75</b>	<b>1,050.75</b>	<b>-</b>

**Movement in deferred tax assets & liabilities**

(Rs in Lakhs)

**31st March, 2018**

Particulars	Net balance 1st April ,2017	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
<b>Deferred tax liabilities</b>						
Property, plant and equipment	(536.43)	(210.05)		(746.48)		(746.48)
<b>Deferred tax assets</b>						
Trade Receivable	129.10	59.71		188.81	188.81	
Carried forward of Business Loss	114.62	491.41		606.03	606.03	
Loans and borrowings	-	-		-	-	
Employee benefits	290.32	41.29	(21.94)	309.67	309.67	
Provision on sales return	124.71	20.81		145.52	145.52	
Deferred Government Grant	-	145.06		145.06	145.06	
MAT credit entitlement	143.33	-		143.33	143.33	
<b>Deferred tax assets (Liabilities)</b>	<b>265.65</b>	<b>548.22</b>	<b>(21.94)</b>	<b>791.93</b>	<b>1,538.42</b>	<b>(746.48)</b>
Offsetting of deferred tax assets & deferred tax liabilities					(746.48)	746.48
<b>Net deferred tax assets / (liabilities)</b>	<b>265.65</b>	<b>548.22</b>	<b>(21.94)</b>	<b>791.93</b>	<b>791.94</b>	<b>-</b>

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

In India, in case income tax payable on book profit (that is Minimum alternate tax - 'MAT') exceeds the income tax payable on tax profit, the differential amount shall be carried forward as a MAT credit for a period of 15 years. The said MAT credit can be offset against any future income tax payable. The Company has carry forward amount of MAT of Rs 143.33 Lakhs as at March 31, 2019 (Rs. 143.33 Lakhs as at March 31, 2018).

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



PARTICULARS	As at 31st March, 2019	As at 31st March, 2018
	Rs. in Lakhs	Rs. in Lakhs
<b><u>3.6 : OTHER NON CURRENT ASSETS:</u></b>		
Capital Advances	-	27.85
<b>TOTAL</b>	<b>-</b>	<b>27.85</b>
<b><u>3.7 : INVENTORIES:</u></b>		
Valued at lower of cost or net realisable Value: (Refer Note 1.7)		
Raw and packing materials	1,103.98	1,491.94
Work-in-progress	66.30	98.13
Finished goods	645.91	697.64
Stock-in-trade	1,309.75	1,355.85
Goods in transit (finished goods)	48.38	130.27
Goods in transit (stock in trade)	99.76	428.57
<b>TOTAL</b>	<b>3,274.08</b>	<b>4,202.38</b>
<b><u>3.8 : TRADE RECEIVABLES:</u></b>		
Considered Good	4,606.54	5,376.28
Unsecured:		
Considered Doubtful	955.92	605.15
	5,562.46	5,981.43
Less: Allowance for Doubtful Debts	(955.92)	(605.15)
<b>TOTAL</b>	<b>4,606.54</b>	<b>5,376.28</b>
<b>Note:</b> Above trade receivable includes amount due from related parties Rs.1438.81 Lakhs (Previous year Rs.2134.90 Lakhs) (Refer Note 3.37)		
<b><u>3.9 : CASH AND CASH EQUIVALENTS:</u></b>		
Cash on hand	10.31	12.42
Balance with Banks:		
In Current Accounts	217.29	388.72
<b>TOTAL</b>	<b>227.60</b>	<b>401.14</b>
<b><u>3.10 : OTHER BANK BALANCES:</u></b>		
Bank Deposits with maturity within 12 months	3.09	8.48
<b>TOTAL</b>	<b>3.09</b>	<b>8.48</b>
<b><u>3.11 : CURRENT LOANS:</u></b>		
Loans and Advances to Employees	139.37	102.37
<b>TOTAL</b>	<b>139.37</b>	<b>102.37</b>



PARTICULARS	As at 31st March, 2019 Rs. in Lakhs	As at 31st March, 2018 Rs. in Lakhs
<b>3.12 : OTHER CURRENT FINANCIAL ASSETS :</b>		
Interest on Deposits, accrued but not due	1.19	5.03
Export Incentives Receivable	92.71	83.25
GST Budgetary Support Receivable	91.07	11.49
<b>TOTAL</b>	<b>184.97</b>	<b>99.77</b>
<b>3.13 : OTHER CURRENT ASSETS:</b>		
<u>Unsecured, Considered Good, unless otherwise stated:</u>		
Balances with Government Authorities	492.90	827.57
<u>Advance to Suppliers:</u>		
Considered Good	-	21.01
Prepaid Expenses	86.12	80.05
Other Receivables	1.02	1.62
<b>TOTAL</b>	<b>580.04</b>	<b>930.25</b>
<b>3.14 : EQUITY SHARE CAPITAL:</b>		
<u>Authorised Share Capital:</u>		
40,000 (previous year: 40,000) equity shares of Rs.100/- each	40.00	40.00
	40.00	40.00
<u>Issued, Subscribed and Paid up:</u>		
17,834 (previous year: 17,834) equity shares of Rs.100/- each fully paid up	17.83	17.83
<b>TOTAL</b>	<b>17.83</b>	<b>17.83</b>

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

Particulars	As at 31st March, 2019	As at 31st March, 2018
Numbers of shares outstanding as at the beginning of the year	17,834	15,000
Add: Shares issued during the year	-	2,834
Less: Shares bought back during the year	-	-
<b>Numbers of shares outstanding as at the end of the year</b>	<b>17,834</b>	<b>17,834</b>

**(b) Rights attached to Equity Shares:**

The Company has only one class of equity shares with voting rights having a par value of Rs. 100/- per share. Each shareholder is eligible for one vote per share held.

