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Good Health

42nd Annual Report 2019-2020



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COMPANY INFORMATION

BOARD OF DIRECTORS:

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

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

INTERNAL AUDITORS:

M/s. Rajeev & Rajesh, Chartered Accountants.
M/s. Kaushal Kumar & Co., Chartered Accountants.

ANNUAL GENERAL MEETING:

Day, Date & Time : Monday, 31st day of August, 2020 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 42nd Annual General Meeting of the members of **CACHET PHARMACEUTICALS PRIVATE LIMITED** will be held on Monday, **the 31st day of August, 2020 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 31st March, 2020 and the reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in place of Shri Lalan Kumar Singh (holding DIN:00245973), who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. 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 Directors 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.”

4. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

"RESOLVED THAT the Company hereby accords its approval and consent under Sections 196 and 197 and all other applicable provisions of the Companies Act, 2013 read with Schedule V thereto, to the re-appointment of Mr. Lalan Kumar Singh (DIN 00245973) who attained the age of 77 years on 18th August, 2019, as a Whole-Time Director of the Company for a period of **Three years** with effect from **16th January, 2020** and ending on **15th January, 2023** and hereby approves his receiving remuneration, benefits and amenities as Whole-time Director of the Company as set out in the Explanatory Statement annexed to the Notice of this Meeting as recommended by the Nomination and Remuneration Committee and upon the terms and conditions and stipulations contained in an Agreement to be entered into between the Company and Mr. Lalan Kumar Singh, Whole-time Director, a draft whereof is placed before the Meeting and which, for the purposes of identification, is initialled by the Chairman of the Meeting.



“RESOLVED FURTHER THAT pursuant to the provisions of Section 196 and 197 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, the consent and ratification of the members be and is hereby accorded that Mr. Lalan Kumar Singh (DIN:00245973), Whole-time Director of the Company be paid remuneration by way of Salary, Perquisites and Allowances with effect from 16th January, 2020 and for the period of his tenure ending on 15th January, 2023, in case where in any financial year, during the currency of the tenure of Mr. Lalan Kumar Singh as Whole-time Director, the Company has no profits or its profits are inadequate, subject to the limits and conditions prescribed under Schedule V of the Companies Act, 2013, as may be amended from time to time.

RESOLVED FURTHER THAT the above remuneration shall be subject to modification, as may be deemed fit by the Board from time to time and subject to the limits and stipulations prescribed by the Companies Act, 2013 read with Schedule V thereto, and/or any guidelines prescribed by the Government from time to time.

RESOLVED FURTHER THAT the Limit of Remuneration as per proviso to clause A of Section II of Part II of Schedule V of the Companies Act, 2013 be fixed at **Rs.75,00,000/- (Rupees Seventy Five Lakhs Only) per annum;**

RESOLVED FURTHER THAT the Board of Directors be and is hereby authorised to take such steps and do all such acts, deeds, matters and things as may be considered necessary, proper and expedient to give effect to this Resolution."

5. To consider and, if thought fit, to pass, with or without modification, the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 150, 152 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, and subject to such other requisite approvals as may be required in this regard, Mr. Arunkumar D. Deshmukh (holding DIN 07210367) who attained the age of 76 years on 1ST August, 2019, whose term expired on July 31, 2020 and the Nomination and Remuneration Committee and the board of directors has recommended his appointment pursuant to Section 160 of the Companies Act, 2013, be and is hereby appointed as a Non-Executive Independent Director to hold office for a further period of 5 (Five) consecutive years from August 1, 2020 to July 31, 2025.

RESOLVED FURTHER THAT the Board of Directors of the Company (which includes a Committee, constituted for the time being in force) be and is hereby authorized to do all such acts, deeds and things, to enter into such agreement(s), deed(s) of amendment(s) or any such document(s), as the Board may, in its absolute discretion, consider necessary, expedient or desirable including power to sub-delegate, in order to give effect to this resolution or as otherwise considered by the Board to be in the best interest of the Company, as it may deem fit.”

By Order of the Board,

For CACHET PHARMACEUTICALS PVT. LTD.

SATISH
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SATISH KUMAR
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Date: 2020.06.02
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**Satish Kumar Singh,
Managing Director
DIN:00245703**

Place: Mumbai

Dated: 02/06/2020



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 28th August, 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. 3:

The Board of Directors of the Company at their meeting held on 2nd June, 2020 reappointed Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318) as the cost auditor of the company for the Financial Year 2020-2021. 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.3

Item No.4

The Board of Directors had, by a resolution passed at its meeting held January 3, 2020, re-appointed Mr. Lalan Kumar Singh as Whole-time Director based on the recommendation of the Nomination and Remuneration Committee, subject to the approval of the Members.

Mr. Lalan Kumar Singh is a respected professional in pharmaceutical industry and has over 34 years of experience in the Indian pharmaceutical industry. He was first appointed on the board on 15th January, 1983. He attained age of 77 years on 18th August, 2019 and board of directors seek consent of members via aforesaid special resolution.

Earlier approval for payment of remuneration pursuant to provisions of the Companies Act, 1956 has been obtained at the Extra Ordinary General Meeting held 13th February, 2017 with effect from 16th January, 2017 and limits thereof are as follows:



Basic Salary: Rs.3,50,000/- per month

Medical: Rs.15,000/- per month

Leave Travel Allowance (LTA): 10% of Basic –per annum

The above Special Resolution proposed to ratify aforesaid remuneration paid and fresh approval proposed enabling appointment of Mr. Lalan Kumar Singh as a Whole-time Director in compliance with Section 196 and 196(3)(a) of the Companies Act, 2013 read with applicable provisions and rules and permitting the Company to pay the fixed remuneration even during absence or inadequacy of profits in any financial year, in compliance with Section 197 read with Schedule V to the Companies Act, 2013.

The proposed limit of Remuneration as per proviso to clause A of Section II of Part II of Schedule V of the Companies Act, 2013 as fixed under the aforementioned special resolution at **Rs.75,00,000/- (Rupees Seventy Five Lakhs Only) per annum** and the perquisites proposed to be provided to him is set out below:

- i) Salary - Rs. 500,000/- per month.
- ii) Increments - Such increments as may be fixed by the Board of Directors from time to time in the salary range of Rs. 3,50,000/- to Rs. 500,000/- per month.
- iii) Special Allowance as may be decided by the Board from time to time.
- iv) Provident Fund - Company's contribution not to exceed 12% of salary.
- v) Gratuity - Gratuity benefits as applicable to Officers of the Company and shall be subject to the maximum amount as may be permitted under the Company's rules in relation to gratuity prevailing from time to time.
- vi) Housing - House Rent Allowance of such amount as may be fixed by the Board of Directors from time to time. The flat (either owned or leased or for which House Rent Allowance is paid) shall be partly furnished, painted at such periodic intervals as per rules of the Company and air conditioned with reimbursement of gas, water and electricity bills, the monetary value of which may be evaluated as per the Income-tax Rules, 1962.
- vii) Medical Aid - Medical aid benefits for self and family as applicable to the Officers of the Company, subject to the condition that the cost of medical benefits to the Company shall not exceed Rs.35,000/- per year.
- viii) Free use of the Company's car and fuel expenses for use on the Company's business as well as for own use. If car is leased from an external agency or from spouse, lease rental and fuel expenses will be paid as per rules of the Company.
- ix) Reimbursement of salary of driver as per rules of the Company.
- x) Leave on full pay and allowances as per rules of the Company for such number of days of leave as may be granted to other employees of the Company in the Head Office.
- xi) Leave Travel Concession for self and family for undertaking one or more journeys in India subject to a ceiling of one and half month's salary in a financial year.
- xii) Reimbursement of actual travelling and entertainment expenses incurred on behalf of the Company, subject to such ceiling on entertainment expenses as may be imposed by the Board of Directors from time to time.
- xiii) Reimbursement of expenses on mobile phone and landline phone at residence as per rules of the Company.

MINIMUM REMUNERATION

The above remuneration (including perquisites) shall be paid to Mr. Lalan Kumar Singh as the minimum remuneration in the event of absence or inadequacy of profits in any financial year of the Company.

OTHER TERMS AND CONDITIONS

- a) He shall not be paid any sitting fees for attending Board/ Committee Meetings.
- b) He shall not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency without prior approval of the Central Government.
- c) The appointment may be terminated by the Company or by Mr. Lalan Kumar Singh by giving not less than one month's prior notice in writing.



The Directors are of the opinion that Mr. Lalan Kumar Singh knowledge and experience will be of benefit to the Company. The Board, therefore, recommends the acceptance of the Resolution set out in the Notice convening the Meeting.

Except Mr. Lalan Kumar Singh, none of the Directors or Key Managerial Personnel or their relatives are in any way concerned or interested financially or otherwise in the passing of the resolution set out at item no.4 of the Notice.

Statement containing the information as required under Sec.-II, Part-II of Schedule V to the Companies Act, 2013

I. GENERAL INFORMATION			
1.	Nature of Industry	The company is engaged in Trading, Manufacturing & Exports of Pharmaceutical Products / Formulations.	
2.	Date or expected date of commencement of commercial production	Commercial operations commenced in the year 1978.	
3.	Financial performance based on given indicators	Particulars	(Rs. In Lakhs)
			F.Y. 2019-2020
		Paid up Capital	17.83
		Reserves & Surplus	4,166.16
		Total Revenue from operation	35,552.49
		Other Income	201.11
		Total Expenditures	35,050.69
		Net Profit Before Tax	702.91
	Tax Expenses including Deferred Tax	289.13	
	Net Profit After Tax	413.78	
4.	Foreign investments or collaborators, if any	The Company has not entered into any foreign collaboration and no direct capital investment has been made in the company in the last three financial years. Foreign investors, mainly comprising NRIs, FIIs and /or Foreign Nationals are investors in the Company on accounts of past issuance of securities /secondary market purchase.	
II. INFORMATION ABOUT THE APPOINTEE:			
1.	Background details	Mr. Lalan Kumar Singh is a respected professional in pharmaceutical industry and has over 37 years of experience in the Indian pharmaceutical industry. He was first appointed on the board on 15 th January, 1983 and appointed as a Whole-time Director on 16 th January, 2017. He is also on the board of M/s. Protomated Pvt. Ltd.	
2.	Past Remuneration	Mr. Lalan Kumar Singh was paid Rs.51.56 Lakhs as annual remuneration for the financial year 2019-2020.	
3.	Recognition or awards	Mr. Lalan Kumar Singh appointed on the board of M/s. Protomated Pvt. Ltd.	
4.	Job profile and his suitability	Mr. Lalan Kumar Singh devotes his full time to the business of the Company and is responsible for the general conduct and management of the affairs of the Company, subject to the superintendence, control and supervision of the Board. Mr. Lalan Kumar Singh has over 3 decades of invaluable experience in the line of the business of the Company which is compatible with the Organizational requirements and the Company would definitely benefit under his leadership and valuable guidance.	
5.	Remuneration proposed	Details of proposed remuneration are presented above.	



6.	Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person (in case expatriates the relevant details would be w.r.t. the country of his origin)	The remuneration proposed to be paid to Mr. Lalan Kumar Singh, Director is purely based on merit. Further, the Nomination and Remuneration Committee constituted by the Board, perused the remuneration of managerial person in other companies comparable with the size of the Company, industry benchmarks in general, profile and responsibilities of Mr. Lalan Kumar Singh before recommending the remuneration as proposed hereinabove.
7.	Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any	Mr. Lalan Kumar Singh neither holds any shares of the company nor his relative interested in the Resolution relating to his remuneration.
III.	OTHER INFORMATION	
1.	Reasons of loss or inadequate profits	The Company does not envisage any loss or inadequate profits. However, hike in the interest rate, rising running cost and challenging business environment due to unavoidable circumstances may affect the profitability of the Company in future. The Company proposes to obtain approval of Members as an abundant caution in case the profits are insufficient to pay the managerial remuneration as above.
2.	Steps taken or proposed to be taken for improvement	The Company is always looking forward to take all such steps and measures including expansion, diversification, restructuring which are in the best interest of the company. Though, the prices of raw materials and products are influenced by external factors, the Company is making all possible efforts to improve the margins.
3.	Expected increase productivity and profits measurable terms	The Company is very conscious about improvement in productivity and undertakes constant measures to improve it. However, it is extremely difficult in the present scenario of COVID-19 outbreak to predict profits in measurable terms.
IV.	Disclosures:	
	The details of remuneration paid to the managerial personnel as well as to all other Directors has mentioned in the Annexures to the Director's Report on Financial Statements for the F.Y. 2019-2020.	

