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, 2023, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Statement of Cash Flows for the year ended on that date and notes to the financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 (the "Act") 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, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2023, and its profit, total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing ("SA's") specified under section 143(10) of the Act. 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 Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

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

The Company's Management and Board of Directors are 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.

R. S. SANGHAI & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN - 109094W
MUMBAI

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

In preparing the financial statements, the management and Board of Directors are 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 management and Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The 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

R. S. SANGHAI & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN - 109094W
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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 Act, 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 and Board of Directors.

- Conclude on the appropriateness of Management's and Board of Directors 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.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

R. S. SANGHAI & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN - 109094W
MUMBAI

them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("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" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit, we report that:

   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.

   a) 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.

   b) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this Report are in agreement with the books of account.

   c) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act.

   d) On the basis of the written representations received from the directors as on 31st March, 2023 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164(2) of the Act.

   e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   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, 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, as amended, 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 3.32 to the financial statements.

R. S. SANGHAI & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN - 109094W
MUMBAI

ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

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

iv. (a) The Management has represented that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The Management has represented, that, to the best of its knowledge and belief, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (a) and (b) above, contain any material misstatement.

v. The company has not declared or paid any dividend during the year.

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

R. S. SANGHAI & ASSOCIATES CHARTERED ACCOUNTANTS FRN - 109094W MUMBAI

Ramashankar Sanghai Digitally signed by Ramashankar Sanghai Date: 2023.05.10 17:27:28 +05'30'

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

Place: Mumbai
Date: 10th May, 2023

UDIN No.	2	3	0	3	6	9	3	1	B	G	V	D	M	D	3	7	6	0

Re: CACHET PHARMACEUTICALS PRIVATE LIMITED

<u>"Annexure A" to the Independent Auditors' Report for the year ended 31st March, 2023</u>

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, 2023, we report that:

i. (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment;

(B) The Company has maintained proper records showing full particulars of Intangible Assets.

(b) The Property, Plant and Equipment 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 assets. Pursuant to the program, certain Property, Plant and Equipment were physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) Based on our examination of the property tax receipts and lease agreement for land on which building is constructed, registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title in respect of self-constructed buildings and title deeds of all other immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee), disclosed in the financial statements included under Property, Plant and Equipment are held in the name of the Company as at the balance sheet date.

(d) The Company has not revalued any of its Property, Plant and Equipment (including right-of-use assets) and intangible assets during the year and accordingly, requirements of para 3(i)(d) is not applicable and hence not commented upon.

(e) According to the information and explanations given to us and on the basis of our audit procedures, we report that no proceedings have been initiated or pending against the company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder against the Company.

ii. (a) According to the information and explanations given to us and on the basis of our audit procedures, we report that the management has conducted physical verification of inventory at reasonable intervals during the year which in our opinion is appropriate considering the size and the nature of business of the Company. The discrepancies noticed on such physical verification of inventory as compared to book records which has been properly dealt with in the books of account were not more than ten percent in aggregate for each class of inventory.

(b) The Company has not been sanctioned working capital limits in excess of five crore rupees in aggregate at any point of time during the year from banks or financial institutions on the basis of security of current assets. Hence, reporting requirement under para 3(ii)(b) of the order is not applicable.

R. S. SANGHAI & ASSOCIATES CHARTERED ACCOUNTANTS FRN - 109094W MUMBAI

iii. The Company has granted unsecured loans to its employees, during the year, in respect of which:

a) The Company has not given any loan or advance in the nature of loans to any other entity during the year, and hence reporting requirement under para 3(iii)(a) of the Order is not applicable.

b) In our opinion, the investments made and the terms and conditions of the grant of loans to employees, during the year are, prima facie, not prejudicial to the Company's interest.

c) In respect of loans granted by the Company to its employees, the schedule of repayment of principal and payment of interest has been stipulated and the repayments of principal amounts and receipts of interest are generally been regular as per stipulation.

d) In respect of loans granted by the Company to its employees, there is no overdue amount remaining outstanding as at the balance sheet date.

e) No loan granted by the Company which has fallen due during the year, has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same employees.

f) The Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment during the year. Hence, reporting requirement under para 3(iii)(f) of the order is not applicable.

The Company has not provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties.

