

Independent Auditor's Report

**To the Members of
CACHET PHARMACEUTICALS PRIVATE LIMITED**

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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



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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its Profit and its Cash Flow for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143 (3) of the Act, we report that:
 - a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;



- d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- e) on the basis of written representations received from the directors as on March 31, 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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 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 as referred to in Note 2.27 to the financial statements;
 - ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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


R.S. SANGHAI
Partner

Membership number: 036931
Mumbai: 25th May, 2016



"Annexure A" to the Independent Auditors' Report

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the financial statements of **CACHET PHARMACEUTICALS PRIVATE LIMITED** for the year ended March 31, 2016, we report that:

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management 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 assets have been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- ii) (a) The management has conducted physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- iii) The Company has not granted any loan, 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 paras 3 (iii) (a) to (c) of the Order are not applicable to the Company and hence not commented upon.
- iv) The Company has not given any loan, has not made any investment, has not given any guarantee or security and accordingly, the requirement of Para 3(iv) of the Order regarding compliance with the provisions of section 185 and 186 of the Companies Act, 2013 is not applicable to the Company and hence not commented upon.
- v) The Company has not accepted any deposit from the public and hence the requirement of Para 3(v) of the Order regarding compliance with 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, 2014 with regard to the deposits accepted from the public are not applicable and hence not commented upon.



- 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 books of account, and records, the Company has been regular in depositing undisputed statutory dues including Provident Fund, Employees State Insurance, Income-Tax, Sales tax, Service Tax, Duty of Customs, Duty of Excise, Value added Tax, Cess and any other statutory dues with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the above were in arrears as at March 31, 2016 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, Excise Duty & Income Tax which have not been deposited on account of any dispute. The particulars of dues of Sales-Tax and Service Tax as at 31st March, 2016 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 |
|--|-----------------------------|-----------------------------|---------------------------------|------------------------------------|---|
| Local Sales Tax/VAT Acts (Maharashtra) | Sales-Tax & Penalty thereon | 0.97 | 0.50 | 2001-02 | Joint Commissioner of Sales Tax (Appeals) |
| Central Sales Tax Act (Maharashtra) | Sales-Tax & Penalty thereon | 8.35 | 0.50 | 2001-02 | Joint Commissioner of Sales Tax (Appeals) |
| Local Sales Tax/VAT Acts (Maharashtra) | Sales-Tax & Penalty thereon | 4.35 | - | 2003-04 | Joint Commissioner of Sales Tax (Appeals) |
| Central Sales Tax Act (Maharashtra) | Sales-Tax & Penalty thereon | 78.76 | - | 2003-04 | Joint Commissioner of Sales Tax (Appeals) |
| Local Sales Tax/VAT Acts (Maharashtra) | Sales-Tax & Penalty thereon | 11.15 | 1.00 | 2004-05 | Joint Commissioner of Sales Tax (Appeals) |
| Central Sales Tax Act (Maharashtra) | Sales-Tax & Penalty thereon | 1.08 | 0.20 | 2004-05 | Joint Commissioner of Sales Tax (Appeals) |



| | | | | | |
|---------------------------------------|-----------------------------|---------------|-------------|---------|--|
| Central Sales Tax Act (Uttar Pradesh) | Sales-Tax & Penalty thereon | 7.50 | 3.00 | 2013-14 | Deputy Commissioner of Sales Tax (Appeals) |
| Central Sales Tax Act (Delhi) | Sales-Tax & Penalty thereon | 0.90 | - | 2010-11 | Assistant Commissioner of Sales Tax |
| Finance Act | Service Tax & Penalty | 7.03 | - | 2007-08 | CESTAT New Delhi |
| Total | | 120.10 | 5.20 | | |

- 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. The Company has not taken any loan either from financial institutions or 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. The term loan raised by the company from bank was applied for the purpose for which it was raised.
- 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 within the limit prescribed by and in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- xii) In our opinion, the Company is not a Nidhi Company. Therefore, the provisions of para 3 (xii) of the Order are not applicable to the Company and hence not commented upon.
- 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 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



R.S.SANGHAI & ASSOCIATES
Chartered Accountants

provisions of para 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 para 3(xvi) of the Order are not applicable to the Company and hence not commented upon.

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

Chartered Accountants

Firm's registration number: 109094W


R.S. SANGHAI

Partner

Membership number: 036931

Mumbai: 25th May, 2016



"Annexure B" to the Independent Auditor's Report of even date on the Financial Statements of CACHET PHARMACEUTICALS PRIVATE LIMITED for the year ended March 31, 2016

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

We have audited the internal financial controls over financial reporting of CACHET PHARMACEUTICALS PRIVATE LIMITED ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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



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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note 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


R.S. SANGHAI

Partner

Membership number: 036931

Mumbai: 25th May, 2016



CACHET PHARMACEUTICALS PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2016

| PARTICULARS | Note No. | As at 31st March 2016 Rs. in Lakhs | As at 31st March 2015 Rs. in Lakhs |
|---------------------------------------|-----------------|---|---|
| EQUITY AND LIABILITIES | | | |
| <u>Shareholders' Funds</u> | | | |
| Share Capital | 2.1 | 15.00 | 15.00 |
| Reserves and Surplus | 2.2 | 3,563.77 | 3,159.95 |
| | | 3,578.77 | 3,174.95 |
| <u>Non Current Liabilities</u> | | | |
| Long Term Borrowings | 2.3 | 1,601.86 | 463.78 |
| Deferred Tax Liabilities (Net) | 2.4 | 42.35 | 244.25 |
| Long Term Provisions | 2.5 | 638.88 | 567.71 |
| | | 2,283.09 | 1,275.74 |
| <u>Current Liabilities</u> | | | |
| Short Term Borrowings | 2.6 | 2,341.42 | 1,546.50 |
| Trade Payables | 2.7 | 5,059.95 | 6,797.17 |
| Other Current Liabilities | 2.8 | 1,548.39 | 1,163.62 |
| Short Term Provisions | 2.9 | 554.32 | 83.49 |
| | | 9,504.08 | 9,590.78 |
| | | | |
| TOTAL | | 15,365.94 | 14,041.47 |
| ASSETS | | | |
| <u>Non Current Assets</u> | | | |
| Fixed Assets | 2.10 | | |
| Tangible Assets | | 3,684.53 | 3,959.26 |
| Intangible Assets | | 98.04 | 115.43 |
| Capital Work in Progress | | 876.09 | 22.52 |
| Non Current Investments | 2.11 | 1.15 | 1.15 |
| Long Term Loans and Advances | 2.12 | 766.04 | 804.84 |
| Other Non- Current Assets | 2.13 | 4.27 | 3.96 |
| | | 5,430.12 | 4,907.16 |
| <u>Current Assets</u> | | | |
| Current Investments | 2.14 | 3,234.87 | 3,347.69 |
| Inventories | 2.15 | 5,646.76 | 4,633.74 |
| Trade Receivables | 2.16 | 874.66 | 880.21 |
| Cash and Cash Equivalents | 2.17 | 122.21 | 219.50 |
| Short Term Loans and Advances | 2.18 | 57.32 | 53.18 |
| Other Current Assets | | | |
| | | 9,935.82 | 9,134.31 |
| | | | |
| TOTAL | | 15,365.94 | 14,041.47 |

Significant Accounting Policies

1

Notes forming parts of financial statements

2

The accompanying notes are an integral part of financial statements

As per our Report attached of even date,

For R. S. Sanghai & Associates

Chartered Accountants

Firm Reg No: 109094W

R.S. Sanghai
R.S. Sanghai
 Partner

Membership No: 036931

Place: Mumbai

Dated: 25th May 2016



For & on behalf of the Board,

For Cachet Pharmaceuticals Private Limited

(CIN:U24230BR1979PTC001328)

S.K. Singh
S.K. Singh
 Managing Director
 (DIN No.00245703)

Arun Kumar Deshmukh
Arun Kumar Deshmukh
 Independent Director
 (DIN No.07210367)