Item no. 5:

Mr. Arunkumar D. Deshmukh was appointed as an Independent Director of the Company pursuant to Section 149 of the Companies Act, 2013 ("the Act") read with Companies (Appointment and Qualification of Directors) Rules, 2014, by the Shareholders at the 37th Annual General Meeting held on 31st July, 2015 to hold office upto 31st July, 2020 ("first term" as per the explanation to Section 149(10) and 149(11) of the Act.). Mr. Arunkumar D. Deshmukh vide his email letter dated 24th May, 2020 has conveyed to the Board about his willingness for re-appointment for the second term as "Independent Director". The Nomination & Remuneration Committee at its Meeting held on 2nd June, 2020 after taking into account the performance evaluation of Mr. Arunkumar D. Deshmukh, of his first term of five years and considering the knowledge, acumen, expertise and experience in their respective fields and the substantial contribution made by him during his tenure as an Independent Director since his appointment, has recommended to the Board that continued association of these Directors as an Independent Director would be in the interest of the Company. Based on the above, the Nomination & Remuneration Committee and the Board has recommended his re-appointment as an Independent Director on the Board of the Company, to hold office for the second term of five consecutive years commencing from August 1, 2020 to July 31, 2025 and not liable to retire by rotation. The Nomination and Remuneration Committee and the board of directors have recommended his appointment pursuant to Section 160 of the Companies Act, 2013 (as amended).

Mr. Arunkumar D. Deshmukh is retired respected professional in pharmaceutical industry. He holds degree in B.Sc.(Ag.) and has over 40 years of experience in the Indian pharmaceutical industry. He attained age of 76 years



on 1st August, 2019 and board of directors seek consent of members via aforesaid special resolution in Item No.5 of the Notice.

(Details of the appointee Director pursuant to clause 1.2.5 of the Secretarial Standard – 2)

Date of Birth	01/08/1943
Date of First Appointment on the Board	15/06/2015
Experience/ Expertise in specific functional areas	<p>Mr. Arunkumar D. Deshmukh had 40 years of experience in Pharmaceutical industry in the area of Marketing and Sales. He joined M/s. Glaxo Laboratories India Ltd. ('Glaxo') as a Medical Representative. In his 20 years' service in Glaxo, he got several promotions as Area Manager, Product Manager and Zonal Manager. He was winner of the International award "Inspira", for his Creative work in the product management team in the Head Office.</p> <p>He joined M/s. Alkem Laboratories Ltd.('Alkem') as a Sales Manager in January 1987. In the subsequent year, he was promoted and appointed as Marketing Manager of M/s. Aglowmed Ltd., a sister concern company of Alkem in August, 1988. He was further promoted as General Manager – Marketing in August, 1994.</p> <p>He started his own Consulting firm "Pharma Marketing and Training Services," in September 1998 and also became an Associate Consultant of " Interlink Marketing Associates". During this period he trained Managerial staff at all levels from several Pharma and allied companies.</p> <p>He retired from services in 2008.</p>
Terms and Conditions of appointment / re-appointment	A 2 nd term of five consecutive years commencing from August 1, 2020 to July 31, 2025 and not liable to retire by rotation.
Details of remuneration sought to be paid and remuneration last drawn.	Rs.60,000/- (Sitting fees paid during FY 2019-2020) and may change by the Board subject to limit as prescribed under the Companies Act, 2013.
Number of meetings of the Board of Directors attended during the FY 2019-2020.	13
*Other Directorships Held	NIL

**Directorship in the Private Limited Companies not considered.*

By Order of the Board,

For **CACHET PHARMACEUTICALS PVT. LTD.**

**SATISH
KUMAR
SINGH**

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SATISH KUMAR
SINGH
Date: 2020.06.02
12:48:02 +05'30'

**Satish Kumar Singh
Managing Director
DIN:00245703**

Place: Mumbai

Dated: 02/06/2020

**CACHET PHARMACEUTICALS PRIVATE LIMITED**

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

ATTENDANCE SLIP

(To be presented at the entrance)

42nd Annual General Meeting of the Members of **Cachet Pharmaceuticals Private Limited** on Monday, August 31, 2020 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

PROXY FORM

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

42nd Annual General Meeting of the Members of **Cachet Pharmaceuticals Private Limited** on Monday, August 31, 2020 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 42nd Annual General Meeting of the Members of **Cachet Pharmaceuticals Private Limited** to be held on Monday, August 31, 2020 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 31st March, 2020, the Reports of the Board of Directors' and Auditors' thereon.
2. Re- appointment of Mr. Lalan Kumar Singh as a Director who retiring by rotation.
3. Reappointment and approval of remuneration of Cost Auditor.
4. Re- appointment of Mr. Lalan Kumar Singh as a Whole Time Director for another term of three years.
5. Appointment of Mr. Arunkumar D. Deshmukh as an Independent Director for another term of five years.

Signed _____ day of _____ 2020

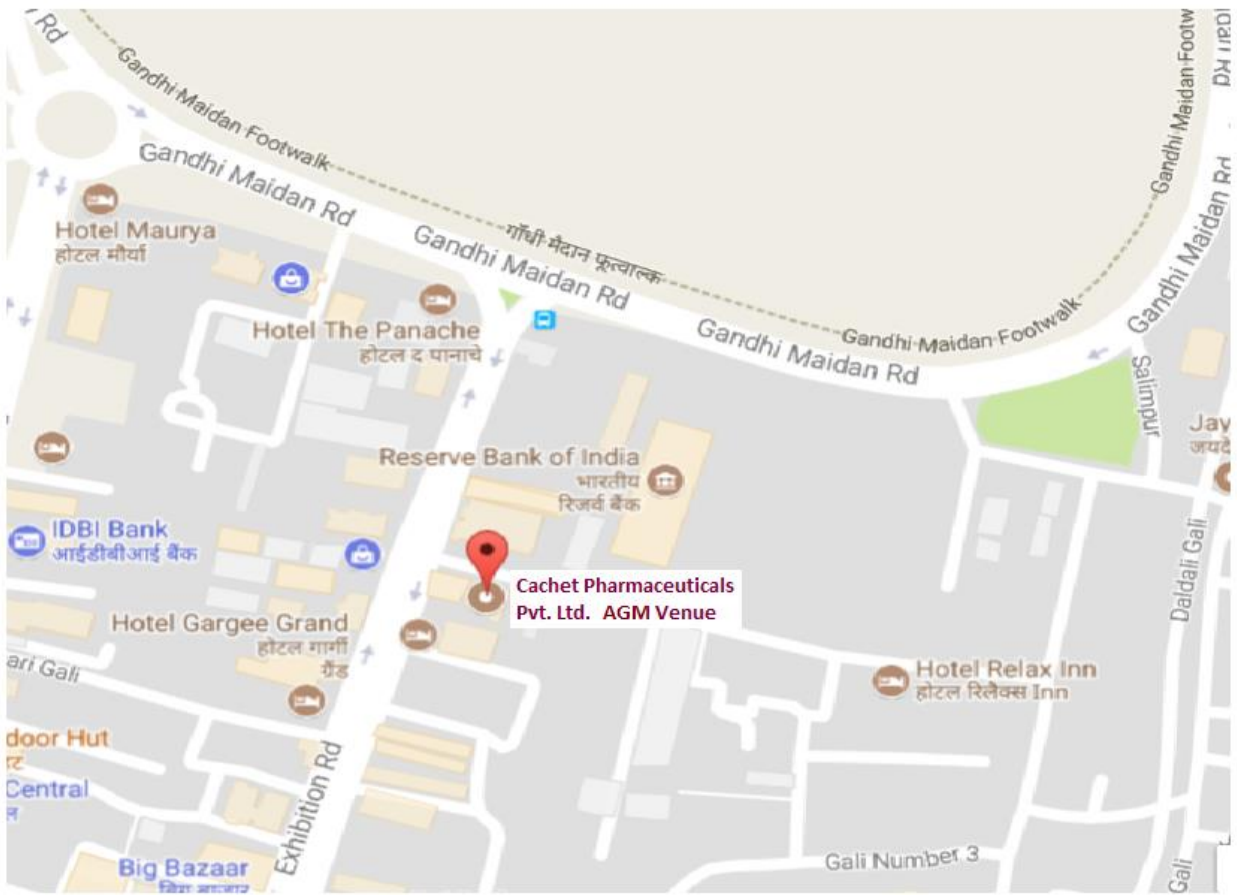
Signature of Shareholder _____

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 31st March, 2020.

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. In this COVID-19 outbreak, the company tried its best to fulfil market demand of essential medicines and nutritional products. 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'.

FINANCIAL SUMMARY AND HIGHLIGHTS:

(Rs. In Lakhs)

Particulars	Financial Year 2019-2020	Financial Year 2018-2019
Revenue from Operations (Gross)	35,552.49	33,810.96
Add: Other Income	201.11	79.58
Total Income	35,753.60	33,890.54
Operating Results:		
Profit / (Loss) Before Tax	702.91	(780.62)
Less : Income Tax	15.87	Nil
Less : Deferred Tax	273.26	251.24
Profit After Tax	413.78	(529.38)
Add: Balance B/F from the previous year	3,779.39	4,325.41
Add.: Other Comprehensive Income/(Loss)	(27.01)	(16.70)
Add.: Securities Premium on Issue of Shares	NIL	NIL
Balance Profit/(Loss) C/F to the next year	4,166.16	3,779.39

Due to national lockdown in Covid-19 pandemic situation, the profitability of fourth quarter has adversely impacted compared to previous three quarters. It likely to be continued impacted for first quarter of FY 2020-2021. Though this dynamic business situation, the company strived its best to fulfil market demand for essential medicines and nutritional products. We hope this situation should normalise during third and fourth quarter of this current FY 2020-2021.

During the year under review, the Company's gross turnover for the year has increased by 5.15% to **Rs.35,552.49 Lakhs** as compared to the previous year's turnover of **Rs.33,810.96 Lakhs**. The Company earned profit after taxes amounting to Rs.413.78 Lakhs compared to the previous year's losses of Rs.529.38 Lakhs.

AMOUNTS TRANSFERRED TO RESERVES:

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



DIVIDEND:

The directors do not propose to declare any dividend for the year under review.

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, 2020.

CHANGE IN NATURE OF BUSINESS ACTIVITY, IF ANY:

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

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 a private limited company hence there was no requirement of obtaining credit rating for its 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:

The Board of Directors have met thirteen (13) times during the year, from 1st April, 2019 to 31st March, 2020. The Board meetings were held on the following dates:

6th May, 2019, 27th May, 2019, 30th May, 2019, 12th August, 2019, 24th September, 2019, 1st October, 2019, 17th October, 2019, 4th November, 2019, 28th November, 2019, 24th December, 2019, 3rd January, 2020, 22nd January, 2020 and 4th February, 2020.

Mrs. Premlata Singh, wife of Hon'ble Managing Director Mr. Satish Kumar Singh was appointed as an Additional Non-Executive Director on the board of the Company w.e.f. 30th May, 2019 and members ratified her appointment at the Extra Ordinary General meeting held on 24th June, 2019.

The term of Mr. Satish Kumar Singh as a Managing Directors ended on 31st July, 2019 and as recommended by the Nomination & Remuneration Committee, the Board of Directors appointed him for another term of five (5) years with effect from August 1, 2019 to till 31st July, 2024 upon the terms and conditions as may be decided by the Board.



