



INDEPENDENT AUDITOR'S REPORT

To the Members of Cachet Pharmaceuticals Private Limited

Report on the Audit of the Financial Statements

Opinion

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

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

Basis for Opinion

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

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

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



Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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



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

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

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

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

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



Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable. In Annexure A.
2. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.
 - e) On the basis of the written representations received from the directors as on 31st March, 2019 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements. – Refer Note 3.30 to the financial.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.



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

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




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

Place of Signature:- Mumbai
Date: 27th May, 2019

Re: CACHET PHARMACEUTICALS PRIVATE LIMITED

"Annexure A" to the Independent Auditors' Report:

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

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



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

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

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

- viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowing to banks/financial institutions. The Company has not taken any loan from the government and has not issued any debentures.
- ix) Based upon the audit procedures performed and the information and explanations given by the management, the company has not raised moneys by way of initial public offer or further public offer including debt instruments and term Loans. Accordingly, the provisions of para 3(ix) of the Order are not applicable to the Company and hence not commented upon.



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

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



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

Place of Signature:- Mumbai
Date: 27th May, 2019

"Annexure B" to the Independent Auditor's Report

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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



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

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

Meaning of Internal Financial Controls with reference to financial statements

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

Inherent Limitations of Internal Financial Controls with reference to financial statements

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

Opinion

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



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

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



A handwritten signature in blue ink, appearing to read "R.S. SANGHAI", written over the circular stamp.

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

Place of Signature: - Mumbai
Date: 27th May, 2019

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

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



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

As per our Report attached of even date,

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

Chartered Accountants

Firm Reg No: 109094W

R.S.Sanghai

Partner

Membership No: 036931

Place: Mumbai

Dated: 27th May 2019



For & on behalf of the Board,

CACHET PHARMACEUTICALS PRIVATE LIMITED

CIN: U24230BR1978PTC001328

S.K.Singh

Managing Director

DIN : 00245703

Arunkumar Deshmukh

Independent Director

DIN No. 07210367

CACHET PHARMACEUTICALS PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

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



CACHET PHARMACEUTICALS PRIVATE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

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

As per our Report attached of even date,

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

Chartered Accountants

Firm Reg No: 109094W


R.S. Sanghai

Partner

Membership No: 036931

Place: Mumbai


Dated: 27th May 2019



For & on behalf of the Board,

CACHET PHARMACEUTICALS PRIVATE LIMITED

CIN:U24230BR1978PTC001328


S.K. Singh

Managing Director

DIN : 00245703


Arunkumar Deshmukh

Independent Director

DIN : 07210367

CACHET PHARMACEUTICALS PRIVATE LIMITED

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

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



CACHET PHARMACEUTICALS PRIVATE LIMITED

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

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

As per our Report attached of even date,

For R. S. SANGHAI & ASSOCIATES

Chartered Accountants

Firm Reg No: 109094W

R.S.Sanghai

Partner

Membership No: 036931

Place: Mumbai

Dated: 27th May, 2019



For & on behalf of the Board,

CACHET PHARMACEUTICALS PRIVATE LIMITED

CIN:U24230BR1978PTC001328

S.K.Singh

Managing Director

DIN : 00245703

Arunkumar Deshmukh

Independent Director

DIN No.07210367

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

(A) Equity share capital

(Rs in Lakhs)

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

(B) Other equity

(Rs in Lakhs)

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

Notes :

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

(a) Capital reserve

Capital reserve represents investment subsidies from state government.

(b) Securities premium

Securities premium represents premium on shares issued.

(c) General reserve

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

(d) Retained earning

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

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

R.S.Sanghai
Partner
Membership No: 036931
Place: Mumbai
Dated: 27th May, 2019



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

S.K.Singh
Managing Director
DIN : 00245703

Arunkumar Deshmukh
Independent Director
DIN No.07210367

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES:

1 Company overview and Significant Accounting policies

1A Company overview

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

1B Significant Accounting Policies:

1.1 Basis of preparation of Financial Statements:

a) Statement of Compliance

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

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

b) Basis of preparation & presentation

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

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

An asset is classified as current when it is:

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

A liability is classified as current when:

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

All other liabilities are classified as non-current.

