

**Independent Auditor's Report:**

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

**Report on the Ind AS Financial Statements:**

We have audited the accompanying Ind AS financial statements of **CACHET PHARMACEUTICALS PRIVATE LIMITED ("the Company")** which comprise the Balance Sheet as at **March 31, 2017**, the Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flow and the Statement of Changes in Equity for the year ended and a summary of significant accounting policies and other explanatory information.

**Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the 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 judgements 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 Ind AS 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 Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial



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

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 Ind AS 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 Ind AS financial statements.

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid IND AS 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, including the Ind AS, of the financial position of the company as at March 31, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity 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 Ind AS 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, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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**"



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

- 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 3.28 to the Ind AS 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.
  - iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 3.36 to the Ind AS financial statements.

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

  
**R.S. SANGHAI**

Partner

Membership number: 036931

Mumbai: 23rd May, 2017



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

Referred to in paragraph 1 under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date to the Ind AS financial statements of the Company for the year ended March 31, 2017, we report that:

- i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;
- (b) The Fixed Assets have been physically verified by the management in a phased manner, designed to cover all the items over a period of three years, which in our opinion, is reasonable having regard to the size of the company and nature of its business. Pursuant to the program, a portion of the fixed asset has been physically verified by the management during the year and no material discrepancies between the books records and the physical fixed assets have been noticed.
- (c) The title deeds of immovable properties are held in the name of the company.
- ii) (a) The management has conducted the physical verification of inventory at reasonable intervals.
- (b) The discrepancies noticed on physical verification of the inventory as compared to books records which has been properly dealt with in the books of account were not material.
- iii) The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability partnerships or other parties covered in the Register maintained under section 189 of the Act. Accordingly, the provisions of clause 3 (iii) (a) to (C) of the Order are not applicable to the Company and hence not commented upon.
- iv) In our opinion and according to the information and explanations given to us, the company has complied with the provisions of section 185 and 186 of the Companies Act, 2013 In respect of loans, investments, guarantees, and security.
- v) The Company has not accepted any deposits from the public and hence the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the Companies (Acceptance of Deposit) Rules, 2015 with regard to the deposits accepted from the public are not applicable.
- vi) We have broadly reviewed the cost records maintained by the company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that prima facie, the prescribed records are maintained by the Company.
- vii) (a) According to information and explanations given to us and on the basis of our examination of the records of the Company amounts deducted/accrued in the books of accounts in respect of 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 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 March 31, 2017 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 as at 31st March, 2017 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, Mumbai	Sales Tax & Penalty thereon	79.88	-	2003-04	Joint Commissioner of Sales Tax (Appeal)
Sales Tax Delhi	CST payable against pending/missing form(s)	0.90	-	2010-11	Assistant Comm/AVATO (ward 60), Delhi
Finance Act	Service Tax	7.03	-	2010-11	CESTAT New Delhi
<b>Total</b>		<b>87.81</b>			



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

- 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 Institution. 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, the Company is not a Nidhi Company. Therefore, the provisions of clause 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) The company has made private placement of equity shares. In respect of the opinion the company has complied with the requirement of section 42 of the Act and the amount raised have been used for the purpose for which the funds were raised.
- xv) Based upon the audit procedures performed and the information and explanations given by the management, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, the provisions of clause 3 (xv) of the Order are not applicable to the Company and hence not commented upon.
- xvi) In our opinion, the company is not required to be registered under section 45 IA of the Reserve Bank of India Act, 1934 and accordingly, the provisions of clause 3 (xvi) of the Order are not applicable to the Company and hence not commented upon.

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

  
**R.S. SANGHAI**  
Partner

Membership number: 036931  
Mumbai: 23rd May, 2017



**"Annexure B" to the Independent Auditor's Report of even date on the Ind AS Financial Statements of CACHET PHARMACEUTICALS PRIVATE LIMITED**

**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, 2017 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. 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 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 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 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 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, 2017, 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: 23<sup>rd</sup> May, 2017





**CACHET PHARMACEUTICALS PRIVATE LIMITED**  
**SEPARATE FINANCIAL STATEMENTS**  
**BALANCE SHEET AS AT 31st MARCH, 2017**

PARTICULARS	Note No.	As at 31st March 2017 Rs. in Lakhs	As at 31st March 2016 Rs. in Lakhs	As at 1st April 2015 Rs. in Lakhs
<b>I. ASSETS</b>				
<b>1 Non-Current Assets</b>				
(a) Property, plant and equipment	3.1	7,860.20	3,684.54	3,959.24
(b) Capital work in progress	3.1	623.80	876.08	22.52
(c) Other Intangible assets	3.1	93.37	98.04	115.43
(d) Financial assets				
(i) Investments	3.2	1.15	1.15	1.15
(ii) Loans	3.3	330.30	277.12	372.37
(e) Deferred tax assets (Net)	3.4	265.65	194.89	45.91
(f) Other non-current assets	3.5	341.05	274.20	151.76
<b>Total Non-Current Assets</b>		<b>9,515.52</b>	<b>5,406.02</b>	<b>4,668.38</b>
<b>2 Current Assets</b>				
(a) Inventories	3.6	4,338.45	3,234.87	3,347.69
(b) Financial assets				
(i) Trade receivables	3.7	4,957.48	5,426.90	4,453.78
(ii) Cash and cash equivalents	3.8	413.87	874.66	880.22
(iii) Bank balances other than (ii) above	3.9	8.42	2.10	2.10
(iv) Other current financial assets	3.10	2.46	2.17	2.12
(c) Assets for current tax (Net)	3.11	23.27	12.49	12.49
(d) Other current assets	3.12	271.44	179.53	273.58
<b>Total Current Assets</b>		<b>10,015.39</b>	<b>9,732.72</b>	<b>8,971.99</b>
<b>TOTAL ASSETS</b>		<b>19,530.91</b>	<b>15,138.74</b>	<b>13,640.37</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>1 Equity</b>				
(a) Equity Share Capital	3.13	17.83	15.00	15.00
(b) Other Equity (Refer Statement of changes in Equity)		5,432.31	3,378.92	3,003.10
<b>Total Equity</b>		<b>5,450.14</b>	<b>3,393.92</b>	<b>3,018.10</b>
<b>2 Non-Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	3.14	2,677.03	1,601.86	499.51
(b) Provisions	3.15	801.67	638.87	567.71
<b>Total Non-Current Liabilities</b>		<b>3,478.70</b>	<b>2,240.73</b>	<b>1,067.22</b>
<b>3 Current Liabilities</b>				
(a) Financial Liabilities				
(i) Borrowings	3.16	2,765.02	2,341.42	1,510.78
(ii) Trade payables	3.17	5,689.57	5,059.95	6,797.17
(iii) Other financial liability	3.18	1,399.57	1,401.55	1,021.29
(b) Other current liabilities	3.19	206.42	146.85	142.33
(c) Provisions	3.20	541.49	554.32	83.49
<b>Total Current Liabilities</b>		<b>10,502.07</b>	<b>9,504.09</b>	<b>9,555.06</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>19,530.91</b>	<b>15,138.74</b>	<b>13,640.37</b>

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

As per our Report attached of even date,

**For R. S. Sanghai & Associates**

Chartered Accountants

Firm Reg No: 109094W

**R.S. Sanghai**

Partner

Membership No: 036931

Place: Mumbai

Dated: 23rd May 2017



For & on behalf of the Board,

**For Cachet Pharmaceuticals Private Limited**

(CIN:U24230BR1678PTC001328)

**S.K. Singh**

Managing Director

(DIN No.00245703)

**Arun Kumar Bhatnagar**

Independent Director

(DIN No.07210367)

**CACHET PHARMACEUTICALS PRIVATE LIMITED**
**SEPARATE FINANCIAL STATEMENTS**
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017**

PARTICULARS	Note No.	For the year ended 31st March 2017 Rs. in Lakhs	For the year ended 31st March 2016 Rs. in Lakhs
<b>Income:</b>			
Revenue from Operations (Gross)	3.21	30,194.85	31,381.85
Other Income	3.22	13.19	33.67
<b>Total Income</b>		<b>30,208.04</b>	<b>31,415.52</b>
<b>Expenses:</b>			
Cost of Materials Consumed	3.23	6,100.97	9,037.88
Purchases of Stock-in-Trade		11,366.16	9,080.82
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	3.24	(1064.71)	(263.47)
Employee Benefits Expense	3.25	5,763.51	5,651.89
Finance Costs	3.26	382.65	335.38
Depreciation and Amortization Expense	3.1	376.25	423.20
Other Expenses	3.27	7,762.93	6,692.17
<b>Total Expenses</b>		<b>30,687.76</b>	<b>30,957.87</b>
<b>Profit before Tax</b>		<b>(479.72)</b>	<b>457.65</b>
<b>Tax Expense:</b>	3.4B		
Current Tax		-	277.73
Deferred Tax (Net)		(114.97)	(205.34)
Less: MAT Credit Entitlement		-	-
Prior Period Tax Adjustment		48.82	(8.19)
<b>Total Tax Expense</b>		<b>(66.15)</b>	<b>64.20</b>
<b>Profit after Tax for the period</b>		<b>(413.57)</b>	<b>393.45</b>
<b>Other Comprehensive Income/(Loss)</b>			
Items that will not be reclassified to profit or loss			
- Remeasurements of defined benefit plans		(44.45)	(26.11)
- Tax on Remeasurements of defined benefit plans		14.69	8.47
<b>Total of Other Comprehensive Income for the period, net of tax</b>		<b>(29.74)</b>	<b>(17.64)</b>
<b>Total Comprehensive Income for the period</b>		<b>(443.31)</b>	<b>375.82</b>

Earnings per equity share (In Rs.):

3.31

**Basic**

(2,483.77)

2,623.02

**Diluted**

(2,483.77)

2,623.02

Face Value of Equity Share (In Rs.)