Mr. Lalan Kumar Singh, Whole-Time Director of the Company was appointed for a period of Three years with his term ending on 15th January, 2020. The Board based upon the recommendation of the Nomination & Remuneration Committee appointed Mr. Lalan Kumar Singh as Whole-Time Director for another term of 3 (three) years from 16th January, 2020 to 15th January, 2023 subject to approval of the members at ensuing Annual General Meeting and draft special resolution for the same forms part of the Notice of the 42nd Annual General Meeting.

The term of Mr. Arunkumar D. Deshmukh, Independent Director of the Company was ending on 31st July, 2020 and as recommended by the Nomination & Remuneration Committee, he was appointed by the board for another term of 5 (Five) consecutive years from August 1, 2020 to July 31, 2025 subject to approval of the members at ensuing Annual General Meeting and draft special resolution for the same forms part of the Notice of the 42nd Annual General Meeting.

Mr. Arunkumar D. Deshmukh having over 40 years of experience in Pharmaceutical Industry in the area of Marketing and Sales and company would be benefit his leadership and valuable guidance to the Board and management of the Company.

Pursuant to Para VII (1) of Schedule IV to the Companies Act, 2013, Independent Directors (IDs) are required to hold at least one meeting without the attendance of Non-independent directors and members of the management. For the financial year 2019-20, due to outbreak of COVID-19, the IDs of the company have not been able to hold such a meeting and pursuant to General Circular No. 11 /2020 dated 24th March, 2020 the same shall not be viewed as a violation. The IDs, however, shared their views amongst themselves through telephone and discussed about modalities of the Board of 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	13	13	Yes
2.	Mr. Lalan Kumar Singh	Whole time Director	13	13	Yes
3.	Mrs. Premlata Singh	Director	13	10	N.A.
4.	*Mr. Sarvesh Singh	Director	13	NIL	N.A.
5.	Mr. Arunkumar D. Deshmukh	Independent Director	13	13	Yes
6.	Mrs. (Dr.)Anuja M. Sinha	Independent Director	13	13	Yes

* Appointed w.e.f. 29th March, 2019 and resigned w.e.f. 6th May, 2019.

Mr. Lalan 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 42nd 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	7
2.	Mrs.(Dr.)Anuja M. Sinha	Member	7
3.	Mr. Satish Kumar Singh	Member	7

During the year under review seven (7) meetings of the Audit committee were held on 27TH May, 2019, 30th May, 2019, 12th August, 2019, 24th September, 2019, 1st October, 2019, 4th November, 2019 and 4th February, 2020.

**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	2
2.	Mrs.(Dr.)Anuja M. Sinha	Member	2
3.	Mr. Premlata Singh	Member	1
4.	*Mr. Sarvesh Singh	Member	NIL
5.	**Mr. Lalan Kumar Singh	Member	1

* Appointed w.e.f. 29th March, 2019 and resigned w.e.f. 6th May, 2019.

** The Board reconstituted the Committee on 30th May, 2019. Accordingly Mrs. Premlata Singh was appointed as new member in place of Mr. Lalan Kumar Singh w.e.f. closure of business hours of 30th May, 2019

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 controls and their adequacy:

The Board has adopted policies and procedures for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of fraud and error, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial disclosures. 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 HOLDING COMPANY, SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES:

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.27,844.90 Crores (as on 31.03.2020).



The Company doesn't have any subsidiary company.

By virtue of being subsidiary M/s. Alkem Laboratories Limited; the following are the fellow subsidiaries of the company which are subsidiaries of Holding company:

Name	Country
Alkem Laboratories (Pty) Limited	South Africa
Ascend GmbH	Germany
Alkem Laboratories Corporation	Philippines
S & B Holdings B.V.	Netherlands
Pharmacor Pty Limited	Australia
The PharmaNetwork, LLC (Wholly owned subsidiary of S&B Holdings B.V)	United States of America
Ascend Laboratories SDN BHD.	Malaysia
Ascend Laboratories SpA	Chile
Enzene Biosciences Ltd.	India
Alkem Laboratories Korea Inc	Korea
Pharmacor Ltd.	Kenya
S & B Pharma Inc.	United States of America
The Pharma Network, LLP	Kazakhstan
Ascend Laboratories, LLC (Wholly owned by The Pharmanetwork, LLC)	United States of America
Ascend Laboratories (UK) Ltd.	United Kingdom
Cachet Pharmaceuticals Pvt. Ltd	India
Indchemie Health Specialities Pvt. Ltd.	India
Ascend Laboratories Ltd.	Canada
Pharma Network SpA (Wholly owned by Ascend Laboratories SpA)	Chile
Alkem Foundation	India
Ascend Laboratories SAS	Colombia

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 were as per omnibus approval of the Audit Committee and Board except transaction for sale of Undertaking located at Sikkim. 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 2019-2020 with related parties were in ordinary course of business and on arm's length basis except the transaction with M/s. Alkem Laboratories Ltd., holding company, for sale of undertaking i.e. Sikkim plant on as 'Running and Going concern basis'. Considering that substantial operations of the Sikkim Plant are undertaken for manufacturing the products of holding company and to cut down on operational costs w.r.t. said plant and selling and distribution expenses; the Company sold its Sikkim Plant located at **Khasara Nos.341(P) & 345, Jholungey, Lower Kabrey, Namthang, Namchi District, South Sikkim, Sikkim-737132** to **M/s. Alkem Laboratories Limited**, holding company for a lumpsum consideration of **Rs.51.85 Crores (Rupees Fifty One Crores Eighty Five Lakhs only)**.



Following material related party transactions i.e. transaction exceeding 10% of the annual turnover as per the audited financial statement, were entered during the year by the company, however the same were at arm's length and in ordinary course of business were:

Name of the Related party	Nature of relationship	Duration of Contract	Salient terms	Amt. (Rs. In Lakhs)
Sale of Finished Goods:				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	10,701.77
				10,701.77
Sale of Capital Goods:				
Alkem Laboratories Ltd.	Related Party	Agreement for sale of undertaking	Based on Transfer Pricing Guidelines	5,185.00
				5,185.00

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**.

SALE OF BHIWADI PLANT:

During the year under review, the company accorded its consent at the Extra Ordinary General Meeting held on 24th October, 2019 to sale the plant located at **C-582A and C-582B, RIICO Industrial Area, Bhiwadi, District: Alwar, Rajasthan-301019** ("Undertaking") which was not in operation for more than three years. The Management was having the view that the said plant should be sold for a lumpsum consideration. Accordingly, the Board decided to sell the same taking into consideration the overall interest of all the stakeholders. Consequently, The Board of Directors of the Company, at its meeting held on 01st October, 2019 approved the sale of its plant situated at Bhiwadi, Rajasthan to **1) Mr. Sumit Kochar S/o. Sh. Parveen Kochar R/o-C-89, Road No.-40, Shivaji Park Punjabi Bagh, New Delhi-110026, 2) Mr. Gaurav Kochar S/o. Sh. Sunil Kumar R/o-C-89, Road No.-40, Shivaji Park Punjabi Bagh New Delhi-110026 and 3) Mr. Mohit Kochar S/o. Sh. Anil Kumar R/o-C-89, Road No.-40, Shivaji Park Punjabi Bagh, New Delhi-110026 ("Purchasers")** together with all plant and machinery on 'As and Where is' basis for a consideration not exceeding **Rs.9 Crores (Rupees Nine Crores only)**. The net proceeds from the sale of the plant will be utilized to strengthen the working capital requirements of the Company. The sale of the said plant does not have any impact on the Company's existing business operations.

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.

MATERIAL ORDERS 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 financial year 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, 2020, does not contain any qualification, reservation or adverse remark and is enclosed with the 42ND 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 2019-2020. The Secretarial Audit Report is annexed to this Report as **Annexure 1**. The said Report does not contain any adverse comments 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.

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.

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 27th May, 2019, had appointed Mr. Suresh D. Shenoy, Cost Accountant (Membership No. 8318), as the Cost Auditor of the Company for the financial year 2019-2020 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. The Board of Directors propose to appoint the Cost Auditor for the financial year 2020-2021. A resolution for ratification of the



remuneration payable to the Cost Auditor for FY 2020-2021 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 Auditors for the financial year 2019-2020.

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 2020-2021.

COMPLIANCE WITH SECRETARIAL STANDARDS:

The company has complied with applicable Secretarial Standards issued by The Institute of Company Secretary of India and other Secretarial standards voluntarily adopted 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 31st March, 2020 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 that took place during the financial year ended 31st March, 2020 and necessary return has been filed by the company pursuant to the said Act.

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 reaches 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 over 500 brands and out of them over 300 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.**

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**Satish Kumar Singh
Managing Director
DIN NO.:00245703**

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**Arunkumar D. Deshmukh
Director
DIN NO.:07210367**

Place: Mumbai
Dated: 02/06/2020



DM & ASSOCIATES COMPANY SECRETARIES LLP

(LLPIN NO. AAI-4743)

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

Tel No. : 022-28443641 Email: dmassociatesllp@gmail.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, 2020

To,
The Members,
CACHET PHARMACEUTICALS PRIVATE LIMITED
Exhibition Road., P.S.-Gandhi Maidan
Patna Br 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, 2020, 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, 2020 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;
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. : 022-28443641 Email: dmassociatesllp@gmail.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 Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non - Executive Directors and Independent Directors. 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

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.

We further report that during the audit period the following specific event took place:

Pursuant to Section 180 of the Companies Act, 2013:

- a. the Members at its Extra Ordinary General Meeting held on June 24, 2019, by passing special resolution, approved the sale of its Undertaking located at Khasara Nos.341(P) & 345, Jholungey, Lower Kabrey, Namthang, Namchi District, South Sikkim, Sikkim-737132 to Alkem



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Tel No. : 022-28443641 Email: dmassociatesllp@gmail.com

Laboratories Limited (holding Company) for a lumpsum consideration of Rs.51.85 Crores (Rupees Fifty One Crores Eighty Five Lakhs only);

- b. the Members at its Extra Ordinary General Meeting held on October 24, 2019, by passing special resolution, approved the sale of its Undertaking located at C-582A and C-582B, RIICO, Industrial Area, Bhiwadi, District: Alwar, Rajasthan-301019 to Mr. Sumit Kochar, Mr. Gaurav Kochar and Mr. Mohit Kochar from New Delhi for a lumpsum consideration not exceeding Rs.9 Crores (Rupees Nine Crores only);

For DM & Associates Company Secretaries LLP

Company Secretaries

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Partner

ACS NO 37322

C P NO 16207

UDIN: A037322B000283645

Place : Mumbai

Date : 26th May, 2020

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. : 022-28443641 Email: dmassociatesllp@gmail.com

ANNEXURE - I

To

The Members,

CACHET PHARMACEUTICALS PRIVATE LIMITED

Exhibition Road., P.S.-Gandhi Maidan

Patna Br 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

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Tribhuvneshwar Kaushik

Partner

ACS NO 37322

C P NO 16207

UDIN: A037322B000283645

Place : Mumbai

Date : 26th May, 2020



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)
Nature of Contract:				
Interest expense on loans taken from Director:				
Mr. Satish Kumar Singh	Key Managerial Personnel	Not Applicable	Not Applicable	95.94
				95.94
Loans Repaid to Director:				
Mr. Satish Kumar Singh	Key Managerial Personnel	Not Applicable	Not Applicable	215.61
				215.61
Sale of Finished Goods:				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	10,701.77
				10,701.77
Purchase of Finished Goods:				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	882.78
Indchemie Health Specialities Pvt. Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	123.29
Galpha Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	65.90
				1,071.87
Purchase of Raw & Packing Materials:				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	16.69
Galpha Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	0.13



				16.82
Sale of Raw & Packing Materials:				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	107.25
				107.25
Manufacturing Charges received:				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	704.49
				704.49
Rent Paid:				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	37.92
				37.92
Reimbursement of Expenses:				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	64.87
				64.87
Sale of Capital Goods:				
Alkem Laboratories Ltd.	Related Party	Agreement for sale of undertaking	Based on Transfer Pricing Guidelines	5,185.00
				5,185.00
Royalty Income				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	8.70
				8.70
Sale of Consumables				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	38.87
				38.87
Recovery of Expenses				
Alkem Laboratories Ltd.	Related Party	Ongoing Agreement	Based on Transfer Pricing Guidelines	43.03
				43.03

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.