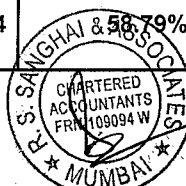
In the event of liquidation of the Company, the shareholders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Details of holding company :**

Name	As at 31st March, 2019		As at 31st March, 2018	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Alkem Laboratories Ltd.	10,484	58.79%	10,484	58.79%

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

Name of the shareholders:	As at 31st March, 2019		As at 31st March, 2018	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Alkem Laboratories Ltd. (The Holding Company)	10,484	58.79%	10,484	58.79%



PARTICULARS	As at 31st March, 2019 Rs. in Lakhs	As at 31st March, 2018 Rs. in Lakhs
<b>3.15: NON CURRENT BORROWINGS:</b>		
<u>Secured:</u>		
<u>Term Loan From Bank</u>		
From Saraswat Co-op. Bank Limited	1,478.48	1,813.13
<u>Hire Purchase:</u>		
From Finance Companies	112.81	28.22
<u>Unsecured:</u>		
Loans and Advances from related parties	997.62	722.02
Other loans & advances	152.31	139.25
<b>TOTAL</b>	<b>2,741.22</b>	<b>2,702.62</b>

**Notes:**

- (1) Term Loan from The Saraswat Co-op Bank Ltd. is secured against mortgage of company's Land & Building and Plant & Machinery situated at its Factories at Khasara No. 341 (P) & 354 Village, Jholungey, Namthang Namchi Dist. South Sikkim State, Plot No- 1582 to 1586 Baddi, Himachal Pradesh and at Plot No. C- 582 A, RIICO Industrial Area, Bhiwadi, Rajasthan.
- (2) The Loan is further Guaranteed by the Directors of the company.
- (3) Hire Purchase loans from finance companies are secured against respective assets financed by them.
- (4) There is no default, as at the balance sheet date, in repayment of any of the above loans.

Term Loans	Rate of Interest (%)	Monthly Installment	(Bal EMI) (No. of Installments)	Principal Outstanding	Maturity Date
<b>Term Loan :</b>					
TL-Saraswat Co-Op Bank (SL-140-SK)	12.50	15,60,000	71	1107,20,000	03/11/2025
TL-Saraswat Co-Op Bank (SL-141-SK)	12.50	7,80,000	79	618,80,000	03/11/2025
TL-Saraswat Co-Op Bank (SL-142-SK)	12.50	48,000	81	39,04,000	03/11/2025
<b>Hire Purchase Loan :</b>					
Kotak Mahindra Prime Ltd (CF-13000835)	10.25	19,665	1	19,665	05/04/2019
Kotak Mahindra Prime Ltd (CF-13236581)	10.00	39,814	3	1,13,861	05/06/2019
HP - Kotak Mahindra Prime Ltd (CF-15575096)	8.25	19,330	25	4,79,510	05/02/2021
HP - Kotak Mahindra Prime Ltd (CF-15348350)	8.76	19,010	19	3,69,983	01/12/2020
HP - Kotak Mahindra Prime Ltd (CF-14505996)	8.91	32,340	13	4,28,511	05/05/2020
HP - Kotak Mahindra Prime Ltd (CF-14795550)	8.86	59,550	15	8,96,167	05/07/2020
HP - Kotak Mahindra Prime Ltd (CF-14605108)	8.77	36,038	14	5,10,232	01/06/2020
HP - Kotak Mahindra Prime Ltd (CF-15853602)	9.68	36,269	23	8,18,148	05/04/2021
HP - Kotak Mahindra Prime Ltd (CF-15916401)	9.90	31,266	23	7,28,977	05/05/2021
HP - Kotak Mahindra Prime Ltd (CF-16000870)	10.87	25,865	24	6,17,053	01/06/2021
HP - Kotak Mahindra Prime Ltd (CF-16573626)	9.38	31,780	45	14,25,416	01/12/2023
HP - YES Bank Ltd. (ALN000100331375)	8.39	1,19,570	42	50,40,798	02/05/2023
HP - YES Bank Ltd. (ALN000100342773)	8.39	1,15,490	42	48,59,210	15/05/2023

**3.16 : NON CURRENT PROVISIONS:**

Provisions for Employee Benefits		
Gratuity (Refer Note 3.32)	668.05	617.93
Compensated Leave	274.08	245.78
<b>TOTAL</b>	<b>942.13</b>	<b>863.71</b>

**3.17 : OTHER NON CURRENT LIABILITIES:**

Deferred Income on Government Grants (Refer Note 3.45)	398.26	431.60
<b>TOTAL</b>	<b>398.26</b>	<b>431.60</b>