CACHET PHARMACEUTICALS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2016

| PARTICULARS | Note No. | For the year ended 31st March 2016 | For the year ended 31st March 2015 |
|---|----------|---------------------------------------|---------------------------------------|
| | | Rs. in Lakhs | Rs. in Lakhs |
| Income: | | | |
| Revenue from Operations (Gross) | 2.19 | 31,422.58 | 28,713.86 |
| Less: Excise Duty | | 6.32 | 74.12 |
| Revenue from Operations (Net) | | 31,416.26 | 28,639.74 |
| Other Income | 2.20 | 33.66 | 19.16 |
| Total Revenue | | 31,449.92 | 28,658.90 |
| Expenses: | | | |
| Cost of Materials Consumed | 2.21 | 9,037.88 | 9,566.58 |
| Purchases of Stock-in-Trade | | 9,080.82 | 7,677.48 |
| Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade | 2.22 | -263.47 | -184.27 |
| Employee Benefits Expense | 2.23 | 5,710.94 | 4,697.53 |
| Finance Costs | 2.24 | 302.43 | 295.90 |
| Depreciation and Amortization Expense | | 423.20 | 427.01 |
| Other Expenses | 2.25 | 6,686.66 | 6,008.35 |
| Total Expenses | | 30,978.46 | 28,588.59 |
| Profit before exceptional items and Tax | | 471.46 | 70.31 |
| Exceptional Items | | | |
| Profit/(Loss) on Sale of Assets (Net) | | - | 164.91 |
| Profit before Tax | | 471.46 | 235.22 |
| Tax Expense: | | | |
| Current Tax | | 277.73 | 73.80 |
| Deferred Tax (Net) | | -201.90 | -5.57 |
| Less: MAT Credit Entitlement | | - | - |
| Prior Period Tax Adjustment | | -8.19 | 0.99 |
| Total Tax Expense | | 67.64 | 69.22 |
| Profit after Tax for the year | | 403.82 | 166.01 |
| Earnings per equity share (In Rs.): | | | |
| Basic | | 2,692.14 | 1,107.00 |
| Diluted | | 2,692.14 | 1,107.00 |
| Face Value of Equity Share (In Rs.) | | 100 | 100 |

Significant Accounting Policies

1

Notes forming parts of financial statements

2

The accompanying notes are an integral part of financial statements

As per our Report attached of even date,

For R. S. Sanghai & Associates

Chartered Accountants

Firm Reg No: 109094W

R.S. Sanghai

Partner

Membership No: 036931

Place: Mumbai

Dated: 25th May 2016



For & on behalf of the Board,

For Cachet Pharmaceuticals Private Limited

(CIN: U24230BR1978PTC001328)

S.K. Singh

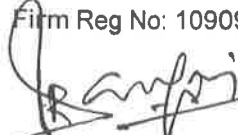

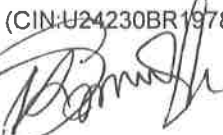

Managing Director

(DIN No.00245703)

Arunkumar Deshmukh

Independent Director

(DIN No.07210367)

| CACHET PHARMACEUTICALS PRIVATE LIMITED | | For the year ended | |
|--|--|---------------------------------|---------------------------------|
| CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015. | | 31st March 2016 Rs. in Lakhs | 31st March 2015 Rs. in Lakhs |
| A. Cash Flow from Operating Activity: | | | |
| Net Profit before Tax | | 471.46 | 235.22 |
| <u>Adjustment for:</u> | | | |
| Depreciation | | 423.20 | 427.01 |
| Provision for Gratuity & Compensated Leave | | 421.68 | 141.58 |
| (Profit)/Loss on sale of Assets | | 3.54 | -164.91 |
| Dividend Received | | -0.09 | -0.09 |
| Net Interest Paid | | 263.85 | 282.01 |
| Subtotal of Adjustments | | 1,112.18 | 685.61 |
| Operating profit before working capital changes | | 1,583.64 | 920.82 |
| <u>Adjustment for:</u> | | | |
| Trade and other Receivables | | -1,013.02 | -1,226.99 |
| Loans & Advances & Other Current Assets | | 67.58 | -11.33 |
| Inventories | | 112.83 | -179.76 |
| Trade Payable & Other Liabilities | | -1,352.44 | 1,721.32 |
| Bank Borrowings availed | | 794.91 | -257.06 |
| Subtotal of Adjustments | | -1,390.14 | 46.17 |
| Cash Generated from Operations | | 193.49 | 966.99 |
| Less: Direct Taxes Paid | | -85.18 | -116.00 |
| Cash Flow before extraordinary items | | | |
| Net Cash (used)/ generated Operating Activities | | 108.31 | 850.99 |
| B Cash Flow from Investing Activities: | | | |
| Purchases of Fixed Assets (Net) | | -999.44 | -355.17 |
| Sale of Fixed Assets (Net) | | 11.25 | 232.22 |
| Dividend Received | | 0.09 | 0.09 |
| Interest Received | | 23.10 | 9.99 |
| Net Cash from / used in investing Activities | | -965.00 | -112.87 |
| C Cash Flow from Financing Activities: | | | |
| Long Term Borrowings | | 1,138.08 | -259.46 |
| Interest Paid | | -286.95 | -292.00 |
| Net Cash (used) in Financing Activities | | 851.13 | -551.46 |
| D Net Increase/ (Decrease) in Cash & Cash Equivalents (A+B+C) | | -5.55 | 186.66 |
| E Cash & Cash Equivalents as at 1st April, 2015 | | 880.21 | 693.55 |
| F Cash & Cash Equivalents as at 31st March, 2016 (D+E) | | 874.66 | 880.21 |
| Notes: 1. Cash & Cash Equivalents Include cash and Bank Balances in Current Accounts and in Deposit Accounts (Refer Note No. 2.16 of the Accounts). 2. Additions to Fixed Assets (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 Accounting Standard 3 (AS-3) "Cash Flow Statement". 5. Previous Year's figures have been regrouped or rearranged wherever necessary. | | | |
| As per our Report attached of even date, For R. S. Sanghai & Associates Chartered Accountants Firm Reg No: 109094W  R. S. Sanghai Partner Membership No: 036931 Place: Mumbai Dated: 25th May 2016 | | | |
|  | | | |
| For & on behalf of the Board, For Cachet Pharmaceuticals Private Limited (CIN: U24230BR1978PTC001328)  S.K. Singh Managing Director (DIN No.00245703) | | | |
|  Arunkumar Deshmukh Independent Director (DIN No.07210367) | | | |



CACHET PHARMACEUTICALS PRIVATE LIMITED

NOTES FORMING PART OF THE ACCOUNTS FOR THE YEAR ENDED 31st MARCH, 2016.

NOTE – 1: SIGNIFICANT ACCOUNTING POLICIES:

1.1. Basis of Preparation of Financial Statements:

- a) The financial statements have been prepared in accordance with generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on an accrual basis in compliance with all material aspect of the Accounting Standard (AS) notified under Section 133 of the Companies Act, 2013 read together with rule 7 of the Companies (Accounts) Rules, 2014. The accounting policies have been consistently applied by the company and are consistent with those used in the previous year.
- b) All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle, and other criteria set out in the schedule III to the companies Act, 2013. Based on the nature of product and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as up to twelve months for the purpose of current/non- current classification of assets and liabilities.

1.2. Use of Estimates:

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

1.3. Tangible Fixed Assets and Depreciation:

- a) Tangible Fixed Assets are stated at cost, less accumulated depreciation and impairment loss, if any. Cost comprises the purchase price and any attributable cost of bringing the assets to its working condition for its intended use and is net of cenvat credit, trade discounts and subsidy wherever applicable.
- b) Depreciation on Tangible Fixed Assets is provided on Straight Line Method (SLM) using the rates arrived at based on the useful lives of the respective assets prescribed in Schedule II to the Companies Act, 2013. Depreciation on amounts of additions to fixed assets during the year or on its disposal/ demolition/ destruction of fixed assets during the year is provided on pro-rata basis as per Schedule II. As per Note 7 to the Schedule II to the Companies Act, 2013, the carrying amount of the fixed assets as on 1st April, 2014 has been depreciated over the remaining useful life of the asset after retaining the residual value @ 5% of cost. Wherever the remaining useful life of the asset is NIL as per Schedule II, the carrying amount as on 1st April, 2014 is recognized in the opening balance of retained earnings.