Annexure-4

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2020

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, SenapatiBapat Marg, Lower Parel, Mumbai - 400 013.	U00305MH1973P LC174201	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-2019]				No. of Shares held at the end of the year [As on 31-March-2020]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(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%
Sub Total (A) (1)	-	17,834	17,834	100%	-	17,834	17,834	100%	0.00%
(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%
Sub Total (A) (2)	-	-	-	0.00%	-	-	-	0.00%	0.00%
TOTAL (A)	-	17,834	17,834	100%	-	17,834	17,834	100%	0.00%
B. Public Shareholding									
1. Institutions									
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) FIs	-	-	-	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%
Sub-total (B)(1):-	-	-	-	0.00%	-	-	-	0.00%	0.00%
2. Non-Institutions									
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 uptoRs. 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 (specify)	-	-	-	-	-	-	-	-	-
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 st March, 2019]			Shareholding at the end of the year [as on 31 st March, 2020]			% 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.	M/s Alkem Laboratories Ltd.	10,484	58.79%	--	10,484	58.79%	--	0.00%
2.	Ms. Prerana Kumar	758	4.25%	--	758	4.25%	--	0.00%
3.	Mr. Basudeo Narain Singh	731	4.10%	--	731	4.10%	--	0.00%
4.	Ms. Anita Singh	585	3.28%	--	585	3.28%	--	0.00%
5.	Mr. Samprada Singh	545	3.06%	--	545	3.06%	--	0.00%
6.	Mr. Dhananjay Kumar Singh	525	2.94%	--	525	2.94%	--	0.00%
7.	Mr. Mritunjay Kumar Singh	525	2.94%	--	525	2.94%	--	0.00%
8.	Mr. Satish Kumar Singh	467	2.62%	--	467	2.62%	--	0.00%
9.	Samprada Singh (HUF)	443	2.48%	--	443	2.48%	--	0.00%
10.	Ms. Manju Singh	428	2.40%	--	428	2.40%	--	0.00%
11.	Ms. Madhurima Singh	365	2.05%	--	365	2.05%	--	0.00%
12.	Ms. Seema Singh	365	2.05%	--	365	2.05%	--	0.00%
13.	Mr. Sarvesh Singh	340	1.91%	--	340	1.91%	--	0.00%
14.	Mr. Sandeep Singh	340	1.91%	--	340	1.91%	--	0.00%
15.	Ms. Jayanti Sinha	233	1.31%	--	233	1.31%	--	0.00%
16.	Mr. Rajesh Kumar	225	1.26%	--	225	1.26%	--	0.00%
17.	Mr. Balmiki Prasad Singh	175	0.98%	--	175	0.98%	--	0.00%
18.	Ms. Archana Singh	150	0.84%	--	150	0.84%	--	0.00%
19.	Mr. Rajeew Ranjan	150	0.84%	--	150	0.84%	--	0.00%
	Total	17,834	100%	--	17,834	100%	--	0.00%

**(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
	Alkem Laboratories Ltd.						
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 year				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
Indebtedness at the beginning of the financial year:				
i) Principal Amount	4,230.72	1,061.27	-	5,291.99
ii) Interest due but not paid	-	88.64	-	88.64
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	4,230.72	1,149.91	-	5,380.63
Change in Indebtedness during the financial year:				
* Addition	16,251.25	100.62	-	16,351.88
* Reduction	(19,676.48)	(219.12)	-	(19,895.60)
Changes in CC limit	-	-	-	-
Net Change	(3,425.23)	(118.50)	-	(3,543.72)
Indebtedness at the end of the financial year				
i) Principal Amount	805.49	1,031.41	-	1,836.91
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	805.49	1,031.41	-	1,836.91



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
		Mr. Lalankumar Singh	Mr. Satish Kumar Singh	
	Name	Whole-Time Director	Managing Director	
	Designation			
1	Gross salary		-	51.56
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	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	-	-	-
	Total (A)	51.56	-	51.56
	Ceiling as per the Act*	84.00	-	84.00

*Note: Ceiling as per the Special Resolution passed under 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 13th February, 2017.

B. Remuneration to other Directors: (Rs. In Lakhs)

S.N.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. Arunkumar Deshmukh	Mrs. (Dr.) Anuja M. Sinha	
1	Independent Directors			
	Fee for attending board committee	0.60	0.40	1.00
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	0.60	0.40	1.00
2	Other Non-Executive Directors	-	-	-
	Fee for attending board committee	-	-	-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (2)	-	-	-
	Total (B)=(1+2)	0.60	0.40	1.00
	Total Managerial Remuneration	-	-	52.56
	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)
A. COMPANY					
Penalty			None		
Punishment					
Compounding					
B. DIRECTORS					
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, 2020.

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	2,03,64,014/-	Full time	53	0.84%	No
2.	RAJESH KUMAR	CHIEF OPERATING OFFICER	2,03,64,014/-	Full time	49	1.26%	No
3.	INDRANIL CHAKRAVARTTY	PRESIDENT - SALES & MARKETING	71,45,472/-	Full time	57	NIL	No
4.	SANJAY KUMAR	VP - FACTORY OPERATIONS	59,61,228/-	Full time	50	NIL	No
5.	SHASHI SHEKHAR KUMAR	SR. VICE PRESIDENT - INTERNATIONAL BUSINESS	59,42,736/-	Full time	48	NIL	No
6.	JAYANTA ADHIKARY	GENERAL MANAGER - SALES & MARKETING	43,06,812/-	Full time	54	NIL	No
7.	JITENDRA KUMAR JHA	ASST. VICE PRESIDENT - FINANCE	35,20,008/-	Full time	39	NIL	No
8.	ROSHAN PAUL	GM - SALES	32,53,308/-	Full time	57	NIL	No
9.	SANTOSH KUMAR SINGH	GM - MARKETING	31,33,716/-	Full time	41	NIL	No
10	SUNIL KUMAR CHUGH	GM-SALES	29,83,848/-	Full time	63	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) Voltage stabilizers are placed at appropriate places so that motors may also benefit from voltage optimisation.

iii) UPS & Electronic ballast 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:

Installed Zero power Air Ventilation System (Double Effect Turbo Ventilator) which gives:

i. Free Day Light

ii. Free Ventilation

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) Installed 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.4,479.56 Lakhs and outgo was Rs.483.57Lakhs.



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, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year then ended on that date, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, its profit and total comprehensive 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 ("SA's") specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.



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

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

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

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

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

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

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

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

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



Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable in "Annexure A".
2. As required by Section 143(3) of the Act, based on our audit, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.
 - e) On the basis of the written representations received from the directors as on 31st March, 2020 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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



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

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



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

Ramashankar Sanghai Digitally signed by
Ramashankar Sanghai
Date: 2020.06.02
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R.S. SANGHAI
Partner
M. No.: 036931

Place: Mumbai
Date: 2nd June, 2020

UDIN No.	2	0	1	6	6	6	8	0	A	A	A	A	P	Z	3	1	2	8
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Re: CACHET PHARMACEUTICALS PRIVATE LIMITED

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

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

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
 - (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the book records and the physical fixed assets have been noticed.
 - (c) The title deeds of immovable properties are held in the name of the company.
- ii) (a) The management has conducted the physical verification of inventory at reasonable intervals;
 - (b) The discrepancies noticed on physical verification of the inventory as compared to book records which has been properly dealt with in the books of account were not material.
- iii) The Company has not granted any 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 31st March, 2020, for a period of more than six months from the date on when they become payable.
- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of customs duty, goods & service tax & excise duty which have not been deposited on account of any dispute. The particulars of dues of sales tax and income tax as at 31st March, 2020, which have not been deposited on account of dispute, are as follows-

Name of the Statute	Nature of Dues	Total Amount (Rs. In Lakhs)	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 Commissioner of Value Added Tax
Income Tax Act 1961	Income Tax	6.29	-	2011-12	Assessing Officer
Income Tax Act 1961	Income Tax	10.58	3.00	2014-15	Commissioner of Income Tax (Appeal)
Income Tax Act 1961	Income Tax	14.65	-	2015-16	Assessing Officer
Total		32.42	3.00		

- 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

Ramashankar Sanghai Digitally signed by
 Ramashankar Sanghai
 Date: 2020.06.02
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Place: Mumbai
 Date: 2nd June, 2020

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

UDIN No.	2	0	1	6	6	6	8	0	A	A	A	A	P	Z	3	1	2	8
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Re: CACHET PHARMACEUTICALS PRIVATE LIMITED

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

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

We have audited the internal financial controls with reference to financial statements of **CACHET PHARMACEUTICALS PRIVATE LIMITED** (“the Company”) as of 31st March, 2020, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Auditors’ Responsibility

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



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

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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



Opinion

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



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

Ramashankar Sanghai Digitally signed by
Ramashankar Sanghai
Date: 2020.06.02
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Place: Mumbai
Date: 2nd June, 2020

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

UDIN No.	2	0	1	6	6	6	8	0	A	A	A	A	P	Z	3	1	2	8
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CACHET PHARMACEUTICALS PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2020

PARTICULARS	Note No.	As at 31st March, 2020 Rs. in Lakhs	As at 31st March, 2019 Rs. in Lakhs
I. ASSETS			
1 Non-Current Assets			
(a) Property, plant and equipment	3.1	2,649.17	9,176.76
(b) Capital work in progress	3.1	16.90	14.25
(c) Other intangible assets	3.1	324.32	91.38
(d) Financial assets			
(i) Investments	3.2	1.15	1.15
(ii) Loans	3.3	86.91	80.54
(iii) Other non-current financial assets	3.4	1,685.02	534.12
(e) Deferred tax assets (net)	3.5E	771.11	1,050.75
(f) Other tax assets (net)	3.5D	240.13	220.83
Total Non-Current Assets		5,774.71	11,169.77
2 Current Assets			
(a) Inventories	3.6	2,643.56	3,274.08
(b) Financial assets			
(i) Trade receivables	3.7	4,245.42	4,606.54
(ii) Cash and cash equivalents	3.8	656.86	227.60
(iii) Bank balances other than (ii) above	3.9	506.47	3.09
(iv) Loans	3.10	128.27	166.65
(v) Other current financial assets	3.11	324.95	184.97
(c) Other current assets	3.12	439.77	580.04
Total Current Assets		8,945.30	9,042.97
3 Assets Held for Sale	3.13	232.79	-
TOTAL ASSETS		14,952.80	20,212.75
II. EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	3.14	17.83	17.83
(b) Other equity (Refer Statement of changes in Equity)		4,166.16	3,779.39
Total Equity		4,183.99	3,797.22
2 Non-Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	3.15	1,126.06	2,741.22
(ii) Other non current financial liabilities	3.16	184.87	-
(b) Provisions	3.17	1,020.00	942.13
(c) Other non-current liabilities	3.18	-	398.26
Total Non-Current Liabilities		2,330.93	4,081.61
3 Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	3.19	655.70	2,302.54
(ii) Trade payables	3.20		
(a) total outstanding dues of micro enterprises & small enterprises		165.40	1,964.16
(b) total outstanding dues of creditors other than micro enterprises & small enterprises		4,631.52	5,544.56
(iii) Other current financial liabilities	3.21	1,401.70	1,648.23
(b) Other current liabilities	3.22	1,011.21	471.43
(c) Provisions	3.23	572.35	403.00
Total Current Liabilities		8,437.88	12,333.92
TOTAL EQUITY AND LIABILITIES		14,952.80	20,212.75

CACHET PHARMACEUTICALS PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2020