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 securities, as applicable.

v. The Company has not accepted any deposit in the nature of deposit and amounts which are deemed to be deposits, as defined under the Companies (Acceptance of Deposits) Rules, 2014 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 are not applicable. According to the information and explanations given to us and on the basis of the audit procedures performed by us, we report that no order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.

vi. In respect of the Company, maintenance of Cost Records has been specified by the Central Government under sub-section (1) of Section 148 of the Act. We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act and we are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

R. S. SANGHAI & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN - 109094W
MUMBAI

vii. (a) According to information and explanations given to us and on the basis of our audit procedures performed, we report that the Company is regular in depositing undisputed statutory dues including goods and services tax, employees' state insurance, income tax, duty of customs, cess and any other statutory dues to the appropriate authorities. No undisputed amount is payable in respect of the above as at 31st March, 2023, for a period of more than six months from the date on when they become payable. In case of provident fund, delays were noticed in few cases up to 562 days due to pending generation of Universal Account Number (UAN).

(b) Details of statutory dues referred to in sub clause (a) above which have not been deposited as on 31st March, 2023 on account of disputes, are given below -

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**
GST Act	Cenvat Credit	2.02	Nil	2017-18	Assistant Commissioner Central Goods and Service Tax
Custom Tax Act	Custom drawback recovery	24.31	Nil	01.04.2014 to 31.03.2018	Assistant Commissioner of Customs
Income Tax Act 1961	Income Tax	6.29	Nil	2011-12	Assessing Officer
Income Tax Act 1961	Income Tax	10.58	3.00	2014-15	Commissioner of Income Tax (Appeal)
Income Tax Act 1961	Income Tax	14.65	Nil	2015-16	Assessing Officer
Income Tax Act 1961	Income Tax	7.43	Nil	2020-21	Assessing Officer
Total		**65.28**	**3.00**		

viii. There were no transactions relating to previously unrecorded income that have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961).

ix. (a) According to information and explanations given to us and on the basis of our audit procedures performed, the Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(b) The Company is not declared as a wilful defaulter by any bank or financial institution or any other lender.

(c) The Company has not taken any term loan during the year and hence, reporting requirement under para 3(ix)(c) of the Order is not applicable.

(d) The company has not raised any funds on short term basis during the year and hence reporting requirement under para 3(ix)(d) is not applicable.

R. S. SANGHAI & ASSOCIATES CHARTERED ACCOUNTANTS FRN - 109094W MUMBAI

(e) The Company does not have any Subsidiary, Joint Venture or Associate companies and accordingly reporting requirement under para 3(ix)(e) is not applicable.

(f) The Company does not have any Subsidiary, Joint Venture or Associate companies and hence reporting requirement under para 3(ix)(f) of the Order is not applicable.

x. (a) The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year and hence reporting requirement under para 3(x)(a) of the Order is not applicable.

(b) During the year, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partly or optionally convertible) and hence reporting requirement under para 3(x)(b) of the Order is not applicable.

xi. (a) No fraud by the Company or on the Company has been noticed or reported during the year.

(b) No report under sub-section (12) of Section 143 of the Companies Act has been filed in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government, during the year and up to the date of this report.

(c) The requirements of establishing whistle blower mechanism is not applicable to the Company as per Section 177(9) of the Act, read with Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014. Hence, reporting requirement under para (xi)(c) of the Order is not applicable.

xii. The Company is not a Nidhi Company and hence reporting requirement under para (xii) of the Order is not applicable.

xiii. In our opinion, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 with respect to applicable transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv. (a) In our opinion, the Company has an adequate internal audit system commensurate with the size and the nature of its business.

(b) We have considered the internal audit reports for the year under audit, issued to the Company during the year and till date, in determining the nature, timing and extent of our audit procedures.

xv. The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence the provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. (a) In our opinion, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Hence, reporting requirements under para 3(xvi)(a), (b) and (c) of the Order are not applicable.

(b) In our opinion, there is no core investment company within the Group (as defined in the Core Investment Companies (Reserve Bank) Directions, 2016) and accordingly reporting requirement under para 3(xvi)(d) of the Order is not applicable.