CACHET PHARMACEUTICALS PRIVATE LIMITED

1.4. Impairment of Assets:

At each Balance Sheet date, the company assesses as to whether there is any indication that an asset is impaired. If any such indication exists, the company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognized in the Statement of Profit and Loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount. However, as per the assessment made by the company as on the balance sheet date, there is no such indication of any impairment of any asset during the year under report and therefore there is no effect of impairment loss in the financial statement for the year under report.

1.5. 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.

1.6. Foreign Exchange Transactions:

Translations in foreign currency are recorded at the rate of exchange prevailing on the date of the transaction. Foreign currency monetary items are reported using closing rate of exchange at the end of the year. There are no long term foreign currency items in case of the company. Exchange difference on restatement of all a monetary items is recognized in the Statement of Profit and Loss.

1.7. Investments:

- a) Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investment are made, are classified as current investments. All other investments are classified as long-term investments.
- b) Investments are recorded at cost on the date of purchase. Current investments are stated at lower of cost or net realizable value. Long Term investments are stated at cost after deducting provisions made, if any, for other than temporary diminution in the value.

1.8. 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. However, these items are considered to be realizable at cost if the finished products, in which they will be used, are expected to be sold at or above cost.
- b) Finished Goods and Work-in-Progress are valued at lower of cost and net realizable value. Finished Goods include costs of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost of inventories is computed on a Weighted Average basis and includes materials, labour and an appropriate share of production overheads.





CACHET PHARMACEUTICALS PRIVATE LIMITED

- c) Traded Goods are valued at lower of cost or net realizable value.
- d) Proceeds in respect of sale of raw material (not significant) are credited to respective head. Obsolete, defective and unserviceable inventory are duly provided for.
- e) Excise duty on goods manufactured by the Company and remaining in inventory is included as a part of valuation of Finished Goods wherever applicable.
- f) Cost includes non-recoverable Duties and Taxes.

1.9. Government Grants:

Government Grants are recognized when there is a reasonable assurance that the same will be received and all attached condition will be complied with. Revenue grants are recognized in the Statement of Profit and Loss. Capital grants relating to specific Tangible/ Intangible Assets are reduced from the gross value of the respective Tangible/ Intangible Assets. Other capital grants in the nature of promoter's contribution are credited to capital reserve.

1.10. Revenue Recognition:

- a) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the company and can be reliably measured.
- b) Revenue from sale of products is recognized when the significant risks and rewards of ownership of the goods have passed on to the buyer which is generally on dispatch of goods in case of domestic sales and on the basis of bill of lading/airway bill in case of export sale. Sale of goods are recorded at net of returns, trade discounts, rebates, Sales Tax, Value Added Tax and is gross of Excise Duty. Sales are netted off for probable saleable and non-saleable return of goods from the customers, estimated on the basis of historical data of such returns.
- c) Revenue from services are recognized as they are rendered and is based on agreements/ arrangements with the concerned parties.
- d) Interest Income is recognized on a time proportion basis taking into account the amount outstanding and applicable interest rate.
- e) Dividend income on investment is accounted for when the right to receive the payment is established.

1.11. Retirement and Other Employment Benefits:

a) Defined Contribution Plan:

The Company makes defined contribution to Government Employee Provident Fund, Government Employee Pension Fund, Employee Deposit Linked Insurance, ESI and Superannuation schemes, which are recognized in the Statement of Profit and Loss on accrual basis.

b) Defined Benefits Plan:

The Company's liabilities under payment of Gratuity Act, Long Term compensated absences and pensions are determined on the basis of actuarial valuation made at the end





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of each financial year using the projected unit credit method except for short-term compensated absences, which are provided for based on estimates. Actuarial gains and losses are recognized immediately in the statement of profit and Loss as income or expense. Obligation is measured at the present value of estimated future cash flows using a discounted rate that is determined by reference to market yields at the Balance Sheet date on Government bonds where the terms of the Government bonds are consistent with the estimated terms of the defined benefit obligation.

1.12. Taxes on Income:

- a) Tax expense comprises of current and deferred tax.
- b) Provision for current tax is made on the basis of estimated taxable income for the current accounting year in accordance with the Income Tax Act, 1961. Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle the assets and the liabilities on a net basis.
- c) The deferred tax for timing differences between the book and tax profits for the year is accounted for, using the tax rates and laws that have been substantively enacted as of the Balance Sheet date. Deferred tax assets arising from timing differences are recognized to the extent there is reasonable certainty that these would be realized in future. The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain, that sufficient future taxable income will be available against which deferred tax assets can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain, that sufficient future taxable income will be available. In case of unabsorbed losses and unabsorbed depreciation, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profit. At each Balance Sheet date the company reassesses the unrecognized deferred tax assets.
- d) Minimum Alternet 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.

1.13. Leases:

a) Operating Lease:

The company has entered into lease arrangements relating to premises where significant portion of risk and reward of ownership are retained by the lessor, are classified as operating lease and for which rentals are expensed with reference to the period for which rent is paid. Premium on lease hold land is amortized and charged to the Statement of Profit and Loss over the lease period on a straight line basis.





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b) Finance Lease:

The Company has not entered into any finance lease.

1.14. Cash Flow Statement:

Cash flow are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transaction of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payment and item of income or expenses associated with investing or financing cash flow. The cash flows from operating, investing and financing activities of the Company are segregated.

1.15. Cash and Cash Equivalents:

Cash and Cash Equivalent for the purpose of cash flow statement comprise cash on hand and cash at bank including fixed deposit with original maturity period of three months or less and short term highly liquid investment with an original maturity of three months or less (if any).

1.16. Excise Duty and Cenvat Accounting:

In accordance with the method of accounting regularly followed by the company, Cenvat has been accounted on the basis of 'exclusive method' as recommended by the Institute of Chartered Accountants of India wherever applicable. Provision for excise duty has been made on goods lying in bonded warehouses.

1.17. Export Incentives:

Export incentives available under prevalent schemes are accrued in the year in which the goods are exported and are accounted to the extent considered receivable.

1.18. Earnings Per Share:

Basic earnings per share is calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earning considered in ascertaining the company's earnings per share is the net profit after tax for the period.

1.19. Provisions, Contingent Liabilities and Contingent Assets:

Contingent Liabilities are possible but not probable obligations on Balance Sheet date, based on the available evidence. Contingent Liabilities are disclosed in the notes on accounts. Provisions are recognized when there is a present obligation as a result of past events, and it is probable that an outflow of resource will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date.



CACHET PHARMACEUTICALS PRIVATE LIMITED
NOTE - 2: NOTES FORMING PART OF FINANCIAL STATEMENTS

| PARTICULARS | As at 31st March, 2016 Rs. in Lakhs | As at 31st March, 2015 Rs. in Lakhs |
|---|--|--|
| 2.1. : SHARE CAPITAL: | | |
| <u>Authorised Share Capital:</u> 15,000 (previous year: 15,000) equity shares of Rs.100/- each | 15.00 | 15.00 |
| | 15.00 | 15.00 |
| <u>Issued, Subscribed and Paid up:</u> 15,000 (previous year: 15,000) equity shares of Rs.100/- each fully paid up | 15.00 | 15.00 |
| TOTAL | 15.00 | 15.00 |

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

| Particulars | As at 31st March, 2016 | As at 31st March, 2015 |
|--|-----------------------------------|-----------------------------------|
| Numbers of shares outstanding as at the beginning of the year | 15,000 | 15,000 |
| Add: Shares issued during the year | - | - |
| Less: Shares bought back during the year | - | - |
| Numbers of shares outstanding as at the end of the year | 15,000 | 15,000 |

(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.

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 shareholders holding more than 5% shares in the Company:

| Name of the shareholders: | As at 31st March, 2016 | | As at 31st March, 2015 | |
|---|-------------------------------|----------------------------------|-------------------------------|----------------------------------|
| | Number of Shares | Percentage of Holding | Number of Shares | Percentage of Holding |
| Alkem Laboratories Ltd. (The Holding Company) | 7,650 | 51.00% | 7,650 | 51.00% |
| Ms. Purna Kumar | 758 | 5.05% | 758 | 5.05% |

Alkem laboratories Ltd., has become the Holding Company of Cachet Pharmaceuticals Pvt. Ltd., by acquiring 7650 numbers of shares from the existing Shareholders on 27th March 2015.