100

100

**Significant Accounting Policies**

1

**Critical Accounting Judgements & Estimations**

2

**Notes forming parts of financial statements**

3

**The accompanying notes are an integral part of financial statements**

As per our Report attached of even date,

**For R. S. Sanghai & Associates**

Chartered Accountants

Firm Reg No: 109094W

**R.S.Sanghai**

Partner

Membership No: 036931

Place: Mumbai

Dated: 23rd May 2017



For &amp; on behalf of the Board,

**For Cachet Pharmaceuticals Private Limited**

(CIN:U24230BR1978PTC001328)

**S.K.Singh**

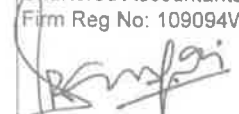
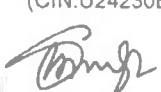

Managing Director

(DIN No.00245703)

**Arup Kumar Deshmukh**

Independent Director

(DIN No.07210367)

CACHET PHARMACEUTICALS PRIVATE LIMITED		For the year ended 31st March 2017	For the year ended 31st March 2016
SEPARATE FINANCIAL STATEMENTS			
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31st MARCH 2017		Rs. in Lakhs	Rs. in Lakhs
<b>A. Cash Flow from Operating Activity:</b>			
Net (Loss)/Profit before Tax		(479.77)	457.65
<u>Adjustment for:</u>			
Depreciation & amortisation		376.25	423.20
Provision for Gratuity & Compensated Leave		145.55	435.49
Provision Doubtful Debts		39.28	134.72
Provision for Anticipated Sales Return		80.27	323.33
Loss on sale of Property, plant and equipments		25.56	3.54
Dividend Received		(0.13)	(0.09)
Net Interest Paid		354.09	263.85
<b>Subtotal of Adjustments</b>		<b>1,020.88</b>	<b>1,584.03</b>
<b>Operating profit before working capital changes</b>		<b>541.11</b>	<b>2,041.68</b>
<u>Adjustment for:</u>			
Trade and other Receivables		430.12	(1,147.74)
Loans & Other Financial Assets and Other Current Assets		(114.25)	67.58
Inventories		(1,103.58)	112.83
Trade Payable & Other Liabilities		687.20	(1,675.77)
Bank Borrowings availed		423.59	794.91
<b>Subtotal of Adjustments</b>		<b>323.09</b>	<b>(1,848.19)</b>
Cash Generated from Operations		864.20	193.49
Less: Direct Taxes Paid		(225.31)	(85.18)
<b>Cash Flow before extraordinary items</b>			
<b>Net Cash (used)/ generated Operating Activities</b>		<b>638.89</b>	<b>108.31</b>
<b>B. Cash Flow from Investing Activities:</b>			
Purchases of Property, plant and equipments (Net)		(4,351.60)	(999.44)
Sale of Property, plant and equipments (Net)		31.16	11.25
Dividend Received		0.13	0.09
Interest Received		17.07	23.10
<b>Net Cash (used)/ generated in Investing Activities</b>		<b>(4,303.25)</b>	<b>(965.00)</b>
<b>C. Cash Flow from Financing Activities:</b>			
Issue of Share Capital		2,499.53	-
Long Term Borrowings		1,075.18	1,136.08
Interest Paid		(371.16)	(286.95)
<b>Net Cash (used)/ generated in Financing Activities</b>		<b>3,203.55</b>	<b>851.13</b>
<b>D. Net Increase/ (Decrease) in Cash &amp; Cash Equivalents (A+B+C)</b>		<b>(460.80)</b>	<b>(5.55)</b>
<b>E. Cash &amp; Cash Equivalents as at 1st April, 2016</b>		<b>874.66</b>	<b>880.22</b>
<b>F. Cash &amp; Cash Equivalents as at 31st March, 2017 (D+E)</b>		<b>413.87</b>	<b>874.66</b>
<b>Notes:</b>			
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. Previous Year's figures have been regrouped or rearranged wherever necessary.			
Significant Accounting Policies		1	
Critical Accounting Judgements & Estimations		2	
Notes forming parts of financial statements		3	
The accompanying notes are an integral part of financial statements			
As per our Report attached of even date,			
<b>For R. S. Sanghai &amp; Associates</b>		<b>For &amp; on behalf of the Board,</b>	
Chartered Accountants		<b>For Cachet Pharmaceuticals Private Limited</b>	
Firm Reg No: 109094W		(CIN:U24230BR1978PTC001328)	
			
<b>R.S. Sanghai</b>		<b>S.K. Singh</b>	
Partner		Managing Director	
Membership No: 036931		(DIN No.00245703)	
Place: Mumbai			
Dated: 23rd May 2017		<b>Arunkumar Doshmukh</b>	
		Independent Director	
		(DIN No.07210367)	

CACHET PHARMACEUTICALS PRIVATE LIMITED

NOTES TO SEPARATE FINANCIAL STATEMENTS

Statement of Changes in Equity for the year ended 31st March 2017

(a) Equity share capital	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	15,000	15.00	15,000	15.00	15,000	15.00
Changes in equity share capital during the year	2,834	2.83	-	-	-	-
<b>Balance at the end of the reporting period</b>	<b>17,834</b>	<b>17.83</b>	<b>15,000</b>	<b>15.00</b>	<b>15,000</b>	<b>15.00</b>

Other Equity Particulars	Reserves and Surplus					Total other equity
	Capital reserve	Securities Premium Account	General reserve	Retained Earning		
Balance as at 1st April 2015	31.00	-	2,000.00	972.10		3,003.10
Total Comprehensive Income for the year ended 31st March 2016						
Profit for the year				393.45		393.45
Transfer to General Reserve			500.00	(500.00)		-
Other Comprehensive Income for the year (net of tax)				(17.64)		(17.64)
<b>Total Income</b>			<b>500.00</b>	<b>(124.18)</b>		<b>375.82</b>
Balance as at 1st April 2016	31.00	-	2,500.00	847.92		3,378.92
Total Comprehensive Income for the year ended 31st March 2017						
Profit for the year				(413.57)		(413.57)
Addition during the year		2,496.70				2,496.70
Transfer to General Reserve						-
Other Comprehensive Income for the year (net of tax)				(29.74)		(29.74)
<b>Total Income</b>		<b>2,496.70</b>		<b>(443.31)</b>		<b>2,053.38</b>
Balance at the end of the reporting period	31.00	2,496.70	2,500.00	404.60		5,432.30



## CACHET PHARMACEUTICALS PRIVATE LIMITED

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

#### NOTE 1: SIGNIFICANT ACCOUNTING POLICIES :

##### **1 Company overview and Significant Accounting policies**

##### **1A Company overview**

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

##### **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, 2017 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.

These financial statements are the Company's first Ind AS financial statements and are covered by Ind AS 101, First-time adoption of Indian Accounting Standards. The transition to Ind AS has been carried out from the accounting principles generally accepted in India ("Indian GAAP") which is considered as the "Previous GAAP" for purposes of Ind AS 101. An explanation of how the transition to Ind AS has affected the Company's equity and its net profit is provided in **Note 3.43**. The Financial statements are prepared in Indian rupees rounded off to the nearest lakhs.

The financial statements are authorised for issue by the Board of Directors of the Company at their meeting held on **23rd May 2017**.

##### **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.



## CACHET PHARMACEUTICALS PRIVATE LIMITED

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

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 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:

#### 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 fixed assets 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 fixed assets is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.



## CACHET PHARMACEUTICALS PRIVATE LIMITED

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

#### iii. Depreciation & amortisation

Depreciation is provided on Straight Line (SLM) basis for all assets. Depreciation is provided based on the useful life of assets. The carrying amount of the fixed assets as on 1st April, 2014 is depreciated over the remaining useful life. 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.

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

#### 1.3 Intangible Assets:

##### I. Recognition and Measurement

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

##### II. Subsequent expenditure

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

##### III. Amortisation

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

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

Tangible Assets	Useful Life
Computer Software	5 Years

#### 1.4 Impairment of 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



## CACHET PHARMACEUTICALS PRIVATE LIMITED

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

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 CGUs. 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.





## CACHET PHARMACEUTICALS PRIVATE LIMITED

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

#### 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



## CACHET PHARMACEUTICALS PRIVATE LIMITED

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

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.



## CACHET PHARMACEUTICALS PRIVATE LIMITED

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

#### 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 and applicable excise duty. 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.
- d) Traded Goods are valued at lower of cost or net realizable value.



## CACHET PHARMACEUTICALS PRIVATE LIMITED

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

- e) Proceeds in respect of sale of raw material (not significant) are credited to respective head. Obsolete, defective and unserviceable inventory are duly provided for.

#### 1.8 Revenue Recognition:

- a) Revenue from sale of goods is recognised when the significant risks and rewards in respect of ownership of products are transferred 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, sales tax and applicable trade discounts and allowances. Revenue from product sales includes excise duty, wherever applicable. Sales 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) Revenue (including in respect of insurance or other claims, interest etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.
- c) Dividend from investment is recognised as revenue when right to receive the payments is established.
- d) 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.

#### 1.9 Excise Duty and CENVAT:

In accordance with the method of accounting regularly employed 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 all finished goods.

#### 1.10 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 generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

#### 1.11 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



## CACHET PHARMACEUTICALS PRIVATE LIMITED

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

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.

#### 1.12 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.



## CACHET PHARMACEUTICALS PRIVATE LIMITED

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

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

#### 1.13 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

#### 1.14 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.

#### 1.15 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.

#### 1.16 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.



## CACHET PHARMACEUTICALS PRIVATE LIMITED

### NOTES TO THE SEPARATE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017

#### 1.17 Operating Leases:

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



**CACHET PHARMACEUTICALS PRIVATE LIMITED**

**CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY  
FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017**

**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 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 separate financial statements, 'Significant accounting policies'.