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
Ramashankar Digitally signed by
Ramashankar Sanghai
Date: 2020.06.02 12:14:19
+05'30'
Sanghai
R.S.Sanghai
Partner
Membership No: 036931
Place: Mumbai
Dated: 2nd June 2020

For & on behalf of the Board,
CACHET PHARMACEUTICALS PRIVATE LIMITED
CIN:U24230BR1978PTC001328
SATISH Digitally signed by
SATISH KUMAR SINGH
Date: 2020.06.02
11:34:06 +05'30'
KUMAR
SINGH
S.K.Singh
Managing Director
DIN : 00245703

ARUNKUMAR Digitally signed by
ARUNKUMAR DATTATRAY
DESHMUKH
Date: 2020.06.02 11:36:58
+05'30'
DATTATRAY
DESHMUKH
Arunkumar Deshmukh
Independent Director
DIN No.07210367

CACHET PHARMACEUTICALS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

PARTICULARS	Note No.	For the year ended 31st March, 2020 Rs. in Lakhs	For the year ended 31st March, 2019 Rs. in Lakhs
Income:			
Revenue from operations	3.24	35,552.49	33,813.64
Other income	3.25	201.11	74.38
Total Income		35,753.60	33,888.02
Expenses:			
Cost of materials consumed	3.26	6,160.37	7,020.03
Purchases of stock-in-trade		12,717.93	11,625.79
Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.27	96.51	540.36
Employee benefits expense	3.28	7,666.40	6,716.99
Finance costs	3.29	488.40	690.65
Depreciation and amortization expense	3.1	563.14	686.33
Other expenses	3.30	7,030.61	7,388.47
Impairment Losses		327.33	-
Total Expenses		35,050.69	34,668.61
Profit Before Tax		702.91	(780.59)
Tax Expense:	3.5 A		
Current Tax		15.87	-
Deferred Tax (Net)		273.26	(251.24)
Total Tax Expense		289.13	(251.24)
Profit After Tax		413.78	(529.35)
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to profit or loss			
- Remeasurements of defined benefit plans		(36.49)	(24.27)
- Tax on Remeasurements of defined benefit plans		9.49	7.57
Total of Other Comprehensive Income for the period, net of tax		(27.01)	(16.70)
Total Comprehensive Income for the period		386.77	(546.05)
Earnings per equity share (In Rs.):	3.34		
Basic		2,320.21	(2,968.21)
Diluted		2,320.21	(2,968.21)
Face Value of Equity Share (In Rs.)		100.00	100.00

CACHET PHARMACEUTICALS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

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 Ramashankar Sanghai <small>Digitally signed by Ramashankar Sanghai Date: 2020.06.02 12:15:43 +05'30'</small> R.S.Sanghai Partner Membership No: 036931 Place: Mumbai Dated: 2 nd June 2020	For & on behalf of the Board, CACHET PHARMACEUTICALS PRIVATE LIMITED CIN:U24230BR1978PTC001328 SATISH KUMAR SINGH <small>Digitally signed by SATISH KUMAR SINGH Date: 2020.06.02 11:55:53 +05'30'</small> S.K.Singh Managing Director DIN : 00245703 ARUNKUMAR DATTATRAY DESHMUKH <small>Digitally signed by ARUNKUMAR DATTATRAY DESHMUKH Date: 2020.06.02 11:58:58 +05'30'</small> Arunkumar Deshmukh Independent Director DIN : 07210367

CACHET PHARMACEUTICALS PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2020

(A) Equity share capital

(Rs in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	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	4,325.46
Total comprehensive income for the year ended 31st March, 2019						
Profit/(Loss) for the year	-	-	-	(529.35)	-	(529.35)
Addition during the year						-
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 1st April 2019	31.00	2,496.70	2,500.00	(1,232.65)	(15.64)	3,779.41
Total comprehensive income for the year ended 31st March, 2020						
Profit/(Loss) for the year	-	-	-	413.77	-	413.77
Addition during the year						-
Transfer to General Reserve				-	-	-
Other comprehensive income/(loss) for the year (net of tax)	-	-	-		(27.01)	(27.01)
Total comprehensive income for the year ended 31st March, 2020	-	-	-	413.77	(27.01)	386.76
Balance as at 31st March 2020	31.00	2,496.70	2,500.00	(818.88)	(42.65)	4,166.17

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 & ASSOCIATES**

Chartered Accountants

Firm Reg No: 109094W

Ramashankar Sanghai
Digitally signed by
 Ramashankar Sanghai
 Date: 2020.06.02
 12:16:47 +05'30'

R.S.Sanghai

Partner

Membership No: 036931

Place: Mumbai

Dated: 2nd June, 2020

For & on behalf of the Board,

CACHET PHARMACEUTICALS PRIVATE LIMITED

CIN:U24230BR1978PTC001328

SATISH KUMAR SINGH
Digitally signed by
 SATISH KUMAR SINGH
 Date: 2020.06.02
 11:56:36 +05'30'

S.K.Singh

Managing Director

DIN : 00245703

ARUNKUMAR DATTATRAY DESHMUKH
Digitally signed by
 ARUNKUMAR DATTATRAY DESHMUKH
 Date: 2020.06.02
 11:59:35 +05'30'

Arunkumar Deshmukh

Independent Director

DIN No.07210367

CACHET PHARMACEUTICALS PRIVATE LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2020

	PARTICULARS	For the year ended 31st March, 2020 Rs. in Lakhs	For the year ended 31st March, 2019 Rs. in Lakhs
A.	<u>Cash Flow from Operating Activity:</u>		
	Net (Loss)/Profit before Tax	702.92	(780.59)
	<u>Adjustment for:</u>		
	Depreciation & amortisation	563.14	686.33
	Impairment on Fixed Asset	327.33	-
	Provision for gratuity & compensated leave	74.92	113.65
	Provision doubtful debts	3.51	350.77
	Provision for anticipated sales return	135.81	(212.23)
	Loss on sale of property, plant and equipments	13.16	25.28
	Dividend received	(0.20)	(0.18)
	Net interest paid	374.07	666.38
	Subtotal of adjustments	1,491.74	1,630.01
	Operating profit before working capital changes	2,194.66	849.42
	<u>Adjustment for:</u>		
	Trade and other receivables	357.60	418.96
	Loans & other financial assets and other current assets	(1,621.99)	304.23
	Inventories	630.54	928.30
	Trade payable & other liabilities	(2,454.70)	(937.17)
	Subtotal of adjustments	(3,088.54)	714.32
	Cash generated from operations	(893.88)	1,563.75
	Less: Direct taxes paid	(19.31)	(14.30)
	Cash Flow before extraordinary items		
	Net Cash (used)/ generated Operating Activities	(913.19)	1,549.45
B	<u>Cash Flow from Investing Activities:</u>		
	Purchases of property, plant and equipments (Net)	(151.95)	(471.39)
	Sale of property, plant and equipments (Net)	5,196.96	35.66
	Dividend received	0.20	0.18
	Interest received	92.77	11.06
	Net Cash (used)/ generated in investing activities	5,137.99	(424.49)
C	<u>Cash Flow from Financing Activities:</u>		
	Long term borrowings	(1,615.17)	38.60
	Bank borrowings availed	(1,646.84)	(659.66)
	Repayment of lease liabilities	(66.69)	-
	Interest paid	(466.84)	(677.45)
	Net Cash (used)/ generated in Financing Activities	(3,795.53)	(1,298.50)
D	<u>Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C)</u>	429.26	(173.54)
E	<u>Cash & Cash Equivalents as at 1st April, 2019</u>	227.60	401.14
F	<u>Cash & Cash Equivalents as at 31st March, 2020 (D+E)</u>	656.86	227.60
	Notes:		
	1. Cash & Cash Equivalents include cash and Bank Balances in Current Accounts and in Deposit Accounts (Refer Note 3.8 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.		

CACHET PHARMACEUTICALS PRIVATE LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2020

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

Ramashankar Sanghai Digitally signed by
Ramashankar Sanghai
Date: 2020.06.02
12:17:42 +05'30'

R.S.Sanghai
Partner
Membership No: 036931
Place: Mumbai
Dated: 2nd June, 2020

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

SATISH KUMAR SINGH Digitally signed by
SATISH KUMAR SINGH
Date: 2020.06.02
11:57:06 +05'30'

S.K.Singh
Managing Director
DIN : 00245703

ARUNKUMAR DATTATRAY DESHMUKH Digitally signed by
ARUNKUMAR DATTATRAY DESHMUKH
Date: 2020.06.02
12:00:06 +05'30'

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

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on **2nd June, 2020**.

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
Servers & Networks	6 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:

The entity has adopted IND AS 116 "Leases" with a date of initial application of 1st April 2019. As a result, the entity has changed its accounting policy for lease contracts.

The entity applied IND AS 116 using the modified retrospective approach and recognized lease liability equal to the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application.

The Entity recognized a right-of-use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

In the context of initial application, the Company has exercised the option not to apply the new recognition requirements to short-term leases and to leases of low-value asset.

1.17 Non-current assets held for sale:

Non-current assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sale. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognised in the statement of profit & loss.

Once classified as held for sale, property, plant and equipment are no longer depreciated.

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'.

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

a) Estimate of current and deferred tax

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and 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.

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

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	Right of use asset	Total	
At deemed cost												
As at 1st April 2018	173.56	365.29	5,558.28	3,902.46	257.10	304.39	115.79	10,676.88	137.87	-	137.87	
Additions	-	-	87.39	115.06	13.26	203.51	21.83	441.05	16.09	-	16.09	14.25
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	10,964.51	153.96	-	153.96	14.25
At cost												
As at 1st April, 2019	173.56	365.29	5,645.67	4,003.36	270.36	368.64	137.62	10,964.51	153.96	288.21	442.17	14.25
Additions	-	-	6.19	37.94	3.29	64.90	20.27	132.59	-	101.44	101.44	16.90
Deletions	-	365.29	4,064.73	2,105.74	103.36	70.71	26.40	6,736.23	-	68.63	68.63	14.25
Reclassification to assets held for sale*	19.30	-	257.12	470.39	64.38	37.72	83.84	932.75	0.57	-	0.57	-
As at 31st March, 2020	154.26	0.00	1,330.01	1,465.17	105.91	325.10	47.65	3,428.12	153.39	321.03	474.42	16.90
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	672.54	13.80	-	13.80	-
Deductions	-	-	-	5.02	-	87.46	-	92.48	-	-	-	-
As at 31st March 2019	-	39.67	450.99	1,060.76	112.68	33.60	89.99	1,787.72	62.58	-	62.58	-
Depreciation and Amortisation												
As at 1st April, 2019	-	39.67	450.99	1,060.76	112.68	33.60	89.99	1,787.72	62.58	-	62.58	-
Depreciation/amortisation for the year	-	5.98	122.66	256.22	21.50	49.51	19.17	475.05	13.45	74.64	88.09	-
Deductions	-	45.65	287.00	382.21	20.89	34.14	14.00	783.89	-	-	-	-
Reclassification to assets held for sale*	-	-	165.42	352.42	60.81	37.72	83.59	699.96	0.57	-	0.57	-
As at 31st March, 2020	-	-	121.23	582.35	52.49	11.27	11.58	778.91	75.46	74.64	150.10	-
As at 31st March, 2019	173.56	325.63	5,194.69	2,942.60	157.68	335.04	47.63	9,176.76	91.38	-	91.38	14.25
As at 31st March, 2020	154.26	-	1,208.79	882.83	53.43	313.84	36.07	2,649.17	77.93	246.39	324.32	16.90

* Refer Note: 3.44

CACHET PHARMACEUTICALS PRIVATE LIMITED

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

PARTICULARS	As at 31st March, 2020	As at 31st March, 2019
	Rs. in Lakhs	Rs. in Lakhs
<u>3.2 : NON CURRENT INVESTMENTS:</u>		
<u>UNQUOTED :</u>		
<u>INVESTMENT IN EQUITY SHARES :</u>		
<u>(at fair value through profit & loss)</u>		
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
TOTAL	1.15	1.15
<u>3.3 : NON CURRENT LOANS:</u>		
<u>Unsecured, Considered Good:</u>		
Security Deposits	86.91	80.54
TOTAL	86.91	80.54
<u>3.4 : OTHER NON CURRENT FINANCIAL ASSETS :</u>		
Capital Subsidy Receivable (Refer Note 3.42)	-	500.00
Bank Deposits with maturity more than 12 months	1,659.42	29.57
Interest on deposit accrued but not due	25.60	4.55
TOTAL	1,685.02	534.12

CACHET PHARMACEUTICALS PVT. LTD.