CACHET PHARMACEUTICALS PRIVATE LIMITED
NOTE - 2: NOTES FORMING PART OF FINANCIAL STATEMENTS

| Particulars | As at 31st March, 2016 Rs. in Lakhs | As at 31st March, 2015 Rs. in Lakhs |
|--|---|---|
| 2.2. : RESERVES AND SURPLUS: | | |
| Capital Reserve: | | |
| Balance as per last Balance Sheet | 31.00 | 31.00 |
| General Reserve: | | |
| Balance as per last Balance Sheet | 2,000.00 | 2,000.00 |
| Add: Transferred from Surplus in the Statement of Profit and Loss during the year | 500.00 | - |
| Closing Balance | 2,500.00 | 2,000.00 |
| Surplus in the Statement of Profit and Loss: | | |
| Balance as per last Balance Sheet | 1,128.95 | 983.78 |
| Add: Profit after tax for the year | 403.82 | 166.00 |
| Profit available for appropriation | 1,532.77 | 1,149.78 |
| Less : Transfer to General Reserve | 500.00 | - |
| Transitional Depreciation (Para 7(b) of notes to Schedule II to the Companies Act, 2013) | - | 20.83 |
| Balance carried forward | 1,032.77 | 1,128.95 |
| TOTAL | 3,563.77 | 3,159.95 |
| 2.3.: LONG TERM BORROWINGS: | | |
| Secured: | | |
| Term Loan From Bank | | |
| From Saraswat Co-op. Bank Limited | 705.30 | 436.27 |
| Hire Purchase: | | |
| From Finance Companies | 29.47 | 27.51 |
| Un Secured: | | |
| Loans and Advances from related parties | 607.73 | - |
| Other loans & advances | 259.36 | - |
| TOTAL | 1,601.86 | 463.78 |

Notes:

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

| Term Loans | Rate of Interest (%) | Monthly Installment | (Bal EMI) (No. of Installments) | Principal Outstanding | Maturity Date |
|--|----------------------|---------------------|---------------------------------|-----------------------|---------------|
| Term Loan : | | | | | |
| TL-Saraswat Co-Op Bank (SI-28) | 12.50 | 3,08,300 | 6 | 19,85,100 | 30-09-2016 |
| TL-Saraswat Co-Op Bank (SI-29) | 12.50 | 25,000 | 7 | 1,75,000 | 31-10-2016 |
| TL-Saraswat Co-Op Bank (Corporate) (SI - 65) | 12.50 | 8,34,000 | 21 | 174,74,000 | 31-12-2017 |
| TL-Saraswat Co-Op Bank (SI-70) (Electrical) | 12.50 | 35,000 | 23 | 8,05,000 | 28-02-2018 |
| TL-Saraswat Co-Op Bank (SI-69-(P&M) -BD) | 12.50 | 1,17,000 | 23 | 26,71,000 | 28-02-2018 |
| TL-Saraswat Co-Op Bank (SI-78(Land & Bldg)-BD) | 12.50 | 2,37,500 | 25 | 59,37,500 | 30-04-2018 |
| TL-Saraswat Co-Op Bank (SI-93) | 11.75 | 4,17,000 | 35 | 145,79,000 | 28-02-2019 |
| TL-Saraswat Co-Op Bank (SL-126-SK) | 12.50 | - | - | 500,00,000 | 11-11-2020 |
| Hire Purchase Loan : | | | | | |
| HP - Daimler Financial Services India Pvt.Ltd (10106682) | 10.25 | 1,05,963 | 6 | 8,17,199 | 09-09-2016 |
| HP - Axis Bank (AUR004100813749) | 10.75 | 9,786 | 6 | 56,918 | 01-09-2016 |
| HP - Axis Bank (AUR004100448375) | 10.73 | 15,128 | 11 | 1,71,391 | 05-03-2017 |
| HP - Kotak Mahindra Prime Ltd (CF-10377593) | 11.39 | 19,330 | 12 | 2,35,355 | 01-04-2017 |
| HP - Kotak Mahindra Prime Ltd (CF-10417973) | 11.24 | 19,010 | 12 | 2,31,659 | 10-04-2017 |
| HP - Toyota Financial Services India Ltd (NMUM1022124) | 10.49 | 43,497 | 13 | 5,66,112 | 10-04-2017 |
| HP - Kotak Mahindra Prime Ltd (CF-8695307) | 10.37 | 65,680 | 18 | 12,01,635 | 01-11-2017 |
| HP - Kotak Mahindra Prime Ltd (CF-11822694) | 11.10 | 21,855 | 22 | 4,84,279 | 01-04-2018 |
| HP - Kotak Mahindra Prime Ltd (CF-11682263) | 10.66 | 19,332 | 23 | 4,47,847 | 01-05-2018 |
| HP - Kotak Mahindra Prime Ltd (CF-11682248) | 10.66 | 19,332 | 23 | 4,47,847 | 01-05-2018 |
| HP - Kotak Mahindra Prime Ltd (C-11812063) | 10.63 | 31,598 | 24 | 7,56,820 | 01-06-2018 |
| HP - Kotak Mahindra Prime Ltd (CF-12408722) | 10.73 | 13,780 | 28 | 3,85,337 | 01-11-2018 |
| HP - Kotak Mahindra Prime Ltd (CF-12507058) | 10.49 | 20,898 | 29 | 6,00,950 | 01-12-2018 |
| HP - HDFC (37423186) | 9.65 | 22,473 | 30 | 6,83,157 | 05-02-2019 |



CACHET PHARMACEUTICALS PRIVATE LIMITED
NOTE - 2: NOTES FORMING PART OF FINANCIAL STATEMENTS

| Particulars | As at 31st March, 2016 Rs. in Lakhs | As at 31st March, 2015 Rs. in Lakhs |
|---|---|---|
| 2.4. : DEFERRED TAX LIABILITIES (NET): | | |
| Tax effect of Items constituting Deferred Tax Liabilities | | |
| On differences between book and tax depreciation | 431.72 | 444.85 |
| Others (includes for doubtful debts, provision for sales returns and loss on sale of assets, etc.) | - | 34.92 |
| Less : Tax effect of Items constituting Deferred Tax Assets | | |
| Provision for employee benefits | 280.51 | 235.52 |
| Others (includes for doubtful debts, provision for sales returns and loss on sale of assets, etc.) | 108.86 | - |
| Deferred Tax Liabilities (Net) | TOTAL 42.35 | 244.25 |
| 2.5. : LONG TERM PROVISIONS: | | |
| Provisions for Employee Benefits | | |
| Gratuity | 456.49 | 400.33 |
| Compensated Leave | 182.38 | 167.38 |
| TOTAL | 638.88 | 567.71 |
| 2.6. : SHORT TERM BORROWINGS: | | |
| Secured: | | |
| From Saraswat Co-Op Bank Ltd. : | | |
| Overdrafts | 500.50 | - |
| Cash Credit | 1,343.49 | 1,087.60 |
| Packing Credit - Export | 497.43 | 423.17 |
| | 2,341.42 | 1,510.78 |
| Notes: | | |
| The Overdraft is against the Fixed Deposit Receipt of Rs. 10 Crores provided by the Holding Company. | | |
| The Cash credit is secured against hypothecation of company's entire stocks, book debts and receivables. | | |
| The Packing Credit (post shipment) is secured against the hypothecation of export receivables backed by letter of credit. | | |
| Above are further Guaranteed by the Directors of the company. | | |
| Unsecured: | | |
| Other loans & advances | - | 35.73 |
| | - | 35.73 |
| TOTAL | 2,341.42 | 1,546.50 |
| Notes: | | |
| There is no default, as at the balance sheet date, in repayment of any of the above loans. | | |
| 2.7. : TRADE PAYABLES: | | |
| Total outstanding dues to Micro Enterprises & Small Enterprises | 3,348.69 | 3,614.61 |
| Total outstanding dues of Trade Payables other than Micro Enterprises & Small Enterprises (Refer Note No.2.27) | 1,711.26 | 3,182.56 |
| TOTAL | 5,059.95 | 6,797.17 |
| 2.8. : OTHER CURRENT LIABILITIES: | | |
| Current Maturities of Long Term Borrowings : | | |
| (i) Term Loan From Bank | 230.97 | 236.86 |
| (ii) Unsecured Loans | 124.58 | - |
| (iii) Hire Purchase Loans | 39.33 | 33.66 |
| Advance from Customers | 14.82 | 9.02 |
| Deposits (Trade) | 218.55 | 213.55 |
| Due to statutory authorities | 132.03 | 133.31 |
| Employee payable | 360.57 | 201.79 |
| Accrual for Expenses | 427.55 | 335.43 |
| TOTAL | 1,548.39 | 1,163.62 |

* Statutory dues payable Includes VAT,CST,ESIC,PF,TDS,ST Payable.