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

c) Functional & presentation currency

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



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

i. Recognition and Measurement

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

ii. Subsequent expenditure

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

iii. Depreciation & amortisation

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

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

1.3 Intangible Assets:

I. Recognition and Measurement

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

II. Subsequent expenditure

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

III. Amortisation

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

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

Intangible Assets	Useful Life
Computer Software	5 Years

1.4 Impairment of non-financial assets:

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

1.5 Financial instruments

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

a) Financial Assets

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

The financial assets are classified in the following measurement categories:

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

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

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

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

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

i) Amortised Cost

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

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

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

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



ii) Financial assets at fair value through profit or loss

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

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

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

Impairment of Financial Assets

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

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

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

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

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

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

Interest income

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

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

Dividends

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

Cash and cash equivalents

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

b) Financial Liabilities

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

Classification

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

Initial recognition and measurement

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

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

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

c) Offsetting financial instruments

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

1.6 Equity instruments:

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

1.7 Inventories:

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



1.8 Revenue Recognition:

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

1.9 Foreign currency transactions:

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

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

1.10 Employee Benefits:

a) Post Employment Benefits and Other Long Term Benefits:

i) Defined Contribution Plan:

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

ii) Defined Benefit and Other Long Term Benefit Plans:

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

b) Short term Employee Benefits:

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



1.11 Taxes on Income:

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

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

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

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

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

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

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

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

1.12 Borrowing Costs:

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

1.13 Provision, Contingent Liabilities and Contingent Assets:

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

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



1.14 Earnings per share ('EPS'):

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

1.15 Government Grants:

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

1.16 Operating Leases:

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



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

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

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

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

a) Estimate of current and deferred tax

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

b) Recognition of deferred tax assets

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

c) Estimation of useful life

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

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

d) Provision for trade and other receivables

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



e) Provisions and contingent liabilities

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

f) Provision for Expected Sales Returns

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



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

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

PARTICULARS	Tangible assets							Intangible assets		(Rs. in Lakhs)
	Freehold Land	Leasehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Total	Computer Software	Total
At deemed cost										
As at 1st April 2017	173.56	408.42	3,872.25	3,500.18	208.16	304.95	88.96	8,556.49	132.26	132.26
Additions	-	-	1,691.09	411.94	48.94	83.12	26.83	2,261.91	5.61	5.61
Adjustments	-	-	-	-	-	-	-	-	-	-
Deletions	-	43.13	5.06	9.66	-	83.68	-	141.53	-	-
Reclassification to assets held for sale	-	-	-	-	-	-	-	-	-	-
As at 31st March 2018	173.56	365.29	5,558.28	3,902.46	257.10	304.39	115.79	10,676.87	137.87	137.87
At cost										
As at 1st April, 2018	173.56	365.29	5,558.28	3,902.46	257.10	304.39	115.79	10,676.87	137.87	137.87
Additions	-	-	87.39	115.06	13.26	203.51	21.83	441.05	16.09	16.09
Adjustments	-	-	-	-	-	-	-	-	-	-
Deletions	-	-	-	14.16	-	139.26	-	153.42	-	-
As at 31st March, 2019	173.56	365.29	5,645.67	4,003.36	270.36	368.64	137.62	10,964.50	153.96	153.96
Depreciation and Amortisation										
As at 1st April 2017	-	-	120.88	399.74	57.53	75.07	43.07	696.28	38.90	38.90
Depreciation/amortisation for the year	-	-	143.63	327.10	26.37	48.94	23.19	569.23	9.88	9.88
Adjustments	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	0.20	-	57.63	-	57.83	-	-
As at 31st March 2018	-	-	264.51	726.64	83.90	66.37	66.25	1,207.68	48.78	48.78
Depreciation and Amortisation										
As at 1st April, 2018	-	-	264.51	726.64	83.90	66.37	66.25	1,207.66	48.78	48.78
Depreciation/amortisation for the year	-	39.67	186.48	339.15	28.78	54.70	23.75	672.53	13.80	13.80
Adjustments	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	5.02	-	87.44	-	92.46	-	-
As at 31st March, 2019	-	39.67	450.99	1,060.77	112.68	33.63	90.00	1,787.73	62.58	62.58
Net Book Value										
As at 31st March, 2018	173.56	365.29	5,293.78	3,175.82	173.20	238.02	49.54	9,469.17	89.09	89.09
As at 31st March, 2019	173.56	325.62	5,194.69	2,942.59	157.68	335.01	47.62	9,176.76	91.38	91.38
										14.25



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



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

3.5 Tax expense

(A) Amounts recognised in profit and loss

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

(B) Amounts recognised in other comprehensive income

(Rs in Lakhs)

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

(C) Reconciliation of effective tax rate

(Rs in Lakhs)

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

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

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

(D) Tax assets

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



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

(Rs in Lakhs)

31st March, 2019

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

Movement in deferred tax assets & liabilities

(Rs in Lakhs)

31st March, 2018

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

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

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

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



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

CACHET PHARMACEUTICALS PRIVATE LIMITED

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

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

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

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

(b) Rights attached to Equity Shares:

The Company has only one class of equity shares with voting rights having a par value of Rs. 100/- per share. Each shareholder is eligible for one vote per share held.
In the event of liquidation of the Company, the shareholders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Details of holding company :

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

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

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



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

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

Notes:

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

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

3.16 : NON CURRENT PROVISIONS:

Provisions for Employee Benefits
 Gratuity (Refer Note 3.32)
 Compensated Leave

	668.05	617.93
	274.08	245.78
TOTAL	942.13	863.71

3.17 : OTHER NON CURRENT LIABILITIES:

Deferred Income on Government Grants (Refer Note 3.45)

	398.26	431.60
TOTAL	398.26	431.60



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

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

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



CACHET PHARMACEUTICALS PRIVATE LIMITED**NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019****3.30 Contingent Liabilities and Commitments****a) Contingent Liabilities not Provided For**

(Rs. in Lakhs)

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

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

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

b) Commitments

(Rs. in Lakhs)

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



3.31 Dues to Micro, Medium and Small enterprises

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

(Rs. in Lakhs)			
Sr. No.	Particulars	As at 31st March, 2019	As at 31st March, 2018
a	Principal amount remaining unpaid to any supplier as at the end of each accounting year	1,964.16	3,994.74
b	Interest due thereon	30.73	86.09
c	Amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	-	-
d	the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
e	the amount of interest accrued and remaining unpaid at the end of each accounting year	30.73	86.09
f	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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



CACHET PHARMACEUTICALS PRIVATE LIMITED
NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019
3.32 Disclosure of Employee Benefits as per Indian Accounting Standard 19 is as under:
i) Defined contribution plans:

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

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

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

ii) Defined benefit plan:

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

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

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

b) On death in service:

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

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

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

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

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



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

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

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

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

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

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

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



3.33 Earnings per share (EPS)

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

3.34 Disclosure As per Indian Accounting Standard 115 :

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

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

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

Provision for Anticipated Sales Return:

(Rs. In Lakhs)

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

3.36 Segment Reporting

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

Entity-wide disclosures

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

(Rs. in Lakhs)

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



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

A. List of related parties and their relationship

A Key Management Personnel (KMP) :

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

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

Entities in which Key Management Personnels and their relatives have significant influence and with whom transactions have taken place during the year ("Entities")
M/s Galpha Laboratories Ltd.

C Holding Company :

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

D Fellow Subsidiary Companies:

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

B. Details of Transactions with Related Parties

(Rs. in Lakhs)

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

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

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

C. Key management personnel compensation

Key management personnel compensation comprised the following :

Particulars	(Rs. in Lakhs)	
	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Short term employee benefits		
Post-employment benefits	61.36	52.56
	20.00	10.00

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

D. Balance due from / to the related Parties

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

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

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

3.38 Payment to auditors (excluding GST/Service tax)

Particulars	(Rs. in Lakhs)	
	For the year ended 31st March, 2019	For the year ended 31st March, 2018
As Auditor		
Audit fees		
Tax audit fees	9.00	9.00
Total	6.00	6.00
	15.00	15.00

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

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

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

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

i. Risk management framework

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

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

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

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

3.40 Financial instruments – Fair values and risk management

ii. Credit risk

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

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

Trade and other receivables

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

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

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

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

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

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

Impairment

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

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

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

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



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

3.41 Financial instruments – Fair values and risk management

iii. Liquidity risk

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

Exposure to liquidity risk

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

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

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



3.42 Financial instruments – Fair values and risk management

iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. We are exposed to market risk primarily related to foreign exchange rate risk. Thus, our exposure to market risk is a function of revenue generating and operating activities in foreign currency. The objective of market risk management is to avoid excessive exposure in our foreign currency revenues and costs.

Currency risk

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

Exposure to currency risk

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

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

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

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

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

Sensitivity analysis

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

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

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

3.43 Financial instruments – Fair values and risk management

Interest rate risk

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

Exposure to interest rate risk

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

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

Fair value sensitivity analysis for fixed-rate instruments

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

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

Cash flow sensitivity analysis for variable-rate instruments

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

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



CACHET PHARMACEUTICALS PRIVATE LIMITED**NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2019****3.44 Capital Management**

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

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

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

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

3.45 Government Grant

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

3.46 Recent Accounting Pronouncements**Ind AS 12 - Income Taxes****Appendix C, Uncertainty over Income Tax Treatments :**

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

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



Amendment to Ind AS 12 – Income taxes :

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

Ind AS 116, Leases

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

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

i. Leases in which the Company is a lessee

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

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

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

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

ii. Transition

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

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

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

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

Amendments to Ind AS 109 - Financial Instruments

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