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

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

The complexity of the Company's structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Company operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the Separate Statement of Profit and Loss and tax payments.

**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.





**CACHET PHARMACEUTICALS PRIVATE LIMITED**

**CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY  
FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2017**

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

**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.

**g) Fair value measurements and valuation processes**

Some of the Company's assets and liabilities are measured at fair value for the financial reporting purposes.

Information about the valuation techniques and inputs used in determining the fair value of various assets and liabilities are disclosed in note 3.



CACHET PHARMACEUTICALS PRIVATE LIMITED

NOTE - 3: NOTES TO SEPARATE FINANCIAL STATEMENTS

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

PARTICULARS	Tangible assets						Intangible assets				Capital work in progress	(Rs. in Lakhs)
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Total	Computer Software	Trade Mark & Patents		
At deemed cost												
As at 1 April 2016	173.56	-	1,547.76	1,793.82	153.10	230.13	60.86	3,959.26	115.42	-	115.42	22.52
Additions	-	-	23.47	22.57	2.77	76.18	9.32	134.31	11.57	-	11.57	623.80
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Deletions	-	-	-	33.03	-	20.50	-	53.53	-	-	-	22.52
As at 31 March 2016	173.56	-	1,671.25	1,783.36	155.87	285.81	70.18	4,040.03	126.99	-	126.99	623.80
As at 1 April 2016	173.56	-	1,571.25	1,783.36	155.87	285.81	70.18	4,040.03	126.99	-	126.99	876.08
Additions	408.42	-	2,301.00	1,838.28	52.29	28.92	18.78	4,648.71	5.27	-	5.27	623.60
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Deletions	-	-	-	121.46	-	10.79	-	132.25	-	-	-	876.08
Reclassification to assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2017	581.98	-	3,872.25	3,500.18	208.16	304.95	88.96	8,556.49	132.26	-	132.26	623.80
Depreciation and Amortisation												
As at 1 April 2015	-	-	58.36	232.79	32.28	47.77	23.04	394.24	28.95	-	28.95	-
Depreciation/amortisation for the year	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	-	-	-	-	-	-	-	-	-
Deletions	-	-	-	24.72	-	14.03	-	38.75	-	-	-	-
As at 31 March 2016	-	-	58.36	208.07	32.28	33.74	23.04	365.49	28.95	-	28.95	-
As at 1 April 2016	-	-	62.52	207.89	25.25	50.63	20.03	366.30	9.95	-	9.95	-
Depreciation/amortisation for the year	-	-	-	-	-	-	-	-	-	-	-	-
Adjustments	-	-	-	16.22	-	9.30	-	26.62	-	-	-	-
Deletions	-	-	-	-	-	-	-	-	-	-	-	-
Reclassification to assets held for sale	-	-	-	-	-	-	-	-	-	-	-	-
As at 31 March 2017	-	-	62.52	191.66	25.25	41.33	20.03	340.78	9.95	-	9.95	-
Net Book Value												
As at 1 April 2015	173.56	-	1,547.76	1,793.82	153.10	230.13	60.86	3,959.24	115.43	-	115.42	22.52
As at 31 March 2016/1 April 2016	173.56	-	1,512.89	1,575.29	123.59	252.07	47.14	3,694.64	96.04	-	96.04	876.08
As at 31 March 2017	581.98	-	3,761.38	3,100.46	150.63	229.68	45.89	7,860.20	93.37	-	93.37	623.80

The Company has availed the deemed cost exemption in relation to the property plant and equipment and other intangible assets on the date of transition and hence the net block carrying amount has been considered as the gross block carrying amount on that date. Refer note below for the gross block value and the accumulated depreciation on April 1, 2015 under the previous GAAP.

Property, plant and equipment	Gross Block	Accumulated Depreciation	Net Block
Freehold Land	173.56	-	173.56
Leasehold Land	-	-	-
Buildings	2,017.89	470.11	1,547.78
Plant and Machinery	2,746.77	952.95	1,793.83
Furniture and Fixtures	318.38	165.28	153.10
Vehicles	374.34	144.21	230.13
Office Equipments	313.22	252.36	60.86
Intangible Assets	-	-	-
Computer Software	150.22	34.80	115.43
Trade Mark & Patents	-	-	-

Refer Note 3.14 on Borrowings, for the details related to charge on Property, plant and equipment of the Company.

As at 31 March 2017, capitalised borrowing cost related to the construction of new factories and buildings amounting to Rs. 127.94 Lakhs with the capitalisation rate of 12.5% p.a. (31 March 2016: Nil)



**CACHET PHARMACEUTICALS PRIVATE LIMITED**  
**NOTE - 3: NOTES TO SEPARATE FINANCIAL STATEMENTS**

PARTICULARS	As at 31st March, 2017 Rs. in Lakhs	As at 31st March, 2016 Rs. in Lakhs	As at 1st April, 2015 Rs. in Lakhs
<b>3.2 : INVESTMENTS:</b>			
<b>UNQUOTED:</b>			
<b>TRADE INVESTMENT:</b>			
Investment in Equity Shares :			
9000 Equity Shares of Rs. 10/- each of Shivalik Solid Waste Management Limited	0.90	0.90	0.90
<b>OTHER INVESTMENT :</b>			
2500 Shares of Rs.10/- each of The Saraswat Co-operative Bank Limited	0.25	0.25	0.25
<b>TOTAL</b>	<b>1.15</b>	<b>1.15</b>	<b>1.15</b>
Note: All investments are carried at cost. Aggregate Amount of unquoted investments are Rs. 1.15 Lakhs.			
<b>3.3 : NON CURRENT LOANS:</b>			
Secured, Considered Good:			
Security Deposits	104.67	92.21	91.93
Loans and Advances to Employees	123.71	161.37	187.14
Other Loans and Advances	101.92	23.54	93.30
<b>TOTAL</b>	<b>330.30</b>	<b>277.12</b>	<b>372.37</b>
<b>3.4 : DEFERRED TAX ASSETS (NET) :</b>			
Tax effect of items constituting Deferred Tax (Refer note No. 3.4A)			
Provision for employee benefits	290.32	280.51	-
Others (includes for doubtful debts, provision for sales returns and loss on sale of assets, etc.)	253.81	143.87	(226.73)
Carried forward of Business Loss	114.62	-	-
On account of differences between Tax and Books WDV	(536.43)	(431.72)	5.57
MAT Credit Entitlement	143.33	202.23	267.07
<b>TOTAL</b>	<b>265.65</b>	<b>194.89</b>	<b>45.91</b>
<b>3.5 : OTHER NON CURRENT ASSETS:</b>			
Capital Advances	161.20	198.65	-
Advance payment of Income Tax (net of provision)	179.85	75.55	151.76
<b>TOTAL</b>	<b>341.05</b>	<b>274.20</b>	<b>151.76</b>
<b>3.6 : INVENTORIES:</b>			
Valued at Lower of Cost or Net realisable Value: (Refer Note 1.7)			
Raw and Packing Materials	890.78	851.89	1,228.18
Work-in-Progress	40.09	26.81	55.83
Finished Goods	891.66	569.12	511.03
Stock-in-Trade	2,515.93	1,787.05	1,551.70
<b>TOTAL</b>	<b>4,338.45</b>	<b>3,234.87</b>	<b>3,347.69</b>
<b>3.7 : TRADE RECEIVABLES:</b>			
Unsecured:			
Considered Good	4,957.48	5,646.76	4,633.74
Considered Doubtful	417.79	158.54	23.92
	5,375.27	5,805.40	4,657.66
Less: Allowance for Doubtful Debts	(417.79)	(378.50)	(203.88)
<b>TOTAL</b>	<b>4,957.48</b>	<b>5,426.90</b>	<b>4,453.78</b>

Above trade receivable includes amount due from related parties Rs.217.10 Lakhs (Previous year Rs.87.98 Lakhs) Refer Note 3.34



**CACHET PHARMACEUTICALS PVT. LTD**
**3.4 A Movement in deferred tax balances**

(Rs in Lakhs)

PARTICULARS	Net balance April 1, 2016	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	March 31, 2017		
					Net	Deferred tax asset	Deferred tax liability
Deferred tax asset							
Property, plant and equipment	-487.18	-49.25			-536.43	-536.43	
Intangible assets					-	-	
Trade Receivable	125.13	3.96			129.10	129.10	
Carried forward of Business Loss		114.62			114.62	114.62	
Loans and borrowings					-	-	
Employee benefits	247.80	27.82	14.69		290.32		290.32
Provision on sales return	106.89	17.82			124.71		124.71
<b>Tax assets (Liabilities)</b>	<b>-7.35</b>	<b>114.97</b>	<b>14.69</b>	<b>-</b>	<b>122.32</b>	<b>-292.71</b>	<b>415.03</b>
Set off tax						292.71	-292.71
<b>Net tax assets</b>	<b>-7.35</b>	<b>114.97</b>	<b>14.69</b>	<b>-</b>	<b>122.32</b>	<b>-</b>	<b>122.32</b>

**Movement in deferred tax balances**

(Rs in Lakhs)

PARTICULARS	Net balance 1st April, 2016	Recognised in profit or loss	Recognised in OCI	Recognised directly in equity	March 31, 2016		
					Net	Deferred tax asset	Deferred tax liability
Property, plant and equipment and intangible assets	-498.58	11.41			-487.18		-487.18
Employee benefits	211.28	28.05	8.47		247.80	247.80	
Trade receivables	66.15	58.99			125.13	125.13	
Derivatives	-	-			-	-	
Anticipated Sales Returns	-	106.89			106.89	106.89	
<b>Tax assets (Liabilities)</b>	<b>-221.15</b>	<b>205.34</b>	<b>8.47</b>	<b>-</b>	<b>-7.35</b>	<b>479.83</b>	<b>-487.18</b>
Set off tax						-479.83	479.83
<b>Net tax assets</b>	<b>-221.15</b>	<b>205.34</b>	<b>8.47</b>	<b>-</b>	<b>-7.35</b>	<b>-</b>	<b>-7.35</b>

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

In India, in case income tax payable on book profit (that is Minimum alternate tax - 'MAT') exceeds the income tax payable on tax profit, the differential amount shall be carried forward as a MAT credit for a period of 15 years. The said MAT credit can be offset against any future income tax payable. The Company has carry forward amount of MAT of Rs 143.33 Lakhs as at March 31, 2017 (Rs. 202.23 Lakhs as at March 31, 2016).