CACHET PHARMACEUTICALS PRIVATE LIMITED

NOTE - 1 : NOTES TO ACCOUNTS

2.10 : FIXED ASSETS :

| PARTICULARS | GROSS BLOCK | | | | DEPRECIATION AND AMORTISATION | | | | | NET | |
|--|----------------------|-----------|------------|-----------------------|-------------------------------|----------------|------------|---------------------------|-----------------------|-----------------------|-----------------------|
| | As at 1st April 2015 | Additions | Deductions | As at 31st March 2016 | Up to 31st March 2015 | For the Period | Deductions | Transitional Depreciation | Up to 31st March 2016 | As at 31st March 2016 | As at 31st March 2015 |
| TANGIBLE ASSETS | | | | | | | | | | | |
| Freehold Land | 173.56 | - | - | 173.56 | - | - | - | - | - | 173.56 | 173.56 |
| Buildings | 2,017.89 | 23.47 | - | 2,041.36 | 470.11 | 58.36 | - | - | 528.47 | 1,512.88 | 1,547.78 |
| Plant and Machinery | 2,746.77 | 22.57 | 33.04 | 2,736.31 | 952.95 | 232.79 | 24.72 | - | 1,161.01 | 1,575.30 | 1,793.83 |
| Furniture and Fixtures | 318.38 | 2.77 | - | 321.15 | 165.28 | 32.28 | - | - | 197.56 | 123.59 | 153.10 |
| Vehicles | 374.34 | 76.18 | 20.50 | 430.02 | 144.21 | 47.77 | 14.03 | - | 177.95 | 252.07 | 230.13 |
| Office Equipements | 313.22 | 9.32 | - | 322.54 | 252.36 | 23.04 | - | - | 275.41 | 47.13 | 60.86 |
| | 5,944.17 | 134.30 | 53.54 | 6,024.93 | 1,984.91 | 394.24 | 38.75 | - | 2,340.40 | 3,684.53 | 3,959.26 |
| INTANGIBLE ASSETS | | | | | | | | | | | |
| Computer Software (Useful Life 5 Years) | 150.22 | 11.57 | - | 161.79 | 34.80 | 28.95 | - | - | 63.75 | 98.04 | 115.43 |
| | 150.22 | 11.57 | - | 161.79 | 34.80 | 28.95 | - | - | 63.75 | 98.04 | 115.43 |
| CAPITAL WORK IN PROGRESS | | | | | | | | | | | |
| | 22.52 | 876.09 | 22.52 | 876.09 | - | - | - | - | - | 876.09 | 22.52 |
| | 22.52 | 876.09 | 22.52 | 876.09 | - | - | - | - | - | 876.09 | 22.52 |
| TOTAL | | | | | | | | | | | |
| Previous year | 6,116.91 | 1,021.96 | 76.06 | 7,062.81 | 2,019.70 | 423.20 | 38.75 | - | 2,404.15 | 4,658.66 | 4,097.20 |
| | 5,856.15 | 441.10 | 180.33 | 6,116.92 | 1,598.95 | 427.01 | 27.09 | 20.83 | 2,019.70 | 4,097.21 | 4,257.19 |



CACHET PHARMACEUTICALS PRIVATE LIMITED
NOTE - 2: NOTES FORMING PART OF FINANCIAL STATEMENTS

| Particulars | As at 31st March, 2016 Rs. in Lakhs | As at 31st March, 2015 Rs. in Lakhs |
|--|---|---|
| 2.9. : SHORT TERM PROVISIONS: | | |
| Provision for Taxation (Net of Advance Tax) | 120.31 | - |
| Provision for Anticipated Sales Return | 323.33 | - |
| <u>Provision for Employee Benefits:</u> | | |
| Gratuity | 72.08 | 49.40 |
| Compensated Leave | 38.60 | 34.10 |
| TOTAL | 554.32 | 83.49 |
| 2.11: NON CURRENT INVESTMENTS: | | |
| <u>UNQUOTED :</u> | | |
| <u>TRADE INVESTMENT :</u> | | |
| <u>Investment in Equity Shares :</u> | | |
| 9000 Equity Shares of Rs. 10/- each of Shivalik Solid Waste Management Limited | 0.90 | 0.90 |
| <u>OTHER INVESTMENT :</u> | | |
| 2500 Shares of Rs.10/- each of The Saraswat Co-operative Bank Limited. | 0.25 | 0.25 |
| TOTAL | 1.15 | 1.15 |
| <u>Note:</u> All investments are carried at cost. Aggregate Amount of unquoted investments are Rs. 1.15 Lakhs. | | |
| 2.12 : LONG TERM LOANS AND ADVANCES: | | |
| <u>Unsecured, Considered Good:</u> | | |
| Capital Advances | 198.65 | - |
| Security Deposits | 92.21 | 93.08 |
| MAT Credit Entitlement | 202.23 | 267.07 |
| Income Tax Refund Receivable | 88.04 | 164.25 |
| Loans and Advances to Employees | 161.37 | 187.14 |
| Other Loans and Advances | 23.54 | 93.30 |
| TOTAL | 766.04 | 804.84 |
| 2.13. : OTHER NON- CURRENT ASSETS: | | |
| Fixed Deposit Account with bank (for bank guarantees) | 2.10 | 2.10 |
| Interest Accrued on fixed deposits with Banks | 2.17 | 1.86 |
| TOTAL | 4.27 | 3.96 |
| 2.14. : INVENTORIES: | | |
| Valued at Lower of Cost or Net realisable Value: (Refer Note 1.8) | | |
| Raw and Packing Materials | 851.88 | 1,228.18 |
| Work-in-Progress | 26.81 | 55.88 |
| Finished Goods | 569.12 | 511.93 |
| Stock-in-Trade | 1,787.05 | 1,551.70 |
| TOTAL | 3,234.87 | 3,347.69 |
| 2.15. : TRADE RECEIVABLES: | | |
| <u>Unsecured:</u> | | |
| Outstanding for a period exceeding six months: | | |
| Considered Good | 762.16 | 564.72 |
| Considered Doubtful | 158.64 | 23.92 |
| | 920.79 | 588.64 |
| Less: Provisional for Doubtful Debts | -158.64 | -23.92 |
| | 762.16 | 564.72 |
| Other Trade Receivables: | | |
| Considered Good | 4,884.60 | 4,069.02 |
| Less: Provisional for Doubtful Debts | - | - |
| | 4,884.60 | 4,069.02 |
| TOTAL | 5,646.76 | 4,633.74 |
| <u>Note:</u> Above Trade Receivables include amount due from related parties Rs.87.97 Lakhs (P.Y. Rs: Nil). | | |



CACHET PHARMACEUTICALS PRIVATE LIMITED
NOTE - 2: NOTES FORMING PART OF FINANCIAL STATEMENTS

| Particulars | As at 31st March, 2016 Rs. in Lakhs | As at 31st March, 2015 Rs. in Lakhs |
|---|---|---|
| 2.16. : CASH AND CASH EQUIVALENTS: | | |
| Balance with Banks: | 867.50 | 873.13 |
| In Current Accounts | 7.16 | 7.08 |
| Cash on hand | | |
| TOTAL | 874.66 | 880.21 |
| 2.17. : SHORT TERM LOANS AND ADVANCES: | | |
| <u>Unsecured, Considered Good, unless Otherwise stated:</u> | | |
| Balances with Government Authorities | 25.71 | 22.50 |
| (VAT/Cenvat/Service Tax credit receivable) | 39.15 | 126.83 |
| Advance to Suppliers (Considered Good) | 57.35 | 70.17 |
| Prepaid Expenses | | |
| TOTAL | 122.21 | 219.50 |
| 2.18. : OTHER CURRENT ASSETS: | | |
| Export Incentives Receivable | 52.49 | 53.18 |
| Other Receivables | 4.83 | |
| TOTAL | 57.32 | 53.18 |