PARTICULARS	As at 31st March, 2019 Rs. in Lakhs	As at 31st March, 2018 Rs. in Lakhs
<b>3.18 : CURRENT BORROWINGS:</b>		
<u>Secured:</u>		
From Saraswat Co-Op Bank Ltd. :		
Overdrafts	496.07	499.21
Cash Credit	1,351.22	1,894.82
Packing Credit - Export	455.25	568.16
<b>TOTAL</b>	<b>2,302.54</b>	<b>2,962.19</b>
<u>Notes:</u>		
The Overdraft is secured against the Fixed Deposit of Rs. 10 Crores provided by the Holding Company.		
The Cash credit is secured against hypothecation of company's entire stocks, book debts and receivables.		
The Packing Credit (post shipment) is secured against the hypothecation of export receivables backed by letter of credit.		
Above are further Guaranteed by the Directors of the company.		
<b>3.19 : TRADE PAYABLES:</b>		
Trade Payables	7,508.72	8,414.42
<b>TOTAL</b>	<b>7,508.72</b>	<b>8,414.42</b>
1. Above trade payable includes amount due to related parties Rs. 50.12 Lakhs (Previous year Rs.102.18 Lakhs) Refer Note 3.37		
2.The above disclosure is made based on the information available with the Company and Auditors have relied upon it.		
<b>3.20 : OTHER CURRENT FINANCIAL LIABILITIES:</b>		
Current Maturities of Long Term Borrowings : (Refer Note 3.15)		
(i) Term Loan From Bank	286.56	219.36
(ii) Hire Purchase Loans	50.30	30.95
Deposits	689.50	706.60
Employee payables	330.79	297.53
Accrual for Expenses	291.08	422.68
<b>TOTAL</b>	<b>1,648.23</b>	<b>1,677.12</b>
<b>3.21 : OTHER CURRENT LIABILITIES:</b>		
Advance from Customers	64.08	311.01
Deferred Income on Government Grants (Refer Note 3.45)	33.33	33.33
Due to statutory authorities*	102.15	96.35
Book overdraft from bank	271.87	-
<b>TOTAL</b>	<b>471.43</b>	<b>440.69</b>
* Statutory dues payable includes ESIC,PF,TDS andGST Payable.		
<b>3.22 : CURRENT PROVISIONS:</b>		
Provision for Anticipated Sales Return (Refer Note 3.35)	254.19	466.42
<u>Provision for Employee Benefits:</u>		
Gratuity (Refer Note 3.32)	104.42	57.34
Compensated Leave	44.39	31.98
<b>TOTAL</b>	<b>403.00</b>	<b>555.74</b>



PARTICULARS	For the year ended 31st March, 2019 Rs. in Lakhs	For the year ended 31st March, 2018 Rs. in Lakhs
<b>3.23 : REVENUE FROM OPERATIONS:</b>		
Revenue from contracts with customers		
Sale of Products	32,848.71	30,423.64
Manufacturing Charges	617.27	526.39
<u>Other Operating Revenue:</u>		
Export Incentives	190.80	132.14
GST Budgetary Support	79.59	11.49
Government Subsidy Income (Refer Note 3.45)	33.33	35.07
Sale of Scrap	41.26	30.83
<b>TOTAL</b>	<b>33,810.96</b>	<b>31,159.56</b>
<b>3.24 : OTHER INCOME:</b>		
Interest on Bank Deposits	0.60	2.86
Other Interest	10.46	10.06
Dividend	0.18	0.18
Insurance Claim	7.91	4.07
Miscellaneous Receipts	6.89	1.80
Commission and Discount	2.52	3.67
Net (Loss) / Gain on Foreign Currency Transactions and Translation	51.02	39.36
<b>TOTAL</b>	<b>79.58</b>	<b>62.00</b>
<b>3.25 : COST OF MATERIALS CONSUMED:</b>		
Raw Material Consumed	4,294.39	4,828.06
Packing Material Consumed	2,725.64	2,726.86
<b>TOTAL</b>	<b>7,020.03</b>	<b>7,554.92</b>
<b>3.26 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:</b>		
Opening Stock:		
Finished Goods	1,256.48	891.65
Stock-in-Trade	1,355.85	2,515.93
Work-in-Progress	98.13	40.09
	2,710.46	3,447.67
Less: Closing Stock:		
Finished Goods	794.05	1,256.48
Stock-in-Trade	1,309.75	1,355.85
Work-in-Progress	66.30	98.13
	2,170.10	2,710.46
<b>TOTAL</b>	<b>540.36</b>	<b>737.21</b>
<b>3.27 : EMPLOYEE BENEFITS EXPENSE:</b>		
Salaries, Wages and Bonus	6,093.49	5,338.95
Contribution to Provident and Other Fund	449.21	473.37
Employees' Welfare Expenses	174.29	193.32
<b>TOTAL</b>	<b>6,716.99</b>	<b>6,005.64</b>
<b>3.28 : FINANCE COST:</b>		
Interest on Borrowings	629.38	642.18
Interest on defined benefit liabilities	48.07	41.25
Other Borrowing Costs	13.20	12.75
<b>TOTAL</b>	<b>690.65</b>	<b>696.18</b>