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 PVT. LTD.**
**3.4 B Tax expense**
**(a) Amounts recognised in profit and loss**

PARTICULARS	For the year ended 31 March 2017		For the year ended 31 March 2016	
Current income tax				277.73
Deferred income tax liability / (asset), net				
Origination and reversal of temporary differences	-107.94		-205.84	
Change in tax rate	-7.03		0.30	
Prior period tax adjustment	48.82		-8.19	
Deferred tax expense	-66.15		-213.53	
Tax expense for the year	-66.15			64.20

**(b) Amounts recognised in other comprehensive income**

PARTICULARS	For the year ended 31 March 2017			For the year ended 31 March 2016		
	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	(44.4)	14.7	(29.7)	(26.1)	8.5	(17.6)
	(44.4)	14.7	(29.7)	(26.1)	8.5	(17.6)

**(c) Reconciliation of effective tax rate**

PARTICULARS		For the year ended 31 March 2017		(%)	For the year ended 31 March 2016	
Profit before tax		-479.72			467.68	
Tax using the Company's domestic tax rate (Current year 30.9% and Previous Year 33.063%)	30.9%	-148.23	33.06%		151.31	
Increase in tax rate	0%	7.03	-0.1%		-0.30	
Tax effect of:						
Additional deduction allowed under income tax act in respect of Section 80(IE)	0.0%	-	-19.6%		-89.61	
Expense not deductible for tax purposes	-5.5%	26.20	0.0%		-	
Income exempt from income taxes	0.0%	-	0.0%		-0.07	
Others	-10.2%	48.88	0.7%		3.07	
	15.3%	-66.14	14.0%		64.20	

The Company's weighted average tax rates for the years ended March 31, 2017 and 2016 were 30.9% and 33.06%, respectively. Income tax expense was Rs.(66.15) Lakhs for the year ended March 31, 2017, as compared to income tax expense of Rs 64.20 Lakhs for the year ended March 31, 2016.

The Company's effective tax rate for the year ended March 31, 2017 was 15.30% (March 31, 2016 : 14%)



**CACHET PHARMACEUTICALS PRIVATE LIMITED**  
**NOTE - 3: NOTES TO SEPARATE FINANCIAL STATEMENTS**

PARTICULARS	As at 31st March, 2017 Rs. in Lakhs	As at 31st March, 2016 Rs. in Lakhs	As at 1st April 2015 Rs. in Lakhs
<b>3.8 : CASH AND CASH EQUIVALENTS:</b>			
Cash on hand	4.11	7.16	7.08
Balance with Banks: In Current Accounts	409.76	867.50	873.14
<b>TOTAL</b>	<b>413.87</b>	<b>874.66</b>	<b>880.22</b>
<b>3.9 : OTHER BANK BALANCES:</b>			
Bank Deposits with maturity 3 months or less	6.32	-	-
Bank Deposits with maturity within 12 months	2.10	2.10	2.10
<b>TOTAL</b>	<b>8.42</b>	<b>2.10</b>	<b>2.10</b>
<b>3.10 : OTHER CURRENT FINANCIAL ASSETS :</b>			
Interest on Deposits, accrued but not due	2.46	2.17	2.12
<b>TOTAL</b>	<b>2.46</b>	<b>2.17</b>	<b>2.12</b>
<b>3.11 : ASSETS FOR CURRENT TAX (NET) :</b>			
Advance payment of Income Tax (net of provision)	23.27	12.49	12.49
<b>TOTAL</b>	<b>23.27</b>	<b>12.49</b>	<b>12.49</b>
<b>3.12 : OTHER CURRENT ASSETS:</b>			
<u>Unsecured, Considered Good, unless otherwise stated:</u>			
Balances with Government Authorities (VAT/Cenvat/Service Tax credit receivable)	134.20	25.71	22.50
<u>Advance to Suppliers:</u>			
Considered Good	12.84	39.15	126.83
Export Incentives Receivable	34.79	52.49	53.18
Prepaid Expenses	88.05	57.35	70.17
Other Receivables	1.56	4.83	0.90
<b>TOTAL</b>	<b>271.44</b>	<b>179.53</b>	<b>273.58</b>



**CACHET PHARMACEUTICALS PRIVATE LIMITED**  
**NOTE - 3: NOTES TO SEPARATE FINANCIAL STATEMENTS**

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
<b>3.13 : EQUITY SHARE CAPITAL:</b>			
<u>Authorised Share Capital:</u> 40,000 (previous year: 15,000) equity shares of Rs.100/- each	40.00	15.00	15.00
<u>Issued, Subscribed and Paid up:</u> 17,834 (previous year: 15,000) equity shares of Rs.100/- each fully paid up (During the year Company has issued 2,834 number of equity shares having face Value of Rs.100 each fully paid, at the premium of Rs. 88,098 per share to it's Holding Company - Alkem Laboratories Ltd.)	17.83	15.00	15.00
<b>TOTAL</b>	<b>17.83</b>	<b>15.00</b>	<b>15.00</b>

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

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Numbers of shares outstanding as at the beginning of the year	15,000	15,000	15,000
Add: Shares issued during the year	2,834	-	-
Less: Shares bought back during the year	-	-	-
<b>Numbers of shares outstanding as at the end of the year</b>	<b>17,834</b>	<b>15,000</b>	<b>15,000</b>

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

The Company has only one class of equity shares with voting rights having a par value of Rs. 100/- per share.

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, 2017		As at 31st March, 2016		As at 1st April, 2015	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Alkem Laboratories Ltd. (The Holding Company)	10484	58.79%	7,650	51.00%	7,650	51.00%
Ms. Prerna Kumar			758	5.05%	758	5.05%

During the year the Holding Company Alkem Laboratories Ltd. acquired additional 2834 numbers of equity Shares. (Previous year acquired 7650 numbers of shares from the existing Shareholders on 27th March 2015 and became the Holding Company)



**CACHET PHARMACEUTICALS PRIVATE LIMITED**  
**NOTE - 3: NOTES TO SEPARATE FINANCIAL STATEMENTS**

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
<b>3.14: LONG TERM BORROWINGS:</b>			
<u>Secured:</u>			
<u>Term Loan From Bank</u>			
From Saraswat Co-op. Bank Limited	2,022.40	705.30	436.27
<u>Hire Purchase:</u>			
From Finance Companies	21.15	29.47	27.51
<u>Un Secured:</u>			
Loans and Advances from related parties	502.48	607.73	-
Other loans & advances	131.00	259.36	35.73
<b>TOTAL</b>	<b>2,677.03</b>	<b>1,601.86</b>	<b>499.51</b>

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.

The Loan is further Guaranteed by the Directors of the company.

(3) Hire Purchase loans from finance companies are secured against respective assets financed by them.

(4) There is no default, as at the balance sheet date, in repayment of any of the above loans.

Term Loans	Rate of Interest (%)	Monthly Installment	(Bal EMI) (No. of Installments)	Principal Outstanding	Maturity Date
<b>Term Loan :</b>					
TL-Saraswat Co-Op Bank (Corporate) (SI - 65)	12.50	8,34,000	9	75,47,933	31-12-2017
TL-Saraswat Co-Op Bank (SI-70) (Electrical)	12.50	35,000	11	3,89,183	28-02-2018
TL-Saraswat Co-Op Bank (SI-69-(P&M) -BD)	12.50	1,17,000	11	12,80,772	28-02-2018
TL-Saraswat Co-Op Bank (SI-78(Land & Bldg)-BD)	12.50	2,37,500	13	31,20,974	30-04-2018
TL-Saraswat Co-Op Bank (SI-93)	11.75	4,17,000	23	96,71,761	28-02-2019
TL-Saraswat Co-Op Bank (SL-140-SK)	12.50	15,60,000	84	1323,90,753	03-11-2025
TL-Saraswat Co-Op Bank (SL-141-SK)	12.50	7,80,000	84	656,90,068	03-11-2025
TL-Saraswat Co-Op Bank (SL-142-SK)	12.50	48,000	84	40,42,468	03-11-2025
<b>Hire Purchase Loan :</b>					
Kotak Mahindra Prime Ltd (CF-13000835)	10.00	19,941	22	4,47,062	05-02-2019
Kotak Mahindra Prime Ltd (CF-13236581)	10.00	39,814	24	9,56,856	05-06-2019
HP - Kotak Mahindra Prime Ltd (CF-10377593)	11.39	19,330	1	19,148	01-04-2017
HP - Kotak Mahindra Prime Ltd (CF-10417973)	11.24	19,010	1	18,834	10-04-2017
HP - Toyota Financial Services India Ltd (NMUM1022124)	10.49	43,497	1	60,638	10-04-2017
HP - Kotak Mahindra Prime Ltd (CF-8695307)	10.37	65,680	7	5,05,589	01-11-2017
Kotak Mahindra Prime Ltd (CF-11622694)	11.10	21,855	12	2,64,837	01-04-2018
HP - Kotak Mahindra Prime Ltd (CF-11682263)	10.66	19,332	13	2,53,439	01-05-2018
HP - Kotak Mahindra Prime Ltd (CF-11682246)	10.66	19,332	13	2,53,439	01-05-2018
HP - Kotak Mahindra Prime Ltd (C-11812063)	10.63	31,596	14	4,41,288	01-06-2018
HP - Kotak Mahindra Prime Ltd (CF-12406722)	10.73	13,760	18	2,51,647	01-11-2018
HP - Kotak Mahindra Prime Ltd (CF-12507058)	10.49	20,898	19	3,99,568	01-12-2018
HP - HDFC (37423186)	9.65	22,473	21	4,70,164	05-02-2019