CACHET PHARMACEUTICALS PRIVATE LIMITED
NOTE - 2: NOTES FORMING PART OF FINANCIAL STATEMENTS

| Particulars | For the year ended 31st March 2016 Rs. in Lakhs | For the year ended 31st March 2015 Rs. in Lakhs |
|---|---|---|
| 2.19. : REVENUE FROM OPERATIONS: | | |
| Sale of Products | 30,795.25 | 28,403.25 |
| Other Operating Revenue: | | |
| Manufacturing Charges | 498.83 | 207.11 |
| Export Incentives | 89.07 | 70.99 |
| Sale of Scrap | 39.42 | 32.51 |
| | 627.32 | 310.61 |
| TOTAL | 31,422.58 | 28,713.86 |
| 2.20. : OTHER INCOME: | | |
| Interest on Bank Deposits | 2.76 | 1.66 |
| Other Interest | 20.34 | 8.33 |
| Dividend Income | 0.09 | 0.09 |
| Insurance Claim | 4.39 | 2.14 |
| Miscellaneous Receipts | 3.20 | 0.69 |
| Net Gain on Foreign Currency Transactions and Translation | 2.89 | 6.25 |
| TOTAL | 33.66 | 19.16 |
| 2.21. : COST OF MATERIALS CONSUMED: | | |
| Raw Material Consumed | 5,673.36 | 5,962.62 |
| Packing Material Consumed | 3,364.52 | 3,703.96 |
| TOTAL | 9,037.88 | 9,666.58 |
| 2.22. : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE: | | |
| Opening Stock: | | |
| Finished Goods | 511.93 | 777.97 |
| Stock-in-Trade | 1,551.70 | 1,098.52 |
| Work-in-Progress | 55.88 | 58.75 |
| | 2,119.51 | 1,935.24 |
| Less: Closing Stock: | | |
| Finished Goods | 569.12 | 511.93 |
| Stock-in-Trade | 1,787.05 | 1,551.70 |
| Work-in-Progress | 26.81 | 55.88 |
| | 2,382.98 | 2,119.51 |
| TOTAL | -263.47 | -184.27 |
| 2.23. : EMPLOYEE BENEFITS EXPENSE: | | |
| Salaries, Wages and Bonus | 5,126.37 | 4,101.26 |
| Contribution to Provident and Other Fund | 404.95 | 403.98 |
| Employees' Welfare Expenses | 179.62 | 192.29 |
| TOTAL | 5,710.94 | 4,697.53 |



CACHET PHARMACEUTICALS PRIVATE LIMITED
NOTE - 2: NOTES FORMING PART OF FINANCIAL STATEMENTS

| Particulars | For the year ended 31st March 2016 Rs. in Lakhs | For the year ended 31st March 2015 Rs. in Lakhs |
|------------------------------------|---|---|
| 2.24. : FINANCE COST: | | |
| Interest on Borrowings | 286.95 | 292.00 |
| Other Borrowing Costs | 15.49 | 3.90 |
| TOTAL | 302.43 | 295.90 |
| 2.25. : OTHER EXPENSES: | | |
| Consumption of Stores and Spares | 66.98 | 218.95 |
| Job Work Charges | - | 2.01 |
| Power and Fuel | 325.27 | 359.35 |
| Rent | 186.09 | 149.23 |
| Rates & Taxes | 110.32 | 44.95 |
| Insurance | 107.43 | 79.70 |
| Commission to C & F Agents | 276.58 | 260.67 |
| Sales Tax, Octroi Duty & Entry Tax | 131.02 | 112.57 |
| Freight and Distribution Expenses | 946.92 | 836.63 |
| Date Expired Goods | 466.27 | 361.58 |
| Marketing Expenses | 1,628.75 | 1,537.13 |
| Travelling & Conveyance | 1,268.01 | 1,154.70 |
| <u>Repairs:</u> | | |
| Buildings | 16.06 | 21.95 |
| Plant & Machineries | 69.65 | 52.29 |
| Others | 53.82 | 40.77 |
| Loss on sale of Assets (net) | 3.54 | - |
| Legal & Professional Fees | 195.74 | 207.60 |
| Provision for Doubtful Debts | 108.01 | 23.92 |
| Miscellaneous Expenses | 726.21 | 544.35 |
| TOTAL | 6,686.66 | 6,008.35 |





2.26. Contingent Liabilities and Commitments:

a) Contingent Liabilities not provided for

| Sr. No. | Particulars | Rs. in Lakhs | |
|---------|--|------------------------------------|------------------------|
| | | As at 31 st March, 2016 | As at 31st March, 2015 |
| 1. | Outstanding Bank Guarantees | 2.10 | 2.10 |
| 2. | Sales tax, Excise Duty, Customs & Service Tax demand disputed in appeal (Paid under protest Rs. 5.20 Lakhs & Rs.9.66 Lakhs in Previous Year) | 120.10 | 1168.05 |
| | Total | 122.20 | 1170.15 |

b) Commitments

| Sr. No. | Particulars | Rs. in Lakhs | |
|---------|--|------------------------------------|------------------------|
| | | As at 31 st March, 2016 | As at 31st March, 2015 |
| 1. | Estimated amount of Contract remaining to be executed on Capital Accounts (Net of Advances of Rs. 609.65 Lacs) | 903.17 | Nil |
| | Total | 903.17 | Nil |

2.27. Sundry Creditors – Outstanding dues of Micro and Small Enterprises:

- Principal amount outstanding to Micro and Small enterprises as at the year end is **Rs.3,348.69 Lakhs** (Rs. 3,614.61 Lakhs).
- No interest is paid in terms of section 16 of the Micro, Small and Medium Enterprise Development Act, 2006 and there is no delay in payment to these suppliers beyond the appointed day.
- No amount of interest is due or payable for any delay in payment as specified under the Micro, Small and Medium Enterprise Development Act, 2006.
- No amount of interest has accrued and remained unpaid at the end of the accounting year.
- The above disclosure is made based on the information available with the Company and has been relied upon by the Auditors.

2.28. Disclosure of Employee Benefits as per Accounting Standard 15 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 administrated employment 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 minimum interest rate payable to the beneficiaries every year is being notified to the Government. The Company has recognised **Rs.228.78 Lakhs** (P.Y. Rs. 205.16 Lakhs) for provident fund contributions.



(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 plan assets and the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2016 by the Actuary.

The following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at March 31, 2016.

| Sr. No. | Particulars | Rs. in Lakhs | |
|---------|--|---------------------------------------|---------------------------------------|
| | | Gratuity 31 st March, 2016 | Gratuity 31 st March, 2015 |
| I) | Reconciliation in present value of obligations (PVO) – defined benefit obligation : | | |
| | Current Service Cost | 69.20 | 56.04 |
| | Interest Cost | 32.94 | 37.84 |
| | Actuarial (gain) / losses | 26.11 | 36.28 |
| | Benefits paid | -26.99 | -49.75 |
| | PVO at the beginning of the year | 427.32 | 346.91 |
| | PVO at end of the year | 528.57 | 427.32 |
| II) | Change in fair value of plan assets | - | - |
| | Expected return on plan assets | - | - |
| | Actuarial gain/(losses) | - | - |
| | Contributions by the employer | 26.99 | 49.75 |
| | Benefits paid | -26.99 | -49.75 |
| | Fair value of plan assets at beginning of the year | - | - |
| | Fair value of plan assets at end of the year | - | - |
| III) | Reconciliation of PVO and fair value of plan assets: | | |
| | PVO at end of period | 528.57 | 427.32 |
| | Fair Value of planned assets at end of year | - | - |
| | Funded status | -528.57 | -427.32 |
| | Unrecognised actuarial gain/ (loss) | - | - |
| | Net asset/ (liability) recognised in the balance sheet | -528.57 | -427.32 |



| | | | |
|-----|---|--------|--------|
| IV) | Net cost for the year ended: | - | - |
| | Current Service cost | 69.20 | 56.04 |
| | Interest cost | 32.94 | 37.84 |
| | Expected return on plan assets | - | - |
| | Actuarial (gain) / losses | 26.11 | 36.28 |
| | Net cost | 128.25 | 130.16 |
| V) | Assumption used in accounting for the gratuity plan: | | |
| | Discount rate (%) | 7.46 | 7.96 |
| | Salary escalation rate (%) | 5.00 | 5.00 |

2.29. Details of un-hedged foreign currency exposure:

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

Amount receivable in foreign currency on account of the following:

| Particulars | As on 31.03.2016 | | As on 31.03.2015 | | Currency |
|-------------------|------------------|----------------------------|------------------|----------------------------|----------|
| | Rs. in Lakhs | Amount in Foreign Currency | Rs. in Lakhs | Amount in Foreign Currency | |
| Exports of Goods: | | | | | |
| | 1.80 | 2,402 | 14.99 | 25,682 | EURO |
| | 224.87 | 3,39,007 | 324.35 | 514,923 | USD |

The above receivables are after reducing the advances received against the post shipment credit facility availed from The Saraswat Co-Op Bank. {Rs.56.01 Lacs (EURO 74,399.20) and for Rs.441.41 Lacs (USD 6,53,308.06)} and also the Advances received from Clients {Rs.14.82 Lacs (USD 22,339)} .