PARTICULARS	For the year ended 31st March, 2019 Rs. in Lakhs	For the year ended 31st March, 2018 Rs. in Lakhs
<b>3.29 : OTHER EXPENSES:</b>		
Consumption of Stores and Spares	105.30	102.45
Job Work Charges	-	61.08
Excise Duty	-	165.89
Power and Fuel	424.73	436.02
Rent	179.79	243.38
Rates & Taxes	0.15	0.10
Insurance	130.62	121.42
Commission to C & F Agents	183.85	246.82
Sales Tax & Goods & Service Tax Expenses	357.53	195.21
Freight and Distribution Expenses	832.19	848.29
Date Expired Goods	29.79	444.23
Marketing Expenses	1,491.48	1,232.87
Travelling & Conveyance	1,489.34	1,396.89
<u>Repairs:</u>		
Buildings	41.00	37.19
Plant & Machineries	72.97	58.08
Others	67.72	57.89
Loss on sale of Property, Plant & Equipments (net)	25.28	4.90
Legal & Professional Fees	170.91	175.19
Allowance for Doubtful Debts	419.53	214.07
Contract labour charges	489.82	478.54
Miscellaneous Expenses	876.48	865.68
<b>TOTAL</b>	<b>7,388.48</b>	<b>7,386.18</b>



## 3.30 Contingent Liabilities and Commitments

## a) Contingent Liabilities not Provided For

(Rs. in Lakhs)

Sr.No.	Particulars	As at 31st March, 2019	As at 31st March, 2018
<b>1</b>	<b>Claims against the Company not acknowledged as debt:</b>		
(i)	Sales Tax/VAT demand disputed in appeal (Advance paid in dispute in <b>Rs. 3.36 Lakhs</b> (P.Y. Rs. 3.36 Lakhs))	<b>0.90</b>	8.36
(ii)	Income Tax demand disputed in appeal for AY 2015-16 (Advances paid in dispute <b>Rs. 3 lakhs</b> (P.Y. 3 lakhs))	<b>10.58</b>	65.49
(iii)	Income Tax demand disputed with AO for rectification for AY 2012-13 (advances paid in dispute <b>Rs. Nil</b> )	<b>6.29</b>	6.29
(iv)	Income Tax demand disputed with AO for rectification for AY 2016-17 (advances paid in dispute <b>Rs. Nil</b> )	<b>14.65</b>	14.65
	<b>Total</b>	<b>32.42</b>	94.79

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

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

## b) Commitments

(Rs. in Lakhs)

Sr.No.	Particulars	As at 31st March, 2019	As at 31st March, 2018
1	Estimated amount of contracts remaining to be executed on Capital Accounts (advances paid in Previous Year Rs.12.61 Lakhs)	-	112.37
2	Outstanding Bank Guarantees	<b>2.10</b>	2.10
	<b>Total</b>	<b>2.10</b>	114.47



**3.31 Dues to Micro, Medium and Small enterprises**

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

(Rs. in Lakhs)			
Sr. No.	Particulars	As at 31st March, 2019	As at 31st March, 2018
a	Principal amount remaining unpaid to any supplier as at the end of each accounting year	1,964.16	3,994.74
b	Interest due thereon	30.73	86.09
c	Amount of interest paid by the buyer 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 each accounting year	-	-
d	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	-	-
e	the amount of interest accrued and remaining unpaid at the end of each accounting year	30.73	86.09
f	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.	-	-

**Note :** The company has written back opening provision of Interest of Rs.86.09 Lakhs in view of no claims made by the suppliers.





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

**i) Defined contribution plans:**

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

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

Particulars	(Rs. in Lakhs)	
	As at 31st March, 2019	As at 31st March, 2018
Contribution to Provident Fund	288.01	259.83
Contribution to ESIC	76.92	68.34
<b>Total</b>	<b>364.91</b>	<b>328.17</b>

**ii) Defined benefit plan:**

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

**a) On Normal retirement/ early retirement/ withdrawal/resignation:**

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

**b) On death in service:**

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

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at 31st March, 2019 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at 31st March 2019

Sr. No.	Particulars	(Rs. in Lakhs)	
		As at 31st March, 2019	As at 31st March, 2018
I)	<b>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</b>		
	Current Service Cost	76.21	77.35
	Past Service Cost	-	41.82
	Interest Cost	48.07	41.25
	Actuarial (gain) / losses	24.27	(70.33)
	Benefits paid	(51.34)	(62.68)
	PVO at the beginning of the year	675.26	647.86
	PVO at end of the year	772.47	675.26
II)	<b>Reconciliation of PVO and fair value of plan assets:</b>		
	PVO at end of year	772.47	675.26
	Actuarial gain/(losses)	-	-
	Funded status	(772.47)	(675.26)
	Net asset/ (liability) recognised in the balance sheet	(772.47)	(675.26)

Sr. No.	Particulars	(Rs. in Lakhs)	
		As at 31st March, 2019	As at 31st March, 2018
III)	<b>Net cost for the year</b>		
	Current Service cost	76.21	77.35
	Interest cost	48.07	41.25
	Expected return on plan assets	-	-
	Actuarial (gain) / losses	24.27	-70.33
	Net cost	148.55	48.27
IV)	<b>Assumption used in accounting for the gratuity plan:</b>		
	Discount rate (%)	7.35	7.40
	Salary escalation rate (%)	5.00	5.00