R. S. SANGHAI & ASSOCIATES CHARTERED ACCOUNTANTS FRN - 109094W MUMBAI

xvii. The Company has not incurred any cash losses during the financial year covered by our audit and in the immediately preceding financial year.

xviii. There has been no resignation of the statutory auditors of the Company during the year.

xix. On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements and our knowledge of the Board of Directors and Management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report indicating that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

xx. (a) There are no unspent amounts towards Corporate Social Responsibility (CSR) on other than ongoing projects requiring a transfer to a Fund specified in Schedule VII to the Companies Act in compliance with second proviso to sub-section (5) of Section 135 of the said Act. Accordingly, reporting requirement under para 3(xx)(a) of the Order is not applicable for the year.

(b) There are no amount remaining unspent under sub-section (5) of section 135 of the Companies Act, pursuant to ongoing project and accordingly reporting requirement under para 3(xx)(b) of the Order is not applicable for the year.

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

R.S. SANGHAI & ASSOCIATES CHARTERED ACCOUNTANTS FRN - 109094W MUMBAI

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Date: 2023.05.10 17:28:13 +05'30'

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

Place: Mumbai
Date: 10th May, 2023

UDIN No.	2	3	0	3	6	9	3	1	B	G	V	D	M	D	3	7	6	0

Re: CACHET PHARMACEUTICALS PRIVATE LIMITED

<u>"Annexure B" to the Independent Auditors' Report for the year ended 31st March, 2023</u>

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") referred to in paragraph 2(f) under the heading 'Report on Other Legal & Regulatory Requirement' of our report of even date:

Opinion

We have audited the internal financial controls with reference to financial statements of **CACHET PHARMACEUTICALS PRIVATE LIMITED** ("the Company") as of 31st March, 2023, in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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 adequate 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, 2023, based on the internal control with reference to financial statements 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.

Management's Responsibility for Internal Financial Controls

The Company's management and Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal control with reference to financial statements 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 prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 were established and maintained and if such controls operated effectively in all material respects.

R. S. SANGHAI & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN - 109094W
MUMBAI

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.

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

R. S. SANGHAI & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN - 109094W
MUMBAI

Ramashankar Sanghai
Digitally signed by Ramashankar Sanghai
Date: 2023.05.10 17:28:48 +05'30'

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

Place: Mumbai
Date: 10th May, 2023

UDIN No.	2	3	0	3	6	9	3	1	B	G	V	D	M	D	3	7	6	0

CACHET PHARMACEUTICALS PRIVATE LIMITED
BALANCE SHEET AS AT 31ST MARCH 2023

	Particulars	Note No.	As at 31st March, 2023 Rs. in Lakhs	As at 31st March, 2022 Rs. in Lakhs
I.	**ASSETS**			
1	**Non-Current Assets**			
	(a) Property, plant and equipments	3.1	**2,502.01**	2,350.61
	(b) Capital work in progress	3.1	**149.53**	108.39
	(c) Intangible assets	3.1	**221.32**	128.32
	(d) Financial assets			
	(i) Investments	3.2	**1.15**	1.15
	(ii) Other non-current financial assets	3.3	**4,142.19**	4,113.81
	(e) Deferred tax assets (net)	3.4E	**582.20**	597.93
	(f) Non Current tax assets (Net)	3.4D	**186.21**	186.21
	(g) Other non-current assets	3.5	**81.94**	9.37
	Total Non-Current Assets		**7,866.55**	7,495.79
2	**Current Assets**			
	(a) Inventories	3.6	**2,889.02**	3,806.73
	(b) Financial assets			
	(i) Investments	3.7	**110.03**	-
	(ii) Trade receivables	3.8	**5,407.66**	5,088.59
	(iii) Cash and cash equivalents	3.9	**772.41**	581.54
	(iv) Bank balances other than (iii) above	3.10	**2,289.52**	1,201.00
	(v) Loans	3.11	**106.40**	120.44
	(vi) Other current financial assets	3.12	**120.81**	97.64
	(c) Other current assets	3.13	**1,143.83**	1,278.75
	Total Current Assets		**12,839.68**	12,174.69
	TOTAL ASSETS		**20,706.23**	19,670.48
II.	**EQUITY AND LIABILITIES**			
1	**Equity**			
	(a) Equity share capital	3.14	**17.83**	17.83
	(b) Other equity	3.15	**7,488.54**	6,155.73
	Total Equity		**7,506.37**	6,173.56
2	**Non-Current Liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	3.16	**-**	938.21
	(ii) Lease liabilities	3.17	**148.53**	65.98
	(b) Provisions	3.18	**1,278.13**	1,231.40
	Total Non-Current Liabilities		**1,426.66**	2,235.59
3	**Current Liabilities**			
	(a) Financial liabilities			
	(i) Borrowings	3.19	**2.75**	11.67
	(ii) Lease liabilities	3.20	**82.83**	71.69
	(iii) Trade payables	3.21		
	(a) Dues of micro and small enterprises		**318.50**	816.42
	(b) Dues of creditors other than micro and small enterprises		**5,463.78**	4,599.02
	(iv) Other current financial liabilities	3.22	**3,085.11**	2,930.09
	(b) Other current liabilities	3.23	**683.06**	775.51
	(c) Provisions	3.24	**2,117.28**	1,920.55
	(d) Current Tax Liabilities (Net)	3.4D	**19.89**	136.38
	Total Current Liabilities		**11,773.20**	11,261.33
	TOTAL EQUITY AND LIABILITIES		**20,706.23**	19,670.48
	Significant accounting policies	1		
	Key accounting judgements and estimates	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 & on behalf of the Board,
For R. S. SANGHAI & ASSOCIATES	**CACHET PHARMACEUTICALS PRIVATE LIMITED**
Chartered Accountants	CIN:U24230BR1978PTC001328
Firm Reg No: 109094W	