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

3.5 Tax expense

(A) Amounts recognised in profit and loss

Particulars	For the year ended 31st March, 2020 Rs. In Lakhs	For the year ended 31st March, 2019 Rs. In Lakhs
Current income tax	15.87	-
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	273.26	(251.24)
Change in tax rate	-	-
Deferred tax expense	273.26	(251.24)
Tax expense for the year	289.13	(251.24)

(B) Amounts recognised in other comprehensive income

(Rs in Lakhs)

Particulars	For the year ended 31st March, 2020			For the year ended 31st March, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified to profit or loss						
Remeasurements of the defined benefit plans	(36.49)	9.49	(27.01)	(24.27)	7.57	(16.70)
	(36.49)	9.49	(27.01)	(24.27)	7.57	(16.70)

(C) Reconciliation of effective tax rate

(Rs in Lakhs)

Particulars	(%)	For the year ended 31st March, 2020	(%)	For the year ended 31st March, 2019
Profit before tax		702.91		(780.59)
Tax using the Company's domestic tax rate (Current year 26.00% and Previous Year 31.20%)	26.0%	182.76	31.20%	(243.54)
Tax effect of:				
Long term capital gains taxable at lower rate under Income Tax Act	(0.7%)	(4.94)	0.0%	
Expense/Income not deductible/included for tax purposes	13.6%	95.46	1.0%	(7.70)
Minimum alternate tax written off	2.3%	15.87	0.0%	-
	41.1%	289.13	32.2%	(251.25)

The Company's weighted average tax rates for the years ended March 31, 2020 and 2019 were **26.00%** and 31.20%, respectively. Income tax expense was **Rs.289.13 Lakhs** for the year ended March 31, 2020, as compared to income tax expense of Rs.(251.24) Lakhs for the year ended March 31, 2019.

The Company's effective tax rate for the year ended March 31, 2020 was **41.10%** (March 31, 2019 : 32.20%)

(D) Tax assets

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non current tax assets (net)		
Advance payment of Income Tax (net of provision)	240.13	220.83
	240.13	220.83

3.5 Tax expense (Continued..)

(E) Movement in deferred tax assets & liabilities

(Rs in Lakhs)

31st March, 2020						
Particulars	Net balance April 1, 2019	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax liabilities						
Property, plant and equipment	(857.41)	494.68	-	(362.73)	-	(362.73)
Deferred tax assets						
Trade Receivable	298.25	(48.79)	-	249.45	249.45	-
Carried forward of Business Loss	893.93	(568.57)	-	325.36	325.36	-
Lease Liability-Lease Property	-	66.13	-	66.13	66.13	-
Right To Use-Lease Property	-	(64.06)	-	(64.06)	-	(64.06)
Employee benefits	358.68	(40.07)	9.49	328.10	328.10	-
Provision on sales return	79.31	22.09	-	101.40	101.40	-
Deferred Government Grant	134.66	(134.66)	-	-	-	-
MAT Credit Entitlement	143.33	(15.87)	-	127.46	127.46	-
Deferred tax assets (Liabilities)	1,050.75	(289.13)	9.49	771.11	1,197.90	(426.79)
Offsetting of deferred tax assets & deferred tax liabilities					(426.79)	426.79
Net deferred tax assets/(liabilities)	1,050.75	(289.13)	9.49	771.11	771.11	-

Movement in deferred tax assets & liabilities

(Rs in Lakhs)

31st March, 2019						
Particulars	Net balance 1st April, 2018	Recognised in profit or loss	Recognised in OCI	Net	Deferred tax asset	Deferred tax liability
Deferred tax liabilities						
Property, plant and equipment	(746.48)	(110.93)	-	(857.41)	-	(857.41)
Deferred tax assets						
Trade Receivable	188.81	109.44	-	298.25	298.25	-
Carried forward of Business Loss	606.03	287.90	-	893.93	893.93	-
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	-
Deferred tax assets (Liabilities)	791.94	251.23	7.57	1,050.75	1,908.16	(857.41)
Offsetting of deferred tax assets & deferred tax liabilities					(857.41)	857.41
Net deferred tax assets/(liabilities)	791.94	251.23	7.57	1,050.75	1,050.75	-

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.127.46 Lakhs** as at March 31, 2020 (Rs. 143.33 Lakhs as at March 31, 2019).

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

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

PARTICULARS	As at 31st March, 2020 Rs. in Lakhs	As at 31st March, 2019 Rs. in Lakhs
<u>3.6 : INVENTORIES:</u>		
Valued at lower of cost or net realisable Value: (Refer Note 1.7)		
Raw and packing materials	569.96	1,103.98
Work-in-progress	42.85	66.30
Finished goods	527.65	645.91
Stock-in-trade	1,434.21	1,309.75
Goods in transit (finished goods)	36.45	48.38
Goods in transit (stock in trade)	32.44	99.76
TOTAL	2,643.56	3,274.08
Note: The Company follows suitable provisioning norms for writing down the value of inventories towards slow moving , non moving, expired and non saleable inventory. Write down of inventory for the year ended 31st March 2020 is Rs. 41.76 Lakhs (Previous year Rs. 202.54 Lakhs)		
<u>3.7 : TRADE RECEIVABLES:</u>		
Considered Good	4,245.42	4,606.54
Unsecured:		
Considered Doubtful	959.43	955.92
Less: Allowance for Doubtful Debts	5,204.85 (959.43)	5,562.46 (955.92)
TOTAL	4,245.42	4,606.54
Note: Above trade receivable includes amount due from related parties Rs.1030.54 Lakhs (Previous year Rs.1438.81 Lakhs) (Refer Note 3.38)		
<u>3.8 : CASH AND CASH EQUIVALENTS:</u>		
Cash on hand	8.26	10.31
Balance with Banks:		
In Current Accounts	648.60	217.29
TOTAL	656.86	227.60
<u>3.9 : OTHER BANK BALANCES:</u>		
Bank Deposits with maturity 3 months or less	6.47	3.09
Bank Deposits with maturity within 12 months	500.00	-
TOTAL	506.47	3.09
<u>3.10 : CURRENT LOANS:</u>		
Loans and Advances to Employees	108.09	139.37
Other Loans and Advances	20.18	27.28
TOTAL	128.27	166.65

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

PARTICULARS	As at 31st March, 2020 Rs. in Lakhs	As at 31st March, 2019 Rs. in Lakhs
3.11 : OTHER CURRENT FINANCIAL ASSETS :		
Interest on Deposits, accrued but not due	13.24	1.19
Export Incentives Receivable	140.72	92.71
GST Budgetary Support Receivable	170.99	91.07
TOTAL	324.95	184.97
3.12 : OTHER CURRENT ASSETS:		
<u>Unsecured, Considered Good, unless otherwise stated:</u>		
Balances with Government Authorities	341.60	492.90
<u>Advance to Suppliers:</u>		
Considered Good	26.86	-
Prepaid Expenses	68.86	86.12
Other Receivables	2.45	1.02
TOTAL	439.77	580.04
3.13 : ASSETS HELD FOR SALE: (Refer Note 3.44)		
Freehold Land	19.30	-
Buildings	91.70	-
Plant and Machinery	117.97	-
Furniture & Fixtures	3.57	-
Office Equipments	0.25	-
TOTAL	232.79	-
3.14 : EQUITY SHARE CAPITAL:		
<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
TOTAL	17.83	17.83

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

Particulars	As at 31st March, 2020	As at 31st March, 2019
Numbers of shares outstanding as at the beginning of the year	17,834	17,834
Add/Less: Shares issued during the year	-	-
Numbers of shares outstanding as at the end of the year	17,834	17,834

(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, 2020		As at 31st March, 2019	
	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, 2020		As at 31st March, 2019	
	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, 2020 Rs. in Lakhs	As at 31st March, 2019 Rs. in Lakhs			
3.15: NON CURRENT BORROWINGS:					
<u>Secured:</u>					
Term Loan From Bank					
From Saraswat Co-op. Bank Limited	-	1,478.48			
<u>Hire Purchase:</u>					
From Finance Companies	94.62	112.81			
<u>Unsecured:</u>					
Loans and Advances from related parties	868.35	997.62			
Other loans & advances	163.09	152.31			
TOTAL	1,126.06	2,741.22			
Notes:					
(1) Hire Purchase loans from finance companies are secured against respective assets financed by them.					
(2) 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
Hire Purchase Loan :					
HP - Kotak Mahindra Prime Ltd (CF-17647733)	8.75	31,063	27	826,506	01-09-2022
HP - Kotak Mahindra Prime Ltd (CF-17820201)	8.75	122,249	27	3,335,149	05-10-2022
HP - Kotak Mahindra Prime Ltd (CF-15348350)	8.76	19,045	9	165,402	01-12-2020
HP - Kotak Mahindra Prime Ltd (CF-14505996)	8.91	32,340	2	63,962	05-05-2020
HP - Kotak Mahindra Prime Ltd (CF-14795550)	8.86	59,550	4	234,031	05-07-2020
HP - Kotak Mahindra Prime Ltd (CF-14605108)	8.77	36,038	3	106,559	01-06-2020
HP - Kotak Mahindra Prime Ltd (CF-15853602)	9.68	36,269	12	445,906	05-04-2021
HP - Kotak Mahindra Prime Ltd (CF-15916401)	9.90	31,266	13	411,797	05-05-2021
HP - Kotak Mahindra Prime Ltd (CF-16000870)	10.87	25,865	14	361,246	01-06-2021
HP - Kotak Mahindra Prime Ltd (CF-16573626)	9.38	31,780	38	1,201,726	01-12-2023
HP - YES Bank Ltd. (ALN000100331375)	8.39	119,570	33	3,984,246	02-05-2023
HP - YES Bank Ltd. (ALN000100342773)	8.39	115,490	33	3,842,416	15-05-2023
3.16 : OTHER NON CURRENT FINANCIAL LIABILITIES:					
Lease Liability-Lease Property (Refer Note 3.43)				184.87	-
TOTAL				184.87	-
3.17 : NON CURRENT PROVISIONS:					
Provisions for Employee Benefits					
Gratuity (Refer Note 3.33)				728.44	668.05
Compensated Leave				291.56	274.08
TOTAL				1,020.00	942.13
3.18 : OTHER NON CURRENT LIABILITIES:					
Deferred Income on Government Grants (Refer Note 3.42)				-	398.26
TOTAL				-	398.26