**3.32 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under: (Cont.)**

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

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

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

Particulars	(Rs. in Lakhs)	
	As at 31st March, 2019	As at 31st March, 2018
Defined Benefit Obligation at end of the period	772.47	675.26
Plan assets at end of the period	-	-
Funded assets	(772.47)	(675.26)
Experience gain/loss adjustment on plan liabilities	148.55	48.27
Experience gain/loss adjustment on plan assets	-	-
Actuarial (gain)/loss due to change in assumption	24.27	(70.33)

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

Particulars	(Rs. in Lakhs)			
	31st March, 2019		31st March, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(50.23)	57.01	(45.40)	51.60
Future salary growth (1% movement)	53.48	(48.59)	48.60	(43.62)



3.33 Earnings per share (EPS)

Particulars			For the year ended 31st March, 2019	For the year ended 31st March, 2018
Profit /(loss) after tax attributable to equity shareholders	Rs.in Lakhs	A	(529.35)	(1,155.23)
Number of equity shares at the beginning of the year	Nos.		17,834	17,834
Equity shares issued during the period	Nos.		-	-
Number of equity shares outstanding at the end of the year	Nos.		17,834	17,834
Weighted average number of equity shares outstanding during	Nos.	B	17,834	17,834
Earnings per Share - Basic and Diluted	In Rs.	(A / B)	(2,968.21)	(6,477.66)

3.34 Disclosure As per Indian Accounting Standard 115 :

Reconciliation the amount of revenue recognised in the statement of profit and loss with the contracted price:  
(Rs. In Lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Revenue as per contracted price	33,809.38	31,288.97
Adjustments:		
Provision for Sales Return	(298.70)	(212.93)
Discounts	(24.58)	(126.01)
IND AS 21 - ( Appendix B )- Advance Consideration	(20.12)	-
<b>Revenue from contract with Customers</b>	<b>33,465.98</b>	<b>30,950.03</b>
Other Operating Revenue	344.97	209.52
<b>Revenue from contract with customers</b>	<b>33,810.95</b>	<b>31,159.55</b>

3.35 Disclosure As per Indian Accounting Standard (Ind AS 37) for provisions is as under:

Provision for Anticipated Sales Return:

(Rs. In Lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Carrying amount at the beginning of the year	466.41	403.60
Add: Provision made during the year	404.52	319.08
Less: Amount used/utilized during the year	616.74	256.27
Carrying amount at the end of the year	254.19	466.41

3.36 Segment Reporting

The operations of the company is limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.:

Entity-wide disclosures

The geographical segment revenues by the companies country of domicile (i.e. India) and other countries are as under:

(Rs. in Lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
a)	<b>Revenues from sale of products from external customers attributed to the country of domicile and attributed to all foreign countries from which the company derives revenues</b>		
	Revenue from sale of products from the Country of Domicile- India	28,416.89	27,277.83
	Revenue from sale of service from the Country of Domicile- India	617.27	526.39
	Revenue from sale of products from foreign countries	4,431.82	3,145.81
	<b>Total</b>	<b>33,465.98</b>	<b>30,950.03</b>
b)	<b>Revenue from sale of product from one customer (including group entities, excluding taxes), which is more than 10% of the total revenue from India.</b>		
	Alkem Laboratories Limited	10,000.28	10,929.05
	<b>Total</b>	<b>10,000.28</b>	<b>10,929.05</b>



**3.37 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31st March, 2019.**

**A. List of related parties and their relationship**

**A Key Management Personnel (KMP) :**

Name of the KMP	Designation
Mr. Satish Kumar Singh	Managing Director
Mr. Lalan Kumar Singh	Whole-time Director
Mr. Arunkumar Deshmukh	Independent Director
Dr.(Mrs.) Anuja Madhurendra Sinha	Independent Director

**B Relatives of Key Management Personnel (K.M.P.) with whom transactions have taken place during the year:**  
Premlata Singh

**Entities in which Key Management Personnels and their relatives have significant influence and with whom transactions have taken place during the year ("Entities")**

M/s Galpha Laboratories Ltd.

**C Holding Company :**

Name of the Company	Country of Incorporation
Alkem Laboratories Ltd.	India

**D Fellow Subsidiary Companies:**

Name of the Companies	County of Incorporation
Indchemie Health Specialities Pvt. Ltd.	India
Enzene Biosciences Ltd.	India
Alkem Foundation	India
The Pharmanetwork, LLC (wholly owned subsidiary of S & B holdings B.V.)	United States of America
Ascend Laboatories, LLC (wholly owned by The Pharma Network, LLP)	United States of America
S & B Pharma Inc.	United States of America
Ascend Laboratories (UK) Ltd.	United Kingdom
S & B Holdings B.V.	Netherlands
Pharmacor Pty Limited	Australia
Alkem Laboratories (PTY) Limited	South Africa
Ascend Laboratories Ltd.	Canada
The Pharma Network, LLP	Kazakhstan
Ascends Laboratories SpA	Chile
Pharma Network SpA (Wholly owned by Ascend Laboratories SpA)	Chile
Alkem Laboratories Corporation	Philippines
Ascend GmbH (formerly known as Alkem Pharma GmbH)	Germany
Ascends Laboratories SDN BHD.	Malaysia
Alkem Laboratories Korea Inc	Korea
Pharmacor Ltd.	Kenya
Alkem Laboratories (NIG) Limited (Liquidated on 6th May 2018)	Nigeria