**3.15 : NON CURRENT PROVISIONS:**

Provisions for Employee Benefits  
 Gratuity (Refer Note 3.30)  
 Compensated Leave

557.88	456.49	400.33
243.79	182.38	167.38
<b>TOTAL</b>	<b>801.67</b>	<b>567.71</b>





**CACHET PHARMACEUTICALS PRIVATE LIMITED**  
**NOTE - 3: NOTES TO SEPARATE FINANCIAL STATEMENTS**

PARTICULARS	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
	Rs. in Lakhs	Rs. in Lakhs	Rs. in Lakhs
<b>3.16 : CURRENT BORROWINGS:</b>			
<u>Secured:</u>			
From Saraswat Co-Op Bank Ltd. :			
Overdrafts	499.74	500.50	1,087.61
Cash Credit	1,874.14	1,343.49	423.17
Packing Credit - Export	391.14	497.43	-
<b>TOTAL</b>	<b>2,765.02</b>	<b>2,341.42</b>	<b>1,510.78</b>
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.			
<b>3.17 : TRADE PAYABLES:</b>			
Total outstanding dues to Micro, Medium Enterprises & Small Enterprises (Refer Note 3.29)	2,439.24	3,348.69	3,614.61
Total outstanding dues of Trade Payables other than Micro Enterprises & Small Enterprises	3,250.33	1,711.26	3,182.56
<b>TOTAL</b>	<b>5,689.57</b>	<b>5,059.95</b>	<b>6,797.17</b>
1. Above trade payable includes amount due to related parties Rs.24.14 Lakhs (Previous year Rs.29.44 Lakhs) Refer Note 3.34			
2. The above disclosure is made based on the information available with the Company and Auditors have relied upon it.			
<b>3.18 : OTHER CURRENT FINANCIAL LIABILITIES:</b>			
Current Maturities of Long Term Borrowings : (Refer Note 3.14)			
(i) Term Loan From Bank	218.94	230.97	236.86
(ii) Unsecured Loans	79.55	124.58	-
(iii) Hire Purchase Loans	22.50	39.33	33.66
Deposits (Trade)	279.70	218.55	213.55
Employee payables	439.52	360.57	201.79
Accrual for Expenses	359.36	427.55	335.43
<b>TOTAL</b>	<b>1,399.57</b>	<b>1,401.55</b>	<b>1,021.29</b>
<b>3 : OTHER CURRENT LIABILITIES:</b>			
Advance from Customers	58.05	14.82	9.02
Due to statutory authorities	148.37	132.03	133.31
<b>TOTAL</b>	<b>206.42</b>	<b>146.85</b>	<b>142.33</b>
* Statutory dues payable includes VAT,CST,ESIC,PF,TDS,ST Payable.			
<b>3.20 : CURRENT PROVISIONS:</b>			
Provision for Taxation (Net of Advance Tax)	-	120.31	-
Provision for Anticipated Sales Return (Refer Note 3.32)	403.60	323.33	-
<u>Provision for Employee Benefits:</u>			
Gratuity (Refer Note 3.30)	89.98	72.08	49.40
Compensated Leave	47.91	38.60	34.09
<b>TOTAL</b>	<b>541.49</b>	<b>554.32</b>	<b>83.49</b>



**CACHET PHARMACEUTICALS PRIVATE LIMITED**
**NOTE - 3: NOTES TO SEPARATE FINANCIAL STATEMENTS**

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
	Rs. in Lakhs	Rs. in Lakhs
<b>3.21 : REVENUE FROM OPERATIONS:</b>		
Sale of Products	29,568.28	30,754.53
Other Operating Revenue		
Manufacturing Charges	495.70	498.83
Export Incentives	109.31	89.07
Sale of Scrap	21.56	39.42
	826.57	627.32
<b>TOTAL</b>	<b>30,194.85</b>	<b>31,381.85</b>
<b>3.22 : OTHER INCOME:</b>		
Interest on Bank Deposits	0.81	2.76
Other Interest	16.26	20.34
Dividend Income	0.13	0.09
Insurance Claim	1.39	4.39
Miscellaneous Receipts	0.56	3.20
Commission and Discount	4.65	-
Net (Loss) / Gain on Foreign Currency Transactions and Translation	(10.61)	2.89
<b>TOTAL</b>	<b>13.19</b>	<b>33.67</b>
<b>3.23 : COST OF MATERIALS CONSUMED:</b>		
Raw Material Consumed	3,825.17	5,673.36
Working Material Consumed	2,275.80	3,364.52
<b>TOTAL</b>	<b>6,100.97</b>	<b>9,037.88</b>
<b>3.24 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:</b>		
Opening 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
Less: Closing Stock:		
Finished Goods	891.65	569.12
Stock-in-Trade	2,615.93	1,787.05
Work-in-Progress	40.09	26.81
	3,447.67	2,382.98
<b>TOTAL</b>	<b>(1,064.71)</b>	<b>(263.47)</b>
<b>3.25 : EMPLOYEE BENEFITS EXPENSE:</b>		
Salaries, Wages and Bonus	5,259.54	5,126.37
Contribution to Provident and Other Fund	356.57	345.90
Employees' Welfare Expenses	147.40	179.62
<b>TOTAL</b>	<b>5,763.51</b>	<b>5,651.89</b>
<b>3.26 : FINANCE COST:</b>		
Interest on Borrowings	332.79	286.95
Gratuity - Interest Cost	38.37	32.94
Other Borrowing Costs	11.49	15.49
<b>TOTAL</b>	<b>382.65</b>	<b>335.38</b>



**CACHET PHARMACEUTICALS PRIVATE LIMITED**  
**NOTE - 3: NOTES TO SEPARATE FINANCIAL STATEMENTS**

PARTICULARS	For the year ended 31st March 2017	For the year ended 31st March 2016
	Rs. in Lakhs	Rs. in Lakhs
<b>3.27 : OTHER EXPENSES:</b>		
Consumption of Stores and Spares	55.89	55.98
Job Work Charges	419.82	-
Excise Duty	637.89	6.32
Power and Fuel	265.97	325.27
Rent	203.82	186.09
Rates & Taxes	62.45	110.32
Insurance	113.61	107.43
Commission to C & F Agents	309.36	276.58
Sales Tax, Octroi Duty & Entry Tax	182.35	131.02
Freight and Distribution Expenses	1,042.48	945.92
Date Expired Goods	405.70	466.27
Marketing Expenses	1,535.38	1,613.08
Travelling & Conveyance	1,364.83	1,268.01
<u>Repairs:</u>		
Buildings	11.15	16.06
Plant & Machineries	50.05	69.65
Others	40.85	53.82
Loss on sale of Property, Plant & Equipments (net)	25.56	3.54
Legal & Professional Fees	171.22	195.74
Allowance for Doubtful Debts	39.28	147.92
Miscellaneous Expenses	825.25	701.15
<b>TOTAL</b>	<b>7,762.93</b>	<b>6,692.17</b>



**CACHET PHARMACEUTICALS PRIVATE LIMITED**
**NOTE - 3: NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**
**3.28 Contingent Liabilities and Commitments**
**a) Contingent Liabilities not Provided For**

(Rs. in Lakhs)

Sr.No.	Particulars	As at		
		31 March 2017	31 March 2016	1 April 2015
1	Claims against the Company not acknowledged as debt:			
(i)	Service tax demand disputed in appeal (advances paid in dispute in Rs.III (P. Y. Rs.III))	7.03	7.03	-
(ii)	Sales Tax demand disputed in appeal (advances paid in dispute Rs. in Rs.III (P. Y. Rs.5.20 lakhs))	80.78	113.07	1,168.05
	<b>Total</b>	<b>87.81</b>	<b>120.10</b>	<b>1,168.05</b>

Management considers that the excise duty, custom duty, sales tax and income tax demands received 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		
		31 March 2017	31 March 2016	1st April, 2015
1	Estimated amount of contracts remaining to be executed on Capital Accounts (advances paid Rs.316.04 lakhs (Previous Year Rs.609.65 Lakhs))	651.33	903.17	-
2	Outstanding Bank Guarantees	2.10	2.10	2.10

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

Under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) which came into force from 2 October 2006, 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.