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

PARTICULARS	As at 31st March, 2020 Rs. in Lakhs	As at 31st March, 2019 Rs. in Lakhs
<u>3.19 : CURRENT BORROWINGS:</u>		
<u>Secured:</u>		
From Saraswat Co-Op Bank Ltd. :		
Overdrafts	-	496.07
Cash Credit	-	1,351.22
Packing Credit - Export	655.70	455.25
TOTAL	655.70	2,302.54
Notes:		
The Overdraft is secured against the Fixed Deposit of Rs. 5 Crores.		
The Packing Credit (post shipment) is secured against the hypothecation of export receivables backed by letter of credit.		
<u>3.20 : TRADE PAYABLES:</u>		
Trade Payables	4,796.92	7,508.72
TOTAL	4,796.92	7,508.72
1. Above trade payable includes amount due to related parties Rs.59.68 Lakhs (Previous year Rs.50.12 Lakhs) Refer Note 3.38		
2. The above disclosure is made based on the information available with the Company and Auditors have relied upon it.		
<u>3.21 : OTHER CURRENT FINANCIAL LIABILITIES:</u>		
Current Maturities of Long Term Borrowings : (Refer Note 3.15)		
(i) Term Loan From Bank	-	286.56
(ii) Hire Purchase Loans	55.17	50.30
Deposits	424.60	689.50
Employee Payables	362.38	330.79
Accrual for Expenses	490.08	291.08
Lease Liability-Lease Property (Refer Note 3.43)	69.47	-
TOTAL	1,401.70	1,648.23
<u>3.22 : OTHER CURRENT LIABILITIES:</u>		
Advance from Customers	857.18	64.08
Deferred Income on Government Grants (Refer Note 3.42)	-	33.33
Due to statutory authorities*	154.03	102.15
Book overdraft from bank	-	271.87
TOTAL	1,011.21	471.43
* Statutory dues payable includes ESIC,PF,TDS and GST Payable.		
<u>3.23 : CURRENT PROVISIONS:</u>		
Provision for Anticipated Sales Return (Refer Note 3.36)	389.99	254.19
<u>Provision for Employee Benefits:</u>		
Gratuity (Refer Note 3.33)	108.18	104.42
Compensated Leave	74.18	44.39
TOTAL	572.35	403.00

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

PARTICULARS	For the year ended 31st March, 2020 Rs. in Lakhs	For the year ended 31st March, 2019 Rs. in Lakhs
<u>3.24 : REVENUE FROM OPERATIONS:</u>		
<u>Revenue from contracts with customers</u>		
Sale of Products	34,566.01	32,848.71
Manufacturing Charges	607.32	617.27
<u>Other Operating Revenue:</u>		
Export Incentives	184.29	190.80
GST Budgetary Support	117.46	79.59
Government Subsidy Income (Refer Note 3.42)	20.53	33.33
Royalty Income	8.06	2.68
Sale of Scrap	48.82	41.26
TOTAL	35,552.49	33,813.64
<u>3.25 : OTHER INCOME:</u>		
Interest on Bank Deposits	46.20	0.60
Other Interest	46.57	10.46
Dividend	0.20	0.18
Insurance Claim	-	7.91
Miscellaneous Receipts	3.39	4.21
Net (Loss) / Gain on Foreign Currency Transactions and Translation	104.75	51.02
TOTAL	201.11	74.38
<u>3.26 : COST OF MATERIALS CONSUMED:</u>		
Raw Material Consumed	3,840.48	4,294.39
Packing Material Consumed	2,319.89	2,725.64
TOTAL	6,160.37	7,020.03
<u>3.27 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:</u>		
Opening 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
Less: Closing Stock:		
Finished Goods	564.09	794.05
Stock-in-Trade	1,466.65	1,309.75
Work-in-Progress	42.85	66.30
	2,073.59	2,170.10
TOTAL	96.51	540.36
<u>3.28 : EMPLOYEE BENEFITS EXPENSE:</u>		
Salaries, Wages and Bonus	7,063.65	6,093.49
Contribution to Provident and Other Fund	471.17	449.21
Employees' Welfare Expenses	131.58	174.29
TOTAL	7,666.40	6,716.99
<u>3.29 : FINANCE COST:</u>		
Interest on Borrowings	413.90	629.38
Interest on defined benefit liabilities	52.94	48.07
Other Borrowing Costs	21.56	13.20
TOTAL	488.40	690.65

CACHET PHARMACEUTICALS PRIVATE LIMITED

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

PARTICULARS	For the year ended 31st March, 2020 Rs. in Lakhs	For the year ended 31st March, 2019 Rs. in Lakhs
<u>3.30 : OTHER EXPENSES:</u>		
Consumption of Stores and Spares	73.12	105.30
Power and Fuel	323.22	424.73
Rent	63.50	179.79
Rates & Taxes	0.12	0.15
Insurance	110.00	130.62
Commission to C & F Agents	198.04	183.85
Sales Tax & Goods & Service Tax Expenses	295.00	357.53
Freight and Distribution Expenses	789.88	832.19
Date Expired Goods	237.46	29.79
Marketing Expenses	1,563.04	1,491.48
Travelling & Conveyance	1,555.06	1,489.34
<u>Repairs:</u>		
Buildings	11.55	41.00
Plant & Machineries	41.57	72.97
Others	59.75	67.72
Loss on sale of Property, Plant & Equipments (net)	13.16	25.28
Legal & Professional Fees	222.76	170.91
Allowance for Doubtful Debts	48.19	419.53
Contract labour charges	383.31	489.82
Miscellaneous Expenses	1,041.88	876.48
TOTAL	7,030.61	7,388.47

3.31 Contingent Liabilities and Commitments

a) Contingent Liabilities not Provided For

(Rs. in Lakhs)

Sr. No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
1	Claims against the Company not acknowledged as debt:		
(i)	Sales Tax/VAT demand disputed in appeal (Advance paid in dispute in Rs. 3.36 Lakhs (P.Y. Rs. 3.36 Lakhs))	0.90	0.90
(ii)	Income Tax demand disputed in appeal for AY 2015-16 (Advances paid in dispute Rs. 3 lakhs (P.Y. 3 lakhs))	10.58	10.58
(iii)	Income Tax demand disputed with AO for rectification for AY 2012-13 (advances paid in dispute Rs. Nil)	6.29	6.29
(iv)	Income Tax demand disputed with AO for rectification for AY 2016-17 (advances paid in dispute Rs. Nil)	14.65	14.65
	Total	32.42	32.42

Management considers that the 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, 2020	As at 31st March, 2019
1	Outstanding Bank Guarantees	2.10	2.10
	Total	2.10	2.10

3.32 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, 2020	As at 31st March, 2019
a	Principal amount remaining unpaid to any supplier as at the end of each	165.40	1,964.16
b	Interest due thereon	0.05	30.73
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	0.05	30.73
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.30.73 Lakhs in view of no claims made by the suppliers.

CACHET PHARMACEUTICALS PRIVATE LIMITED

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

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

i) Defined contribution plans:

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

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

(Rs. in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Contribution to Provident Fund	318.18	288.01
Contribution to ESIC	63.51	76.92
Total	381.69	364.93

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, 2020 by an independent actuary. The present value of the defined benefit obligations and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

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

(Rs. in Lakhs)

Sr. No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
I)	Reconciliation in present value of obligations (PVO) – defined benefit obligation :		
	Current Service Cost	84.25	76.21
	Interest Cost	52.94	48.07
	Actuarial (gain) / losses	36.49	24.27
	Benefits paid	(109.54)	(51.34)
	PVO at the beginning of the year	772.47	675.26
	PVO at end of the year	836.61	772.47
II)	Reconciliation of PVO and fair value of plan assets:		
	PVO at end of year	836.61	772.47
	Funded status	(836.61)	(772.47)
	Net asset/ (liability) recognised in the balance sheet	(836.61)	(772.47)

Sr. No.	Particulars	As at 31st March, 2020	As at 31st March, 2019
III)	Net cost for the year		
	Current Service cost	84.25	76.21
	Interest cost	52.94	48.07
	Actuarial (gain) / losses	36.49	24.27
	Net cost	173.68	148.55
IV)	Assumption used in accounting for the gratuity plan:		
	Discount rate (%)	6.67	7.35
	Salary escalation rate (%)	5.00	5.00

3.33 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 :

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2017	As at 31st March, 2016
Defined benefit obligation at the end of the year	836.61	772.47	675.26	647.86	528.58
Experience (Gain)/Loss Adjustment on plan liabilities	(2.03)	21.60	(34.39)	7.36	(10.27)
Actuarial (Gain)/Loss due to change on assumption	38.53	2.66	(35.93)	37.08	36.37

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.

(Rs. in Lakhs)

Particulars	31st March, 2020		31st March, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(56.05)	63.73	(50.23)	57.01
Future salary growth (1% movement)	60.54	(54.09)	53.48	(48.59)

3.34 Earnings per share (EPS)

Particulars			For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit /(loss) after tax attributable to equity shareholders	Rs.in Lakhs	A	413.78	(529.35)
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	Nos.	B	17,834	17,834
Earnings per Share - Basic and Diluted	In Rs.	(A / B)	2,320.21	(2,968.21)

3.35 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, 2020	For the year ended 31st March, 2019
Revenue as per contracted price	35,565.64	33,809.39
<u>Adjustments:</u>		
Sales return	379.33	298.70
Discounts	11.93	24.58
IND AS 21 - (Appendix B)- Advance Consideration	1.06	20.12
Revenue from contract with customers	35,173.33	33,465.99
Other Operating Revenue	379.16	347.65
Revenue from contract with customers	35,552.49	33,813.64

3.36 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, 2020	For the year ended 31st March, 2019
Carrying amount at the beginning of the year	254.18	466.41
Add: Provision made during the year	379.33	298.70
Less: Amount used/utilized during the year	243.53	510.93
Carrying amount at the end of the year	389.99	254.18

3.37 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, 2020	For the year ended 31st March, 2019
a)	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		
	Revenue from sale of products from the Country of Domicile- India	30,216.55	28,416.89
	Revenue from sale of service from the Country of Domicile- India	607.32	617.27
	Revenue from sale of products from foreign countries	4,349.46	4,431.82
	Total	35,173.33	33,465.98
b)	Revenue from sale of product from one customer (including group entites, excluding taxes), which is more than 10% of the total revenue from India.		
	Alkem Laboratories Limited	10,269.22	10,000.28
	Total	10,269.22	10,000.28

3.38 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, 2020.

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
Mrs. Premlata Singh (w.e.f. 30th May 2019)	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:
N.A.

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	Country 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, LLC)	United States of America
S & B Pharma Inc.	United States of America
Ascend Laboratories (UK) Ltd.	United Kingdom
S & B Holdings B.V.	Netherlands
Pharmacor Pty Limited	Australia
Alkem Laboratories (PTY) Limited	South Africa
Ascend Laboratories Ltd.	Canada
The Pharma Network, LLP	Kazakhstan
Ascend Laboratories SpA	Chile
Pharma Network SpA (Wholly owned by Ascend Laboratories SpA)	Chile
Alkem Laboratories Corporation	Philippines
Alkem Pharma GmbH	Germany
Ascend Laboratories SDN BHD.	Malaysia
Alkem Laboratories Korea Inc	Korea
Pharmacor Ltd.	Kenya
Ascend Laboratories SAS (w.e.f. 4th June, 2019)	Colombia

B. Details of Transactions with Related Parties

(Rs. in Lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2020				
		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	1.00	-	-	-	1.00
		(0.75)	-	-	-	(0.75)
3	Interest expense on loans taken	95.94	-	-	-	95.94
		(80.63)	(3.37)	-	-	(84.00)
4	Loans Taken	-	-	-	-	-
		(200.00)	-	-	-	(200.00)
5	Loans Repayment	215.61	-	-	-	215.61
		-	-	-	-	-
6	Purchase of Finished Goods	-	65.90	882.78	123.19	1,071.87
		-	(59.68)	(890.96)	(216.53)	(1,167.17)

Sr. No.	Particulars	For the year ended 31st March, 2020				
		Key Management Personnel	Relatives of Key Management Personnel	Holding Company	Fellow Subsidiaries	Total
		A	B	C	D	
7	Sale of Finished Goods	-	-	10,701.77	-	10,701.77
		-	-	(10,550.90)	-	(10,550.90)
8	Sale of Raw & Packing Material	-	-	107.25	-	107.25
		-	(0.40)	(2.56)	-	(2.96)
9	Sale of Consumables	-	-	38.87	-	38.87
		-	-	-	-	-
10	Sale of Capital Assets	-	-	5,185.00	-	5,185.00
		-	-	(1.05)	-	(1.05)
11	Royalty Income	-	-	8.70	-	8.70
		-	-	(2.90)	-	(2.90)
12	Purchase of Raw & Packing Material	-	0.13	16.69	-	16.82
		-	(1.46)	(14.03)	(2.73)	(18.22)
13	Rendering of Services	-	-	704.49	-	704.49
		-	-	(716.03)	-	(716.03)
14	Payment of Rent	-	-	37.92	-	37.92
		-	-	(37.92)	-	(37.92)
15	Recovery of Expenses (Net)	-	-	45.03	-	45.03
		-	-	-	-	-
16	Reimbursement of Expenses (Net)	-	-	64.87	-	64.87
		-	-	(82.28)	(11.44)	(93.72)
		364.11	66.03	17,793.37	123.19	18,346.71

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, 2020	For the year ended 31st March, 2019
Short term employee benefits	61.36	61.36
Post-employment benefits	20.00	20.00

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, 2020				
		Key Management Personnel	Relatives of Key Management Personnel	Holding Company	Fellow Subsidiaries	Total
1	Security Deposit Receivable	-	-	5.00	-	5.00
2	Outstanding Receivable	-	-	1,030.54	-	1,030.54
3	Outstanding Payable	-	26.72	-	32.96	59.68

(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	-	-	1,438.81	-	1,438.81
3	Outstanding Payable	-	16.87	-	33.25	50.12

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.