**B. Details of Transactions with Related Parties**

(Rs. in Lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2019				
		Key Management Personnel	Relatives of Key Management Personnel	Holding Company	Fellow Subsidiaries	Total
		A	B	C	D	
1	Director Remuneration	51.56	-	-	-	51.56
		(51.56)	-	-	-	(51.56)
2	Director Sitting Fees	0.75	-	-	-	0.75
		(1.00)	-	-	-	(1.00)
3	Interest expense on loans taken	80.63	3.37	-	-	84.00
		(63.58)	(2.58)	-	-	(66.16)
4	Loans Taken	200.00	-	-	-	200.00
		(130.00)	(30.00)	-	-	(160.00)
5	Purchase of Finished Goods	-	59.68	890.96	216.53	1,167.16
		-	(32.42)	(486.64)	(147.42)	(666.48)

Sr. No.	Particulars	For the year ended 31st March, 2019				
		Key Management Personnel	Relatives of Key Management Personnel	Holding Company	Fellow Subsidiaries	Total
		A	B	C	D	
6	Sale of Finished Goods	-	-	10,550.90	-	10,550.90
		-	-	(10,397.55)	-	(10,397.55)
7	Sale of Raw & Packing Material	-	0.40	2.56	-	2.97
		-	(0.08)	(4.11)	(0.03)	(4.22)
8	Sale of Capital Material	-	-	1.05	-	1.05
		-	-	-	-	(0.01)
9	Royalty Income	-	-	2.90	-	2.90
		-	-	-	-	(0.01)
10	Purchase of Raw & Packing Material	-	1.46	14.03	2.73	18.22
		-	(0.18)	(5.34)	(0.34)	(5.86)
11	Purchase of Capital Material	-	-	-	-	-
		-	-	(3.06)	-	(3.06)
12	Rendering of Services	-	-	716.03	-	716.03
		-	-	(527.39)	-	(527.39)
13	Payment of Rent	-	-	34.71	-	34.71
		-	-	(33.34)	-	(33.34)
14	Reimbursement of Expenses (Net)	-	-	82.28	11.44	93.72
		-	-	(2.75)	-	(2.75)
		332.94	64.91	12,295.41	230.70	12,923.97

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

**C. Key management personnel compensation**

Key management personnel compensation comprised the following :

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Short term employee benefits	61.36	52.56
Post-employment benefits	20.00	10.00

Based on the recommendation of the Nomination and Remuneration committee, all decisions relating to the remuneration of the directors are taken by the Board of Directors of the Company, in accordance with shareholders' approval, wherever necessary.

**D. Balance due from / to the related Parties**

(Rs. In Lakhs)

Sr. No.	Particulars	As at 31st March, 2019				
		Key Management Personnel	Relatives of Key Management Personnel	Holding Company	Fellow Subsidiaries	Total
1	Security Deposit Receivable	-	-	5.00	-	5.00
2	Outstanding Receivable	-	-	1,438.76	-	1,438.76
3	Outstanding Payable	-	16.89	-	33.25	50.12

(Rs. In Lakhs)

Sr. No.	Particulars	As at 31st March, 2018				
		Key Management Personnel	Relatives of Key Management Personnel	Holding Company	Fellow Subsidiaries	Total
1	Security Deposit Receivable	-	-	5.00	-	5.00
2	Outstanding Receivable	-	-	2,134.90	-	2,134.90
3	Outstanding Payable	-	0.01	-	102.16	102.18

All the above related party transactions are made in the normal course of business and on terms equivalent to those that prevail in an arm's length transactions.

**3.38 Payment to auditors (excluding GST/Service tax)**

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
<b>As Auditor</b>		
Audit fees	9.00	9.00
Tax audit fees	6.00	6.00
<b>Total</b>	<b>15.00</b>	<b>15.00</b>



NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

3.39 Financial instruments – Fair values and risk management  
Accounting classification and fair values

(Rs. in Lakhs)

Particulars	As at 31st March, 2019							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	227.60	227.60	-	-	-	-
Other Bank Balances	-	-	3.09	3.09	-	-	-	-
Non-current investments	1.15	-	-	1.15	-	-	1.15	1.15
Current investments	-	-	107.82	107.82	-	-	-	-
Trade and other receivables	-	-	4,606.54	4,606.54	-	-	-	-
Other Current financial asset	-	-	184.97	184.97	-	-	-	-
	1.15	-	5,130.03	5,131.18	-	-	1.15	1.15
<b>Financial liabilities</b>								
Long term borrowings (Including current maturity of Long term borrowings)	-	-	2,741.22	2,741.22	-	-	-	-
Short term borrowings	-	-	2,302.54	2,302.54	-	-	-	-
Trade and other payables	-	-	7,508.72	7,508.72	-	-	-	-
Other Non-Current financial liabilities	-	-	1,964.16	1,964.16	-	-	-	-
	-	-	14,516.64	14,516.64	-	-	-	-

(Rs. in Lakhs)