2.30. The Company has taken certain assets on operating lease and has paid lease rentals amounting to **Rs. 3.65 Lakhs** (P.Y. Rs. 9.34 Lakhs) which has been debited to the Statement of Profit and Loss.

2.31. The company is engaged in pharmaceutical business which is identified as the only primary reportable business segment as per Accounting Standard -17. The geographical segmentation is not relevant as the quantum of exports is insignificant considering the total volume of business of the company.

2.32. Earnings per Share (EPS):

| Particulars | Rs. in Lakhs | |
|---|--------------------|--------------------|
| | 2015-16 | 2014-15 |
| Profit attributable to equity shareholders | 403.82 | 166.00 |
| Weighted Average number of equity shares | 15000 Shares | 15000 Shares |
| Earnings per Share (in Rs) - Basic and Diluted | Rs. 2,692/- | Rs. 1,107/- |





CACHET PHARMACEUTICALS PRIVATE LIMITED

2.33. Disclosure As per Accounting Standard (AS 29) for provisions is as under:

| Particulars | Rs. in Lakhs | |
|--|--------------|---------|
| | 2015-16 | 2014-15 |
| Carrying amount at the beginning of the year | - | - |
| Add: Provision made during the year | 375.70 | - |
| Less: Amount used/utilized during the year | 52.36 | - |
| Carrying amount at the end of the year | 323.34 | - |

2.34. As required by Accounting Standard -18 issued by the institute of Chartered Accountants of India, the Related Parties disclosures are as follows :

Names of related parties and description of relationship :

A. Key Management Personnel:

| | |
|-----------------------------------|----------------------|
| Satish Kumar Singh | Managing Director |
| Lalan Kumar Singh | Director |
| Arunkumar Deshmukh | Independent Director |
| Dr.(Mrs.) Anuja Madhurendra Sinha | Independent Director |

B. Relatives of Key Management Personnel (K.M.P.):

Samprada Singh, Premlata Singh, Sandeep Singh, Sarvesh Singh, Balmiki Prasad Singh, Nawal Kishore Singh, Anita Singh, Prerna Kumar, Sakshi Sinha, M/s Galpha Laboratories Ltd.

C. Holding Company :

| Name of the Company | Country of Incorporation |
|--|--------------------------|
| Alkem Laboratories Ltd. (w.e.f. 27 th March 2015) | India |

D. Fellow Subsidiary Companies:

| Name of the Companies | County of Incorporation |
|--|--------------------------|
| Alkem Laboratories (NIG) Limited | Nigeria |
| Alkem Laboratories (PTY) Limited | South Africa |
| Alkem Pharma GmbH | Germany |
| Alkem Laboratories Corporation | Philippines |
| S & B Holdings B.V. | Netherlands |
| Pharmacor Pty Limited | Australia |
| The Pharmanetwork, LLC | United States of America |
| Ascends Laboratories SDN BHD. | Malaysia |
| Ascends Laboratories SpA | Chile |
| Alkem Laboratories Korea Inc | Korea |
| Pharmacor Ltd. | Kenya |
| S & B Pharma Inc. | United States of America |
| The PharmaNetwork, LLP | Kazakhstan |
| Ascend Laboratories, LLC | United States of America |
| Ascend Laboratories (UK) Ltd. | United Kingdom |
| Enzene Biosciences Ltd. | India |
| Alkem Real Estate LLP (up to 11 th September, 2015) | India |
| Indchemie Health Specialities Pvt. Ltd. (w.e.f. 30 th April 2015) | India |





E. Transactions with related parties:

Rs. in Lakhs

| Sr. No | Transactions | K.M.P. | Relatives of K.M.P. | Holding Company | Fellow Subsidiaries | Total |
|--------|-------------------------------------|-------------------|---------------------|----------------------|---------------------|----------------------|
| 1. | Directors Remuneration | 51.47 (271.78) | - (-) | - (-) | - (-) | 51.47 (271.48) |
| 2. | Director Sitting Fees | 0.65 (-) | - (-) | - (-) | - (-) | 0.65 (-) |
| 3. | Interest expense on loans taken | 8.59 (3.11) | - (7.71) | - | - | 8.59 (10.82) |
| 4. | Loans Repaid | - (35.64) | - (90.48) | - (-) | - (-) | - (126.12) |
| 5. | Loans Taken | 600.00 (-) | - | - | - | 600.00 (-) |
| 6. | Sale of Flat | - (225.00) | - (-) | - (-) | - (-) | - (225.00) |
| 7. | Purchase of Goods | - (-) | - (-) | 287.27 (359.78) | 123.02 (463.80) | 410.29 (823.58) |
| 8. | Sale of Goods | - (-) | - (5.30) | 7365.48 (7258.51) | - (-) | 7365.48 (7263.81) |
| 9. | Sale of Raw & Packing Materials | - (-) | 0.29 (0.21) | 12.34 (1.74) | 0.08 (0.02) | 12.71 (1.97) |
| 10. | Purchase of Raw & Packing Materials | - (-) | - (0.39) | 4.29 (19.13) | - (-) | 4.29 (19.52) |
| 11. | Rendering of Services | - (-) | - (-) | 498.83 (207.11) | - (-) | 498.83 (207.11) |
| 12. | Payment of Rent | - (-) | - (-) | 36.61 (33.74) | - (-) | 36.61 (33.74) |
| 13. | Purchase of Gas | - (-) | - (-) | 4.02 (8.26) | - (-) | 4.02 (8.26) |
| 14. | Reimbursement of Expenses | - (-) | - (-) | 26.18 (0.03) | 0.06 (-) | 26.24 (0.03) |

Out of the above items, transactions in excess of 10% of the total related party transactions:

| Sr. No. | Transactions | Related Party Relationship | (Rs. In Lakhs) | |
|---------|----------------------------------|----------------------------|-----------------|---------|
| | | | 2015-16 | 2014-15 |
| 1. | Directors Remuneration: | | | |
| | Mr. Satish Kumar Singh | Key Management Personnel | - | 73.43 |
| | Mr. Rajesh Kumar | Key Management Personnel | - | 73.43 |
| | Mr. Rajeev Ranjan | Key Management Personnel | - | 73.43 |
| | Mr. Lalan Kumar Singh | Key Management Personnel | 51.47 | 51.47 |
| 2. | Directors Sitting Fees: | | | |
| | Mr. Arunkumar Deshmukh | Key Management Personnel | 0.65 | - |
| 3. | Interest Expenses on Loan Taken: | | | |
| | Mr. Satish Kumar Singh | Key Management Personnel | 8.59 | 2.99 |