Sr.No.	Particulars	As at		
		31 March 2017	31 March 2016	As at 1 April 2015
1	Principal amount remaining unpaid to any supplier as at the year end	2,439.24	3,348.69	3,614.61
2	Interest due thereon	63.14	-	-
3	The amount of interest paid by the buyer as per the Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)	-	-	-
4	The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	-	-	-
5	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-	-
6	The amount of interest accrued and remaining unpaid at the end of each accounting year.	63.14	-	-
7	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act, 2006.	-	-	-

**3.30 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 31 March 2017	As at 31 March 2016	As at 1 April 2015
Contribution to Provident Fund	242.27	228.78	205.16
<b>Total</b>	<b>242.27</b>	<b>228.78</b>	<b>205.16</b>

ii) **Defined benefit plan:**

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

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

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

b) On death in service:

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

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity was carried out as at 31 March 2017 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 31 March 2017

(Rs. in Lakhs)				
Sr. No.	Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
I)	<b>Reconciliation in present value of obligations (PVO) – defined benefit obligation :</b>			
	Current Service Cost	64.96	69.20	56.04
	Interest Cost	38.37	32.94	37.84
	Actuarial (gain) / losses	44.45	26.11	36.28
	Benefits paid	(28.49)	(26.99)	(49.75)
	PVO at the beginning of the year	528.58	427.32	346.91
	PVO at end of the year	647.86	528.58	427.32
II)	<b>Reconciliation of PVO and fair value of plan</b>			
	PVO at end of year	647.86	528.58	427.32
	Actuarial gain/(losses)	-	-	-
	Funded status	(647.86)	(528.58)	(427.32)
	Unrecognised actuarial gain/ (loss)	-	-	-
	Net asset/ (liability) recognised in the balance sheet	(647.86)	(528.58)	(427.32)
Sr. No.	Particulars	As at 31 March, 2017	As at 31 March, 2016	As at 31 March, 2015
III)	<b>Net cost for the year</b>			
	Current Service cost	64.96	69.20	56.04
	Interest cost	38.37	32.94	37.84
	Expected return on plan assets	-	-	-
	Actuarial (gain) / losses	44.45	26.11	36.28
	Net cost	147.78	128.25	130.16
IV)	<b>Assumption used in accounting for the gratuity plan:</b>			
	Discount rate (%)	6.69	7.46	7.96
	Salary escalation rate (%)	5.00	5.00	5.00

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

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

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



Particulars	(Rs. in Lakhs)		
	As at year ended 31 March 2017	As at year ended 31 March 2016	As at year ended 31 March 2015
Defined Benefit Obligation at end of the period	647.86	528.58	427.32
Plan assets at end of the period	-	-	-
Funded assets	(647.86)	(528.58)	(427.32)
Experience gain/loss adjustment on plan liabilities	147.78	128.25	130.16
Experience gain/loss adjustment on plan assets	-	-	-
Actuarial gain/(loss) due to change in assumption	44.45	26.11	36.28

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

Particulars	(Rs. in Lakhs)			
	31 March 2017		31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(47.45)	54.28	(39.44)	45.07
Future salary growth (1% movement)	48.38	(44.14)	41.21	(37.66)



**CACHET PHARMACEUTICALS PRIVATE LIMITED**  
**NOTE - 3: NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**3.31 Earnings per share (EPS)**

Particulars			Year ended 31 March 2017	Year ended 31 March 2016
Profit /(loss) after tax attributable to equity shareholders	Rs.in Lakhs	A	(413.62)	393.45
Number of equity shares at the beginning of the year	Nos.		15,000	15,000
Equity shares issued during the period	Nos.		2,834	-
Number of equity shares outstanding at the end of the	Nos.		17,834	15,000
Weighted average number of equity shares	Nos.	B	16,653	15,000
Earnings per Share ( in Rs.) - Basic and Diluted	In Rs.	(A / B)	(2,483.77)	2,623.02

Company has issued 2,834 number of equity shares having face Value of Rs.100 each fully paid on 27th August, 2016.

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

Provision for Anticipated Sales Return:

(Rs. In Lakhs)

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1st April. 2015
Carrying amount at the beginning of the year	323.33	-	-
Add: Provision made during the year *	378.74	375.70	-
Less: Amount used/utilized during the year	298.47	52.37	-
Carrying amount at the end of the year	403.60	323.33	-



**CACHET PHARMACEUTICALS PRIVATE LIMITED**

**NOTE - 3: NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**3.33 Segment Reporting**

The Company is in the pharmaceutical business. As the Company has a single reportable segment, the segment wise disclosure requirements of Ind AS 108 on Operating Segment is not applicable. In compliance to the said standard, Entity-Wide disclosures are as under :

(Rs. in Lakhs)			
Sr. No.	Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
a)	<b>Revenues from external customers attributed to the country of domicile and attributed to all foreign countries from which the company derives revenues</b>		
	Revenue from the Country of Domicile- India	27,114.84	28,833.26
	Revenue from foreign countries	2,453.44	1,921.27
	<b>Total</b>	<b>29,568.28</b>	<b>30,754.53</b>
b)	<b>External revenue from a particular customer or particular product which exceeded 10% of total revenue</b>		
	Alkem Laboratories Limited	5,295.15	7,377.83
	<b>Total</b>	<b>5,295.15</b>	<b>7,377.83</b>





**CACHET PHARMACEUTICALS PRIVATE LIMITED**  
**NOTE - 3: NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**3.34 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31 March 2017.**

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

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

Name of the KMP	Designation
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.) with whom transactions have taken place during the year:**

Samprada Singh, Premilata Singh, Sandeep Singh, Sarvesh Singh, Balmiki Prasad Singh, Nawal Kishore Singh, Anita Singh, Prerna Kumar, Sakshi Sinha

Entities in which Key Management Personnel's 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. (w.e.f. 27 <sup>th</sup> 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 Pharamanetwork, LLC (wholly owned subsidiary of S & B holdings B.V.)	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 Pharma Network, LLP	Kazakhstan
Ascend Laboatories, LLC (wholly owned by The Pharma Network, LLP)	United States of America
Ascend Laboratories (UK) Ltd.	United Kingdom
Enzene Biosciences Ltd.	India
Indchemie Health Specialities Pvt. Ltd.	India



# B. Details of Transactions with Related Parties

Sr. No.	Particulars	Year ended 31 March 2017					(Rs. in Lakhs)
		Key Management Personnel	Relatives of Key Management Personnel	Holding Company	Fellow Subsidiaries	Total	
		A	B	C	D		
1	Director Remuneration	51.47				51.47	
		(51.47)				(51.47)	
2	Director Sitting Fees	0.95				0.95	
		(0.65)				(0.65)	
3	Interest expense on loans taken	48.98				48.98	
		(8.59)				(8.59)	
4	Loans Repaid	330.26				330.26	
		-				-	
5	Loans Taken	225.00				225.00	
		(600)				(600)	
6	Purchase of Finished Goods	-	16.41	317.38	56.77	390.56	
				(287.27)	(123.02)	(410.29)	
7	Sale of Finished Goods			5,285.02		5,285.02	
				(7365.48)		(7365.48)	
8	Sale of Raw & Packing Material		0.01	10.13	-	10.14	
			(0.29)	(12.34)	(0.08)	(12.71)	
9	Purchase of Raw & Packing Material			0.64		0.64	
				(4.29)		(4.29)	
10	Rendering of Services			495.70		495.70	
				(498.83)		(498.83)	
11	Payment of Rent			36.93		36.93	
				(36.61)		(36.61)	
12	Purchase of Gas			-		-	
				(4.02)		(4.02)	
13	Reimbursement of Expenses			51.10	-	51.10	
				(26.18)	(0.06)	(26.24)	
		656.65	16.43	6,196.89	56.77	6,926.74	

# C. Key management personnel compensation

Key management personnel compensation comprised the following :

Particulars	Year ended 31 March 2017	Year ended 31 March 2016	(Rs. in Lakhs)
Short term employee benefits	52.42	52.12	
Post-employment benefits	19.80	19.80	
Other long-term benefits	-	-	

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

Sr. No.	Particulars	As at 31 March, 2017					(Rs. in Lakhs)
		Key Management Personnel	Relatives of Key Management Personnel	Holding Company	Fellow Subsidiaries	Total	
1	Security Deposit Receivable	-	-	5.00	-	5.00	
2	Outstanding Receivable	-	-	217.10	-	217.10	
3	Outstanding Payable	502.5	16.40	-	24.14	543.02	

Sr. No.	Particulars	As at 31 March, 2016					(Rs. in Lakhs)
		Key Management Personnel	Relatives of Key Management Personnel	Holding Company	Fellow Subsidiaries	Total	
1	Security Deposit Receivable	-	-	5.00	-	5.00	
2	Outstanding Receivable	-	0.08	87.90	-	87.98	
3	Outstanding Payable	259.36	-	-	29.44	288.80	

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.

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



**CACHET PHARMACEUTICALS PRIVATE LIMITED**  
**NOTE - 3: NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**3.35 Payment to auditors (excluding service tax)**

Particulars	(Rs. in Lakhs)	
	Year ended 31 March 2017	Year ended 31 March 2016
<b>As Auditor</b>		
Audit fees	6.00	6.00
Tax audit fees	4.00	4.00
<b>Total</b>	<b>10.00</b>	<b>10.00</b>

**3.36 Disclosure On Specified Bank Notes ( SBNS )**

During the year the company had specified bank notes or other denomination note as defined in the MCA notification G.S.R.308 (E) dated march 31, 2017 on the details of Specified Bank Notes ( SBN ) held and transacted during the period from November 08,2016 to December 30, 2016. The denomination wise SBNS and other notes as per the notification is given below :-

Particulars	(in Rs.)		
	Specified Bank Notes	Other denomination Notes	Total
Closing cash in hand as on November 08, 2016.	2,83,500	19,84,921	22,68,421
(+) Permitted receipts	-	29,80,584	29,80,584
(-) Permitted payments	-	26,87,019	26,87,019
(-) Amount deposited in Banks	2,83,500	-	2,83,500
<b>Closing cash in hand as on December 30, 2016.</b>	<b>-</b>	<b>22,78,486</b>	<b>22,78,486</b>

For the purposes of this clause, the term ' Specified Bank Notes ' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O.3407 (E), dated the 8 th November, 2016.