Particulars	As at 31st March, 2018							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	401.14	401.14	-	-	-	-
Other Bank Balances	-	-	8.48	8.48	-	-	-	-
Non-current investments	1.15	-	-	1.15	-	-	1.15	1.15
Current investments	-	-	169.90	169.90	-	-	-	-
Trade and other receivables	-	-	5,376.28	5,376.28	-	-	-	-
Other Current financial asset	-	-	99.77	99.77	-	-	-	-
	1.15	-	6,055.57	6,056.72	-	-	1.15	1.15
<b>Financial liabilities</b>								
Long term borrowings (Including current maturity of Long term borrowings)	-	-	2,702.62	2,702.62	-	-	-	-
Short term borrowings	-	-	2,962.19	2,962.19	-	-	-	-
Trade and other payables	-	-	8,414.42	8,414.42	-	-	-	-
Other Current financial liabilities	-	-	1,677.12	1,677.12	-	-	-	-
	-	-	15,756.35	15,756.35	-	-	-	-

i. Risk management framework

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

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

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





**NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019**

**3.40 Financial instruments – Fair values and risk management**

**ii. Credit risk**

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

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

**Trade and other receivables**

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

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

At March 31, 2019, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

Particulars	(Rs. In Lakhs)	
	For the year ended 31st March, 2019	For the year ended 31st March, 2018
India	3,951.26	4,876.64
Other regions	655.28	499.64
<b>Total</b>	<b>4,606.54</b>	<b>5,376.28</b>

At 31st March, 2019, the Company had exposure to only one type of counter party.

At 31st March, 2019, the carrying amount of company's most significant customer is Rs. 1438.81 lakhs (previous year Rs. 2134.90 lakhs).

**Impairment**

At 31st March, 2019, the ageing of trade and other receivables that were not impaired was as follows :

Particulars	(Rs. In Lakhs)	
	As at 31st March, 2019	As at 31st March, 2018
Neither past due nor impaired	3,075.22	3,205.57
Past due 1-180 days	675.52	2,134.90
Past due more than 180 days	82.75	-
<b>Total</b>	<b>3,833.49</b>	<b>5,340.46</b>

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

Particulars	(Rs. In Lakhs)			
	31st March, 2019		31st March, 2018	
	Individual impairments	Collective impairments	Individual impairments	Collective impairments
Balance as at beginning of the year	158.64	446.51	158.64	259.14
Impairment loss recognised	-	350.77	-	187.36
Amounts written off	-	-	-	-
<b>Balance at the end of the year</b>	<b>158.64</b>	<b>797.28</b>	<b>158.64</b>	<b>446.51</b>



## NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

## 3.41 Financial instruments – Fair values and 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.

## Exposure to liquidity risk

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

(Rs. In Lakhs)

31st March, 2019	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Rupee term loans from banks	1,765.04	1,765.04	47.76	238.80	286.56	859.68	332.24
Working capital loans	3,452.47	3,452.47	3,452.47	-	-	-	-
Trade and other payables	-	-	-	-	-	-	-
Other financial liabilities	163.11	163.11	11.52	53.03	49.19	49.37	(0.04)

(Rs. In Lakhs)

31st March, 2018	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Rupee term loans from banks	2,032.49	2,032.49	58.48	276.17	286.56	859.68	551.60
Working capital loans from banks	3,854.41	3,854.41	3,854.41	-	-	-	-
Trade and other payables	8,414.42	8,414.42	8,414.42	-	-	-	-
Other financial liabilities	59.18	59.18	7.26	26.84	20.77	4.31	-



3.42 Financial instruments – Fair values and risk management

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. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk. Thus, our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

The Company is exposed to currency risk on account of its Receivables in foreign currency. The functional currency of the Company is Indian Rupee. The Company has exposure to USD and EURO. The Company has not hedged this foreign currency exposure.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31st March, 2019 and 31st March, 2018 are as below:

Particulars	31st March, 2019 EURO	31st March, 2019 USD
<b>Financial assets</b>		
Trade and other receivables	1,00,465.80	11,49,944.60
	1,00,465.80	11,49,944.60
<b>Financial liabilities</b>		
	-	-
<b>Net Financial Asset/(Liabilities)</b>	<b>1,00,465.80</b>	<b>11,49,944.60</b>

Particulars	31st March, 2018 EURO	31st March, 2018 USD
<b>Financial assets</b>		
Trade and other receivables	2,07,128.10	5,26,224.27
	2,07,128.10	5,26,224.27
<b>Financial liabilities</b>	-	-
<b>Net Financial Asset/(Liabilities)</b>	<b>2,07,128.10</b>	<b>5,26,224.27</b>

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

Particulars	Average rate (INR)		Year-end spot rate (INR)	
	31st March, 2019	31st March, 2018	31st March, 2019	31st March, 2018
EURO	-	-	77.70	80.62
USD	-	-	69.17	65.04

Sensitivity analysis

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

Effect in INR in lakhs	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31st March, 2019</b>				
10% movement				
EURO	7.81	(7.81)	5.37	(5.37)
USD	79.54	(79.54)	54.73	(54.73)
	<b>87.35</b>	<b>(87.35)</b>	<b>60.10</b>	<b>(60.10)</b>

Effect in INR in lakhs	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
<b>31st March, 2018</b>				
10% movement				
EURO	16.70	(16.70)	11.54	(11.54)
USD	34.23	(34.23)	23.65	(23.65)
	<b>50.93</b>	<b>(50.93)</b>	<b>35.19</b>	<b>(35.19)</b>