CACHET PHARMACEUTICALS PRIVATE LIMITED



| | | | | |
|-----|---|---------------------------------------|---------|---------|
| | Mrs. Premlata Singh | Relatives of Key Management Personnel | - | 5.59 |
| | Mr. Sandeep Singh | Relatives of Key Management Personnel | - | 1.61 |
| 4. | Loans Repaid: | | | |
| | Mr. Satish Kumar Singh | Key Management Personnel | - | 34.24 |
| | Mrs. Premlata Singh | Relatives of Key Management Personnel | - | 64.05 |
| | Mr Sandeep Singh | Relatives of Key Management Personnel | - | 18.44 |
| 5. | Loans Taken: | | | |
| | Mr. Satish Kumar Singh | Key Management Personnel | 600.00 | - |
| 6. | Sale of Flat | | | |
| | Mr. Satish Kumar Singh | Key Management Personnel | - | 225.00 |
| 7. | Purchase of Goods: | | | |
| | Alkem Laboratories Ltd | Holding Company | 287.27 | 359.78 |
| | Indchemie Health Specialities Pvt. Ltd. | Fellow Subsidiary | 123.02 | 463.80 |
| 8. | Sale of Goods: | | | |
| | Alkem Laboratories Ltd. | Holding Company | 7365.48 | 7254.12 |
| 9. | Sale of Raw & Packing Materials: | | | |
| | Alkem Laboratories Ltd. | Holding Company | 12.34 | 1.74 |
| | Galpha Laboratories Ltd. | Related Enterprise | 0.29 | 0.21 |
| | Indchemie Health Specialities Pvt. Ltd. | Fellow Subsidiary | 0.08 | - |
| 10. | Purchase of Raw & Packing Materials: | | | |
| | Alkem Laboratories Ltd. | Holding Company | 4.29 | 19.39 |
| 11. | Rendering of Services: | | | |
| | Alkem Laboratories Ltd. | Holding Company | 498.83 | 207.11 |
| 12. | Payment of Rent: | | | |
| | Alkem Laboratories Ltd. | Holding Company | 36.61 | 33.74 |
| 13. | Gas Purchases: | | | |
| | Alkem Laboratories Ltd. | Holding Company | 4.02 | 8.26 |
| 14. | Reimbursement of Expenses: | | | |
| | Alkem Laboratories Ltd. | Holding Company | 26.18 | 0.03 |
| | Indchemie Health Specialities Pvt. Ltd. | Fellow Subsidiary | 0.06 | - |

Balance due from / to the related Parties

Rs. in Lakhs

| Sr. No. | Transactions | K.M.P. | Related Enterprise | Holding Company | Fellow Subsidiaries | Total |
|---------|-----------------------------|----------|--------------------|-----------------|---------------------|----------------|
| 1. | Security Deposit Receivable | - (-) | - (-) | 5.00 (5.00) | - (-) | 5.00 (5.00) |
| 2. | Outstanding Receivable | - | 0.08 (-) | 87.90 (-) | - (-) | 87.98 (-) |



CACHET PHARMACEUTICALS PRIVATE LIMITED



| | | | | | | |
|----|----------------------|----------|-------------|----------------|-------------------|--------------------|
| 3. | Outstanding Payables | - (-) | - (0.38) | - (1471.73) | 29.44 (262.19) | 29.44 (1734.30) |
|----|----------------------|----------|-------------|----------------|-------------------|--------------------|

2.35. Managerial Remuneration:

| Particulars | Rs. in Lakhs | |
|--------------------------------|--------------|---------------|
| | 2015-16 | 2014-15 |
| Salaries & Allowances | 46.43 | 245.14 |
| Contribution to Provident Fund | 5.04 | 26.64 |
| Total | 51.47 | 271.78 |

2.36. Auditors' Remuneration:

| Particulars | Rs. in Lakhs | |
|-------------------|--------------|--------------|
| | 2015-16* | 2014-15* |
| As Audit Fees | 6.00 | 6.00 |
| As Tax Audit Fees | 4.00 | 4.00 |
| Total | 10.00 | 10.00 |

* Excluding service taxes.

2.37. Additional information pursuant to the provisions of Paragraph 5 of Part II of Schedule III of Companies Act, 2013.

(a) Consumption of Raw Materials:

| Items | Rs. in Lakhs | |
|--------------|----------------|----------------|
| | 2015-16 | 2014-15 |
| Antibiotics | 221.09 | 346.26 |
| Analgesics | 1228.66 | 1442.48 |
| Others | 4138.38 | 3961.79 |
| Total | 5588.13 | 5750.53 |

(b) Value and % of Imported & Indigenous Raw Materials, Spare parts & Components consumed:

| Raw Materials: | Value Rs. in Lakhs | % of total Consumption |
|----------------|------------------------------|------------------------------|
| Imported | 102.62 (110.37) | 1.84% (1.92%) |
| Indigenous | 5485.51 (5640.16) | 98.16% (98.08%) |
| Total | 5588.13 (5750.53) | 100.00% (100.00%) |

(c) Value of Imports (on CIF basis):

| Particulars | Rs. in Lakhs | |
|-------------------|--------------|--------------|
| | 2015-16 | 2014-15 |
| Raw Materials | 72.22 | 77.98 |
| Packing Materials | - | 17.06 |
| Total | 72.22 | 95.04 |





(d) Earning in Foreign Exchange:

| Particulars | Rs. in Lakhs | |
|-----------------------------|----------------|----------------|
| | 2015-16 | 2014-15 |
| Export of goods (at F.O.B.) | 1864.23 | 1853.80 |
| Total | 1864.23 | 1853.80 |

(e) Expenditure in Foreign Currency:

| Particulars | Rs. in Lakhs | |
|---|---------------|---------------|
| | 2015-16 | 2014-15 |
| Travelling Expenses | 29.53 | 7.07 |
| Salaries & Other Allowances | 77.68 | 31.22 |
| Legal and Professional Fees | 3.44 | 22.62 |
| License Fees and Product Registration Charges | 93.31 | 24.15 |
| Other Expenses | 6.81 | 15.46 |
| Total | 210.77 | 100.52 |

2.38. Details of Purchases, Turnover and Inventory:

A) Details of Purchases of Finished Goods:

| Classification | Rs. in Lakhs | |
|----------------|----------------|----------------|
| | 2015-16 | 2014-15 |
| Tablets | 1706.57 | 1304.64 |
| Capsules | 550.17 | 482.01 |
| Liquid Orals | 539.38 | 664.00 |
| Injectibles | 5735.22 | 4983.08 |
| Others | 569.92 | 243.74 |
| Total | 9101.27 | 7677.48 |

B) Details of Turnover:

| Classification | Rs. in Lakhs | |
|----------------|-----------------|-----------------|
| | 2015-16 | 2014-15 |
| Tablets | 9672.81 | 8778.64 |
| Capsules | 1793.60 | 1506.66 |
| Liquid Orals | 7863.77 | 7291.46 |
| Injectibles | 9426.95 | 8247.27 |
| Others | 2454.48 | 2206.78 |
| Total | 31211.61 | 28030.80 |

C) Details of Inventories (Finished Goods):

| Classification | Rs. in Lakhs | |
|----------------|------------------------------------|------------------------------------|
| | As at 31 st March, 2016 | As at 31 st March, 2015 |
| Tablets | 257.19 | 241.01 |
| Capsule | 32.34 | 22.57 |
| Liquid | 212.91 | 215.86 |
| Other | 66.68 | 32.49 |
| Total | 569.12 | 511.93 |





D) Details of Inventories (Stock In Trade):

| Classification | Rs. in Lakhs | |
|----------------|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2016 | As at 31 st March, 2015 |
| Tablets | 318.99 | 388.55 |
| Capsule | 124.68 | 110.12 |
| Liquid | 121.88 | 184.71 |
| Injection | 1064.55 | 755.47 |
| Other | 156.95 | 112.85 |
| Total | 1787.05 | 1551.70 |

E) Details of Inventories (Work-in-Progress):

| Classification | Rs. in Lakhs | |
|----------------|---------------------------------------|---------------------------------------|
| | As at 31 st March, 2016 | As at 31 st March, 2015 |
| Formulations | 26.81 | 55.87 |
| Total | 26.81 | 55.87 |

2.39. The Company has assumed useful life of the Intangible Assets as five years.

2.40. Figures of the previous year have been regrouped, rearranged, recast and reclassified wherever considered necessary to make them comparable to that of the current year or for a better presentation of accounts.

2.41. Figures in brackets indicate corresponding figures of previous year.

Signatures to Notes 1.1 to 2.41

For and on behalf of the Board,

For R. S. Sanghai & Associates
Chartered Accountants
Firm Reg No. 109094W



For Cachet Pharmaceuticals Private Limited
(CIN:U24230BR1978PTC001328)

S. K. Singh
Managing Director
(DIN No.00245703)

Arunkumar Deshmukh
Independent
(DIN No.07210367)

R. S. Sanghai
Partner
Membership No: 036931
Place: Mumbai
Dated: 25th May, 2016