3.39 Payment to auditors (excluding GST)

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
As Auditor		
Audit fees	10.00	10.00
Tax audit fees	5.00	5.00
Total	15.00	15.00

3.40 Financial instruments – Fair values and risk management

Accounting classification and fair values

(Rs. in Lakhs)

Particulars	As at 31st March, 2020							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	656.86	656.86	-	-	-	-
Other Bank Balances	-	-	506.47	506.47	-	-	-	-
Non-current investments	1.15	-	-	1.15	-	-	1.15	1.15
Long-term loans and advances	-	-	86.91	86.91	-	-	-	-
Short-term loans and advances	-	-	128.27	128.27	-	-	-	-
Trade and other receivables	-	-	4,245.42	4,245.42	-	-	-	-
Other Non-current financial asset	-	-	1,685.02	1,685.02	-	-	-	-
Other Current financial asset	-	-	324.95	324.95	-	-	-	-
	1.15	-	7,633.92	7,635.07	-	-	1.15	1.15
Financial liabilities								
Long term borrowings (Including current maturity of Long term borrowings)	-	-	1,181.83	1,366.10	-	-	-	-
Short term borrowings	-	-	655.70	655.70	-	-	-	-
Trade and other payables	-	-	4,796.92	4,796.92	-	-	-	-
Other Non-Current financial liabilities	-	-	184.27	-	-	-	-	-
Other Current financial liabilities	-	-	1,346.52	1,346.52	-	-	-	-
	-	-	8,165.25	8,165.25	-	-	-	-

(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
Financial assets								
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	-	-	80.54	80.54	-	-	-	-
Short-term loans and advances	-	-	534.12	534.12	-	-	-	-
Trade and other receivables	-	-	4,606.54	4,606.54	-	-	-	-
Other Non-current financial asset	-	-	166.65	166.65	-	-	-	-
Other Current financial asset	-	-	184.97	184.97	-	-	-	-
	1.15	-	5,803.52	5,804.67	-	-	1.15	1.15
Financial liabilities								
Long term borrowings (Including current maturity of Long term borrowings)	-	-	3,078.09	3,078.09	-	-	-	-
Short term borrowings	-	-	2,302.54	2,302.54	-	-	-	-
Trade and other payables	-	-	7,508.72	7,508.72	-	-	-	-
Other Current financial liabilities	-	-	1,311.37	1,311.37	-	-	-	-
	-	-	14,200.72	14,200.72	-	-	-	-

i. Risk management framework

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

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, 2020

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, 2020, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

(Rs. In Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
India	3,444.90	3,767.11
Other regions	800.53	839.43
Total	4,245.43	4,606.54

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

At 31st March, 2020, the carrying amount of company's most significant customer is Rs. **1030.54 lakhs** (previous year Rs. 1438.81 lakhs).

Impairment

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

(Rs. In Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Neither past due nor impaired	2,426.52	3,075.22
Past due 1–180 days	615.03	675.52
Past due more than 180 days	42.84	82.75
Total	3,084.39	3,833.49

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

(Rs. In Lakhs)

Particulars	31st March, 2020		31st March, 2019	
	Individual impairments	Collective impairments	Individual impairments	Collective impairments
Balance as at beginning of the year	158.64	797.28	158.64	446.51
Impairment loss recognised	-	48.19	-	350.77
Amounts written off	-	44.68	-	-
Balance at the end of the year	158.64	800.79	158.64	797.28

3.40 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, 2020	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Working capital loans	1,687.14	1,687.14	1,687.14	-	-	-	-
Trade and other payables	4,796.92	4,796.92	4,796.92	-	-	-	-
Other non current financial liabilities	184.87	184.87	-	-	128.46	56.41	-
Other current financial liabilities	219.26	219.26	24.77	111.53	51.89	31.07	-

(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
Non-derivative financial liabilities							
Rupee term loans from banks	1,765.04	1,765.04	47.76	238.80	286.56	859.68	332.24
Working capital loans from banks	3,452.47	3,452.47	3,452.47	-	-	-	-
Trade and other payables	7,508.72	7,508.72	7,508.72	-	-	-	-
Other financial liabilities	163.11	163.11	11.52	53.03	49.19	49.36	-

3.40 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, 2020 and 31st March, 2019 are as below:

Particulars	31st March, 2020 EURO	31st March, 2020 USD
Financial assets		
Trade and other receivables	175,294.80	886,855.74
	175,294.80	886,855.74
Financial liabilities	-	-
Net Financial Asset/(Liabilities)	175,294.80	886,855.74

Particulars	31st March, 2019 EURO	31st March, 2019 USD
Financial assets		
Trade and other receivables	100,465.80	1,149,944.60
	100,465.80	1,149,944.60
Financial liabilities	-	-
Net Financial Asset/(Liabilities)	100,465.80	1,149,944.60

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

Particulars	Average rate (INR)		Year-end spot rate (INR)	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
EURO	-	-	83.05	77.70
USD	-	-	75.39	69.17

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
31st March, 2020				
10% movement				
EURO	14.56	(14.56)	10.77	(10.77)
USD	66.86	(66.86)	49.47	(49.47)
	81.41	(81.41)	60.25	(60.25)

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

3.40 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, 2020	31st March, 2019
Fixed-rate instruments		
Financial assets	2,319.77	203.86
Financial liabilities	1,860.17	4,925.38
	459.60	(4,721.52)
Variable-rate instruments		
Financial liabilities	(655.70)	(455.25)
Total	(196.10)	(5,176.77)

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.

Rs. in Lakhs	Profit or loss		Equity, net of tax	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31st March, 2020				
Variable-rate instruments	(6.56)	6.56	(4.85)	4.85
Cash flow sensitivity (net)	(6.56)	6.56	(4.85)	4.85
31st March, 2019				
Variable-rate instruments	(4.55)	4.55	(3.13)	3.13
Cash flow sensitivity (net)	(4.55)	4.55	(3.13)	3.13

3.41 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, 2020 was as follows.

Particulars	Rs. in Lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Total borrowings	1,836.93	5,380.63
Less : Cash and cash equivalent	656.86	227.60
Adjusted net debt	1,180.07	5,153.02
Total equity	4,184.00	3,797.22
Less : Hedging reserve	-	-
Adjusted equity	4,184.00	3,797.22
Adjusted net debt to adjusted equity ratio	0.28	1.36

3.42 Government Grant

During the year the Company has received Grant with respect to facility at Jholungey, Lower Kabrey Block, in Sikkim amounting to Rs.485.75 Lakhs against eligible claim of Rs. 500 Lakhs.

3.43 Leases

A. Transition Disclosures

i. Impact on financial statements

On transition to IND AS 116, the entity recognised amount Rs. 288.21 Lakhs of right-of-use assets and amount Rs. 288.21 Lakhs of lease liabilities. There was no difference recognised in retained earnings on date of initial application of the standard as the Entity adopted the approach whereby the right-of-use assets are initially measured equal to the lease liability.

When measuring lease liabilities, the entity discounted lease payments using the incremental borrowing rate of the respective lease liability at 1st April, 2019. The weighted-average rate applied is 8.02%.

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

Particulars	Rs. In Lakhs
Operating lease commitment as at 31st March, 2019	396.55
Less: Recognition exemption for leases with less than 12 m of lease term at transition	38.31
Discounted using the incremental borrowing rate at 1st April, 2019	7.73% (1-3 years) 8.26% (4-6 years) 8.61% (7-9 years)
Discounted using the incremental borrowing rate at 1st April, 2019	288.21
Lease liability recognized as at 1st April, 2019:	288.21

iii. Practical expedients opted by the entity:

- Separation of non-lease components from lease components.
- Application of standard on a portfolio of leases with similar characteristics.
- Reassessment whether a contract contains a lease as at the date of initial application i.e. 1st April, 2019.
- Non application of IND AS 116 for the leases for which the remaining lease term is less than 12 months as on the date of initial application.
- The entity has excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application.

B. Leases as lessee

i. Right-of-use assets

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

(Rs. In Lakhs)

Particulars	Land and Buildings
Adoption of IND AS 116 "Leases" (as on 1st April, 2019)	288.21
Depreciation charge for the year	(74.64)
Additions to right—of—use assets	101.44
Derecognition of right—of—use assets	(68.63)
Balance at 31st March, 2020	246.39

ii. Lease liability

Particulars	Rs. In Lakhs
Maturity analysis of lease liability - discounted contractual cash flows	
Less than one year	69.47
One to three years	175.05
More than three years	9.82
Total discounted cash flows	254.34

Current	69.47
Non-current	184.87

iii. Amount recognised in profit or loss

Particulars	Rs. In Lakhs
Other income	
Income from sub-leasing right-of-use assets presented in 'other revenue'	Nil
General and administrative expenses	
Short-term lease rent expense	63.50
Depreciation and impairment losses	
Depreciation of right of use lease asset	74.64
Finance cost	
Interest expense on lease liability	29.34
	167.48

iv. Amount recognised in statement of cash flows -

Particulars	Rs. In Lakhs
Cash outflow for short-term leases	63.50
Principal component of Cash outflow for long-term leases	66.90
Interest component of Cash outflow for long-term leases	29.34
Total cash outflow for leases	159.74

3.44 Non Current Assets Held For Sale :

Particulars	Rs. In Lakhs	
	As at 31st March, 2020	As at 31st March, 2019
Freehold Land	19.30	-
Buildings	91.70	-
Plant and Machinery	117.97	-
Furniture & Fixtures	3.57	-
Office Equipments	0.25	-
Total	232.78	-

During the year the company has decided to sale various PPE in the category of Land, Building, Plant & Machinery, Furniture & fixtures, Office equipments being no longer required for business purposes. Accordingly, the said PPE have been stated at lower of it's carrying value and it's fair value less cost to sale amounting to **Rs. 232.78 Lakhs** (Previous year Rs. Nil) and are presented as "Non-current assets held for sale" as at 31st March 2020.

CACHET PHARMACEUTICALS PRIVATE LIMITED

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

3.45 Transfer of Disposal Group :

During the year, the Company has transferred its manufacturing facility at Jholungey, Lower Kabrey Block, in Sikkim to it's Holding Company Alkem Laboratories Limited for a aggregate consideration of Rs. 5,185.00 Lakhs. The carrying amount of the assets as on the date of transfer was Rs. 5,927.21 Lakhs. The Company has recognised Impairment loss of Rs. 327.33 Lakhs, after adjusting the balance deferred income of Rs. 414.89 Lakhs till the date of transfer.

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

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Date: 2020.06.02
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R.S.Sanghai
Partner
Membership No. 036931
Place: Mumbai
Date: 2nd June, 2020

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

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S.K.Singh
Managing Director
DIN : 00245703

ARUNKUMAR
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Date: 2020.06.02
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Arunkumar Deshmukh
Independent Director
DIN : 07210367



CACHET PHARMACEUTICALS PVT. LTD.

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

CIN No.: U24230BR1978PTC001328

Tel. Nos.: 0612-2322570/ 2322588.

Website: www.cachetindia.com