**3.43 Financial instruments – Fair values and risk management****Interest rate risk**

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

**Exposure to interest rate risk**

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

Particulars	Carrying amount in INR in Lakhs	
	31st March, 2019	31st March, 2018
<b>Fixed-rate instruments</b>		
Financial assets	371.21	513.15
Financial liabilities	4,925.38	5,346.97
	(4,554.16)	(4,833.82)
<b>Variable-rate instruments</b>		
Financial liabilities	(455.25)	(568.16)
<b>Total</b>	<b>(5,009.41)</b>	<b>(5,401.98)</b>

**Fair value sensitivity analysis for fixed-rate instruments**

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

A change of 100 basis points in interest rates would not have any material impact on the equity

**Cash flow sensitivity analysis for variable-rate instruments**

A reasonably possible change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

INR in Lakhs	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
<b>31st March, 2019</b>				
Variable-rate instruments	(4.55)	4.55	(3.13)	3.13
<b>Cash flow sensitivity (net)</b>	<b>(4.55)</b>	<b>4.55</b>	<b>(3.13)</b>	<b>3.13</b>
<b>31st March, 2018</b>				
Variable-rate instruments	(5.68)	5.68	(3.93)	3.93
<b>Cash flow sensitivity (net)</b>	<b>(5.68)</b>	<b>5.68</b>	<b>(3.93)</b>	<b>3.93</b>



## CACHET PHARMACEUTICALS PRIVATE LIMITED

### NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

#### 3.44 Capital Management

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

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

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

Particulars	INR in Lakhs	
	As at 31st March, 2019	As at 31st March, 2018
Total borrowings	5,380.63	5,915.12
Less : Cash and cash equivalent	227.60	401.14
<b>Adjusted net debt</b>	<b>5,153.02</b>	<b>5,513.97</b>
Total equity	3,797.22	4,343.24
Less : Hedging reserve	-	-
<b>Adjusted equity</b>	<b>3,797.22</b>	<b>4,343.24</b>
Adjusted net debt to adjusted equity ratio	1.36	1.27

#### 3.45 Government Grant

The Company is eligible for Government grant which is conditional upon construction of new factory in the Sikkim region. The grant is with respect to Samardung facility in Sikkim amounting to Rs 500 Lakhs which is approved by the State Level Committee and pending for disbursement. The factory has been constructed and been in operation since 10th March 2017. This grant recognised as deferred income, is being amortised over the useful life of the Plant & Machinery in proportion in which the related depreciation expenses is recognised.

#### 3.46 Recent Accounting Pronouncements

##### Ind AS 12 - Income Taxes

##### Appendix C, Uncertainty over Income Tax Treatments :

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C - Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates. The standard permits two possible methods of transition –

- Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight, and
- Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives. The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.



**Amendment to Ind AS 12 – Income taxes :**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognized those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. There will be no effect on the Financial Statements of the company in the next year due to this amendment.

**Ind AS 116, Leases**

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. The Company has assessed the estimated impact that initial application of Ind AS 116 will have on its financial statements, as described below.

Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

**i. Leases in which the Company is a lessee**

The Company will recognise new assets and liabilities for its operating leases of offices and warehouse. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

No significant impact is expected for the Company's finance leases.

Based on the information currently available, the Company estimates that it will recognise additional lease liabilities of INR 26.47 million as at 1 April 2019.

**ii. Transition**

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1st April 2019, with no restatement of comparative information.

The Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

**Amendments to Ind AS 103 - Business Combinations & Ins AS 111 - Joint Arrangements**

This interpretation clarifies how an entity accounts for increasing its interest in a joint operation that meets the definition of a business. The Company is required to adopt this amendments from 1 April 2019. There is no impact on the financial statement of the company due to this amendment.

**Amendments to Ind AS 109 - Financial Instruments**

Amendments relating to the classification of particular pre payable financial assets. This amendment is effective from 1 April 2019 and is required to be applied retrospectively. The company is evaluating impact of such amendments on the financials.





## CACHET PHARMACEUTICALS PRIVATE LIMITED

### NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019

#### Amendments to Ind AS 23 - Borrowing Costs

Amendments to Ind AS 23, Borrowing Costs, clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction. The Company is required to adopt this amendments from 1 April 2019. There is no impact on the financial statement of the company due to this amendment.

#### Amendment to Ind AS 19 – Employee Benefits-

##### Plan amendment, curtailment or settlement

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and to recognize in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognized because of the impact of the asset ceiling. Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

As per our Report attached of even date,  
**For R. S. SANGHAI & ASSOCIATES**  
Chartered Accountants  
Firm Registration No. 109094W

  
**R.S. Sanghai**  
Partner  
Membership No. 036931  
Mumbai  
Date: 27th May, 2019

For and on behalf of the Board of Directors of  
**CACHET PHARMACEUTICALS PRIVATE LIMITED**  
CIN: U24230BR1978PTC001328

  
**S.K. Singh**  
Managing Director  
DIN : 00245703

  
**Arunkumar Deshmukh**  
Independent Director  
DIN : 07210367





**CACHET PHARMACEUTICALS PVT. LTD.**

Regd. Off.: Exhibition Road, P. S. Gandhi Maidan, Patna-800001, Bihar

CIN No.: U24230BR1978PTC001328

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