**CACHET PHARMACEUTICALS PRIVATE LIMITED**

**NOTE - 3: NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**3.37 Financial Instruments – Fair values and risk management**  
**A Accounting classification and fair values**

Particulars	As at 31st March 2017 (Rs. in Lakhs)							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents			413.87	413.87				-
Other Bank Balances			8.42	8.42				-
Non-current investments			1.15	1.15				-
Current investments			-	-				-
Long-term loans and advances			330.30	330.30				-
Short-term loans and advances			-	-				-
Trade and other receivables			4,957.48	4,957.48				-
Other Non-current financial asset			-	-				-
Other Current financial asset			2.48	2.48				-
	-	-	5,713.69	5,713.69	-	-	-	-
<b>Financial liabilities</b>								
Long term borrowings (Including current maturity of Long term borrowings)			2,677.03	2,677.03				-
Short term borrowings			2,765.02	2,765.02				-
Trade and other payables			5,689.57	5,689.57				-
Other Non-Current financial liabilities			-	-				-
Other Current financial liabilities			1,399.57	1,399.57				-
	-	-	12,531.19	12,531.19	-	-	-	-

Particulars	As at 31st March 2016 (Rs. in Lakhs)							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents			874.66	874.66				-
Other Bank Balances			2.10	2.10				-
Non-current investments			1.15	1.15				-
Current investments			-	-				-
Long-term loans and advances			277.12	277.12				-
Short-term loans and advances			-	-				-
Trade and other receivables			5,426.90	5,426.90				-
Other Non-current financial asset			-	-				-
Other Current financial asset			2.17	2.17				-
	-	-	6,584.10	6,584.10	-	-	-	-
<b>Financial liabilities</b>								
Long term borrowings (Including current maturity of Long term borrowings)			1,601.86	1,601.86				-
Short term borrowings			2,341.42	2,341.42				-
Trade and other payables			5,059.95	5,059.95				-
Other Non-Current financial liabilities			-	-				-
Other Current financial liabilities			1,401.55	1,401.55				-
	-	-	10,404.77	10,404.77	-	-	-	-



Particulars	As at 1st April 2015							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amotised Cost	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Cash and cash equivalents			880.22	880.22				-
Other Bank Balances			2.10	2.10				-
Non-current investments			1.15	1.15		0.17		0.17
Current investments			-	-				-
Long-term loans and advances			372.37	372.37				-
Short-term loans and advances			-	-				-
Trade and other receivables			4,453.78	4,453.78				-
Other Non-current financial asset			-	-				-
Other Current financial asset			2.12	2.12				-
	-	-	<b>5,711.74</b>	<b>5,711.74</b>	-	<b>0.17</b>	-	<b>0.17</b>
<b>Financial liabilities</b>								
Long term borrowings (Including current maturity of Long term borrowings)			499.51	499.51				-
Short term borrowings			1,510.78	1,510.78				-
Trade and other payables			6,797.16	6,797.16				-
Other Non-Current financial liabilities			-	-				-
Other Current financial liabilities			1,021.29	1,021.29				-
	-	-	<b>9,828.74</b>	<b>9,828.74</b>	-	-	-	-

#### I. Risk management framework

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

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.



# CACHET PHARMACEUTICALS PRIVATE LIMITED

## NOTE - 3: NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

### 3.38 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, 2017, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows.

Particulars	(Rs. In Lakhs)	
	March 31, 2017	March 31, 2016
India	4,431.24	4,717.61
Other regions	526.24	709.29
	4,957.48	5,426.90

At March 31, 2017, the Company had exposure to only one type of counter party.

At March 31, 2017, the Company did not have any significant customer. No single customer's balance was more than 10% of the total receivables.

#### Impairment

At March 31, 2017, the ageing of trade and other receivables that were not impaired was as follows.

Particulars	(Rs. In Lakhs)	
	March 31, 2017	March 31, 2016
Neither past due nor impaired	2,014.81	2,140.01
Past due 1-180 days	452.56	257.85
Past due more than 180 days	-	-
	2,467.37	2,397.86

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

Particulars	(Rs. In Lakhs)			
	31 March 2017		31 March 2016	
	Individual impairments	Collective impairments	Individual impairments	Collective impairments
Balance as at beginning of the year	158.64	219.86	23.92	179.95
Impairment loss recognised	-	39.28	134.72	39.91
Amounts written off	-	-	-	-
Balance at the end of the year	158.64	259.15	158.64	219.86



# CACHET PHARMACEUTICALS PRIVATE LIMITED

## NOTE - 3: NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

### 3.39 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.

March 31, 2017	Carrying amount	Contractual cash flows					
		(Rs. in Lakhs)					
		Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Rupee term loans from banks	2,241.34	2,241.34	32.81	137.51	140.77	860	1,070.57
Working capital loans from banks	3,478.04	3,478.04	3,478.04	-	-	-	-
Trade and other payables	5,689.57	5,689.57	5,689.57	-	-	-	-
Other financial liabilities	43.65	43.66	6.31	27.54	9.81	-	-

March 31, 2016	Carrying amount	Contractual cash flows					
		(Rs. in Lakhs)					
		Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
<b>Non-derivative financial liabilities</b>							
Rupee term loans from banks	936.27	936.27	39.48	678.99	217.81	-	-
Working capital loans from banks	3,333.08	3,333.08	3,333.08	-	-	-	-
Trade and other payables	5,059.95	5,059.95	5,059.95	-	-	-	-
Other financial liabilities	68.80	68.80	8.55	35.58	24.66	-	-



# CACHET PHARMACEUTICALS PRIVATE LIMITED

## NOTE - 3: NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

### 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 borrowings, other payables, receivables and loans and advances 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 March 31, 2017, March 31, 2016 and April 1, 2015 are as below:

Particulars	March 31 2017 EURO	March 31 2017 USD
<b>Financial assets</b>		
Trade and other receivables	56,009.15	8,19,874
	56,009.15	8,19,874
<b>Financial liabilities</b>		
	-	-
	-	-
<b>Net Financial Asset/(Liabilities)</b>	<b>56,009</b>	<b>8,19,874</b>

Particulars	March 31 2016 EURO	March 31 2016 USD
<b>Financial assets</b>		
Trade and other receivables	76,801.20	9,69,976.60
	76,801.20	9,69,976.60
<b>Financial liabilities</b>		
	-	-
	-	-
<b>Net Financial Asset/(Liabilities)</b>	<b>76,801.20</b>	<b>9,69,976.60</b>

Particulars	April 1, 2015 EURO	April 1, 2015 USD
<b>Financial assets</b>		
Trade and other receivables	1,39,924.75	10,67,303.79
	1,39,924.75	10,67,303.79
<b>Financial liabilities</b>		
	-	-
	-	-
<b>Net Financial Asset/(Liabilities)</b>	<b>1,39,924.75</b>	<b>10,67,303.79</b>

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

	Average rate		Year-end spot rate		
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016	April 1, 2015
INR					
EURO	-	-	69.25	75.10	67.51
USD	-	-	64.84	66.33	62.59





### Sensitivity analysis

A reasonably possible strengthening (weakening) of the Indian Rupee against various foreign currencies at March 31 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	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2017				
10% movement				
EURO	3.88	(3.88)	2.68	(2.68)
USD	53.16	(53.16)	36.73	(36.73)
	<b>57.04</b>	<b>(57.04)</b>	<b>39.41</b>	<b>(39.41)</b>

Effect in INR	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
March 31, 2016				
10% movement				
EURO	5.77	(5.77)	3.86	(3.86)
USD	64.34	(64.34)	43.07	(43.07)
	<b>70.11</b>	<b>(70.11)</b>	<b>46.93</b>	<b>(46.93)</b>



**CACHET PHARMACEUTICALS PRIVATE LIMITED**

**NOTE - 3: NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)**

**3.41 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	
	March 31, 2017	March 31, 2016
<b>Fixed-rate instruments</b>		
Financial assets	547.15	1,032.12
Financial liabilities	5,371.89	3,840.72
	(4,824.74)	(2,808.60)
<b>Variable-rate instruments</b>		
Financial liabilities	(391.14)	(497.43)
<b>Total</b>	<b>(5,215.87)</b>	<b>(3,306.03)</b>

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

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

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

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

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

INR	Profit or loss		Equity, net of tax	
	100 bp Increase	100 bp decrease	100 bp Increase	100 bp decrease
<b>March 31, 2017</b>				
Variable-rate instruments	(3.91)	3.91	(2.70)	2.70
<b>Cash flow sensitivity (net)</b>	<b>(3.91)</b>	<b>3.91</b>	<b>(2.70)</b>	<b>2.70</b>
<b>March 31, 2016</b>				
Variable-rate instruments	(4.97)	4.97	(3.33)	3.33
<b>Cash flow sensitivity (net)</b>	<b>(4.97)</b>	<b>4.97</b>	<b>(3.33)</b>	<b>3.33</b>



**CACHET PHARMACEUTICALS PRIVATE LIMITED****NOTE - 3: NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)****3.42 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 March 31, 2017 was as follows.

Particulars	INR	
	As at March 31 2017	As at 1st April 2016
Total borrowings	5,763.04	4,338.15
Less : Cash and cash equivalent	413.87	874.66
Adjusted net debt	5,349.16	3,463.49
Total equity	5,450.15	3,393.92
Less : Hedging reserve	-	-
Adjusted equity	5,450.15	3,393.92
Adjusted net debt to adjusted equity ratio	0.98	1.02



## CACHET PHARMACEUTICALS PRIVATE LIMITED

### NOTE - 3: NOTES TO THE SEPARATE FINANCIAL STATEMENTS (Continued)

#### 3.43 First- time adoption of Ind AS

##### I. First-time adoption of Ind AS

The financial statements for the year ended March 31, 2016 have been prepared in accordance with Ind AS as issued and effective as at March 31, 2016. The Company's opening Ind AS balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. In preparing the opening balance sheet, the Company has applied the mandatory exceptions and certain optional exemptions from full retrospective application of Ind AS in accordance with the guidance in Ind AS 101 'First Time Adoption of Indian Accounting Standards'.

This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements to Ind AS, in the opening balance sheet as at April 1, 2015 and in the financial statements as at and for the year ended 31 March 2016.

##### II. Exemptions from retrospective application

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

##### a) Deemed cost for Property, Plant and Equipment (PPE), Intangible assets and investment property

The Company has elected to measure all the items of PPE and intangible assets at its previous GAAP carrying values which shall be the deemed cost as at the date of transition. As per FAQs issued by Accounting Standards Board (ASB) by Ind AS Transition Facilitation Group of Ind AS (IFRS) Implementation Committee of ICAI, deemed cost, is the amount used as a surrogate for the cost or depreciated cost and for the purpose of subsequent depreciation or amortisation, deemed cost becomes the cost as the starting point. Information regarding gross block of assets, accumulated depreciation and provision for impairment under Previous GAAP has been disclosed by way of a note forming part of the financial statements.

##### III. Exceptions from full retrospective application:

The mandatory exceptions either do not apply or are not relevant to the Company.



**CACHET PHARMACEUTICALS PRIVATE LIMITED**

**IV. Reconciliations under Ind AS 101**

**(i) Reconciliation of Equity as at 1 April 2015**

(Rs. In Lakhs)

Particulars	Note Ref.	Previous GAAP	Adjustments	IND AS
		As at April 1, 2015	As at April 1, 2015	As at April 1, 2015
<b>(1) ASSETS</b>				
<b>Non-Current Assets</b>				
(a) Property, Plant and Equipment		3,959.24	-	3,959.24
(b) Capital work-in-progress		22.52	-	22.52
(c) Other Intangible assets		115.43	-	115.43
(d) Financial Assets				
Investments		1.15	-	1.15
Loans		372.37	-	372.37
(e) Deferred tax assets (net)	(b)	22.82	23.10	45.91
(f) Other non current assets		151.76	-	151.76
<b>(2) Current Assets</b>				
(a) Inventories		3,347.69	-	3,347.69
(b) Financial Assets				
Investments				
Trade receivables	(a)	4,633.74	(179.95)	4,453.78
Cash and cash equivalents		880.22	-	880.22
Bank balances other than (iii) above		2.10	-	2.10
Loans		-	-	-
Others		2.12	-	2.12
(c) Current tax assets (net)		12.49	-	12.49
(d) Other current assets		273.57	-	273.57
<b>Total assets</b>		<b>13,797.21</b>	<b>(156.86)</b>	<b>13,640.36</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital		15.00	-	15.00
(b) Other Equity		3,159.96	(156.86)	3,003.10
<b>LIABILITIES</b>				
<b>(1) Non-current Liabilities</b>				
(a) Financial liabilities				
Long-term borrowings		499.51	-	499.51
(b) Deferred tax liabilities (net)		567.71	-	567.71
<b>(2) Current Liabilities</b>				
(a) Financial liabilities				
Borrowings		1,510.78	-	1,510.78
Trade payables		6,797.17	-	6,797.17
Other financial liabilities		1,021.29	-	1,021.29
(b) Other current liabilities		142.33	-	142.33
(c) Provisions		83.49	-	83.49
<b>Total equity and liabilities</b>		<b>13,797.21</b>	<b>(156.86)</b>	<b>13,640.36</b>

**(ii) Notes to reconciliation between Indian GAAP to Ind AS:**

**(a) Expected credit loss on domestic trade receivables:**

The Company has followed a simplified approach using a provision matrix for recognising expected credit loss on its domestic trade receivables. It has recognised a provision of Rs.(179.95) Lakhs with a corresponding loss being recognised in retained earnings.

**(b) Deferred tax**

The Company has recognised a deferred tax asset of Rs.23.10 Lakhs on the temporary differences arising on account of the above Ind AS adjustments



CACHET PHARMACEUTICALS PRIVATE LIMITED

(iii) Reconciliation of Equity as at 31 March 2016

(Rs. In Lakhs)

Particulars	Note Ref.	Previous GAAP	Adjustments	IND AS
		As at March 31, 2016	As at March 31, 2016	As at March 31, 2016
<b>ASSETS</b>				
(1) <b>Non-Current Assets</b>				
(a) Property, Plant and Equipment		3,684.53	-	3,684.53
(b) Capital work-in-progress		876.09	-	876.09
(c) Other Intangible assets		98.04	-	98.04
(d) Financial Assets				
Non-current Investments		1.15	-	1.15
Loans		277.12	-	277.12
(e) Deferred tax assets (net)	(b)	159.88	35.00	194.89
(i) Other non current assets		274.20	-	274.20
(2) <b>Current Assets</b>				
(a) Inventories		3,234.87	-	3,234.87
(b) Financial Assets				
Investments				
Trade receivables	(a)	5,646.77	(219.86)	5,426.90
Cash and cash equivalents		874.66	-	874.66
Bank balances other than (iii) above		2.10	-	2.10
Loans		-	-	-
Others		2.17	-	2.17
(c) Current tax assets (net)		12.49	-	12.49
(d) Other current assets		179.53	-	179.53
<b>Total assets</b>		<b>15,323.59</b>	<b>(184.86)</b>	<b>15,138.73</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
(a) Equity Share Capital		15.00	-	15.00
(b) Other Equity		3,563.78	(184.86)	3,378.92
<b>LIABILITIES</b>				
(1) <b>Non-current Liabilities</b>				
(a) Financial liabilities				
Borrowings		1,601.86	-	1,601.86
(b) Provisions		638.88	-	638.88
(2) <b>Current Liabilities</b>				
(a) Financial liabilities				
Borrowings		2,341.42	-	2,341.42
Trade payables		5,059.95	-	5,059.95
Other financial liabilities		1,401.55	-	1,401.55
(b) Other current liabilities		146.84	-	146.84
(c) Provisions		554.32	-	554.32
<b>Total equity and liabilities</b>		<b>15,323.59</b>	<b>(184.86)</b>	<b>15,138.73</b>

(iv) Notes to reconciliation between Indian GAAP to Ind AS:

(a) Expected credit loss on domestic trade receivables:

The Company has followed a simplified approach using a provision matrix for recognising expected credit loss on its domestic trade receivables. It has recognised a provision of Rs.(219.86) Lakhs with a corresponding loss being recognised in retained earnings.

(b) Deferred tax

The Company has recognised a deferred tax asset of Rs.35.00 Lakhs on the temporary differences arising on account of the above Ind AS adjustments



**CACHET PHARMACEUTICALS PRIVATE LIMITED**
**(v) Reconciliation of profit or loss for the year ended 31 March 2016**

(Rs. In Lakhs)

	Particulars	Notes	IGAAP	Adjustments	IND AS
			2015-16	2015-16	2015-16
I	Revenue from Operations		30,754.53	-	30,754.53
II	Other Income		627.32	-	627.32
III	<b>Total Income (I+II)</b>		<b>31,381.85</b>	<b>-</b>	<b>31,381.85</b>
IV	<b>EXPENSES</b>				
	Cost of materials consumed		9,037.88	-	9,037.88
	Purchase of stock in trade		9,080.82	-	9,080.82
	Changes in inventories of finished goods, work-in-progress and stock-in-trade		(263.47)	-	(263.47)
	Employee Benefits Expenses		5,710.94	(59.05)	5,651.89
	Depreciation and Amortization Expenses		423.20	-	423.20
	Other expenses		6,652.25	39.91	6,692.17
	<b>Total Expenses (IV)</b>		<b>30,641.62</b>	<b>(19.14)</b>	<b>30,622.49</b>
V	<b>Profit/(Loss) from Operations before other income, finance cost and exceptional items (III-IV)</b>		<b>740.23</b>	<b>19.14</b>	<b>759.37</b>
VI	Other Income		33.67	-	33.67
VII	<b>Profit / (Loss) from ordinary activities before finance costs and exceptional items (V+VI)</b>		<b>773.90</b>	<b>19.14</b>	<b>793.04</b>
VIII	Finance Costs		302.43	32.94	335.37
IX	<b>(Loss)/Profit before tax (VII-VIII)</b>		<b>471.47</b>	<b>(13.80)</b>	<b>457.66</b>
X	<b>Tax expenses</b>				
	Current tax		277.73	(0.00)	277.73
	Deferred tax	(a)	(201.90)	(3.44)	(205.34)
	Prior Period Tax Adjustment		(8.19)	-	(8.19)
XI	<b>Profit/(Loss) for the year (IX-X)</b>		<b>403.83</b>	<b>(10.37)</b>	<b>393.46</b>
XII	<b>Other Comprehensive Income</b>				
A	(i) Items that will not be reclassified to profit or loss	(b)		(26.11)	(26.11)
	Remeasurement of Defined Benefit Obligations				
	(ii) Income tax relating to items that will not be reclassified to profit or loss				
	Tax effect on remeasurement of Defined Benefit Obligations				
B	(i) Items that will be reclassified to profit or loss			8.47	8.47
	(ii) Income tax relating to items that will be reclassified to profit or loss				
	<b>Total Other Comprehensive Income (XII)</b>		<b>-</b>	<b>(17.64)</b>	<b>(17.64)</b>
XIII	<b>Total Comprehensive Income for the period (XI+XII) (Comprising profit/ (Loss) and Other Comprehensive Income for the period)</b>		<b>403.83</b>	<b>(28.00)</b>	<b>375.83</b>

**(vi) Notes to reconciliation between Indian GAAP to Ind AS:**
**(a) Deferred tax**

The Company has recognised a deferred tax expense of Rs.(3.44) Lakh on the temporary differences arising on account of the above Ind AS adjustments

**(b) Reclassification of Actuarial Gain/Loss on defined benefit plans**

An amount of Rs. (26.11) Lakh has been reclassified from employee benefit to other comprehensive income for Actuarial Gain/Loss on defined benefit plans.

**(c) Reclassification of period cost from employee benefit expense to finance cost**

The period cost of Rs. (32.94) Lakh on long term employee benefits has been reclassified from employee benefit expense to finance cost.



3.44 Previous year's figures have been regrouped wherever necessary to conform to this year's classification.

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



**R.S.Sanghal**  
Partner  
Membership No. 036931  
Mumbai  
Date : 23rd May, 2017



For and on behalf of the Board of Directors of  
**Cachet Pharmaceuticals Private Limited**  
CIN: U24230BR1978PTC001328



**S.K.Singh**  
Managing Director  
DIN No.00245703



**Arunkumar Deshmukh**  
Independent Director  
DIN No.07210367