Ramashankar Sanghai Digitally signed by Ramashankar Sanghai Date: 2023.05.10 17:29:15 +05'30'

R. S. SANGHAI & ASSOCIATES CHARTERED ACCOUNTANTS FRN - 109094W MUMBAI

SATISH KUMAR SINGH Digitally signed by SATISH KUMAR SINGH Date: 2023.05.10 17:03:27 +05'30'

ARUN KUMAR DATTATRYA DESHMUKH Digitally signed by ARUN KUMAR DATTATRYA DESHMUKH Date: 2023.05.10 17:07:53 +05'30'

R.S.Sanghai	**S.K.Singh**	**Arunkumar Deshmukh**
Partner	Managing Director	Independent Director
Membership No: 036931	DIN : 00245703	DIN : 07210367
Place: Mumbai		
Date: 10th May, 2023		

CACHET PHARMACEUTICALS PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2023

Particulars	Note No.	For the year ended 31st March 2023	For the year ended 31st March 2022
		Rs. in Lakhs	Rs. in Lakhs
Income:			
Revenue from operations	3.25	**40,227.49**	43,080.72
Other income	3.26	**481.95**	312.64
Total Income		**40,709.44**	43,393.36
Expenses:			
Cost of materials consumed	3.27	**3,891.98**	4,878.88
Purchases of stock-in-trade		**17,346.57**	21,241.96
Changes in inventories of finished goods, work-in-progress and stock-in-trade	3.28	**832.06**	(858.56)
Employee benefits expense	3.29	**8,439.26**	8,384.54
Finance costs	3.30	**167.10**	154.37
Depreciation and amortization expense	3.1	**339.01**	375.68
Other expenses	3.31	**7,570.67**	7,373.23
Total Expenses		**38,586.65**	41,550.10
Profit/(loss) before exceptional items and tax		**2,122.79**	1,843.26
Exceptional item		**-**	-
Profit/(loss) before tax		**2,122.79**	1,843.26
Tax expense:	3.4A		
Current tax		**725.59**	787.37
Deferred tax (Net)		**23.94**	(20.11)
Prior Period Tax Adjustment		**16.00**	(25.06)
Total tax expense		**765.53**	742.20
Profit after tax		**1,357.26**	1,101.06
Other Comprehensive Income/(Loss)			
Items that will not be reclassified to profit or loss:			
- Remeasurements of defined benefit plans		**(32.67)**	(63.26)
- Tax on Remeasurements of defined benefit plans		**8.22**	18.42
Total of Other Comprehensive Income for the period, net of tax		**(24.45)**	(44.84)
Total Comprehensive Income for the period		**1,332.81**	1,056.22
Earnings per equity share (In Rs.)	3.35		
Basic		**7,610.51**	6,173.91
Diluted		**7,610.51**	6,173.91
Face Value of Equity Share (In Rs.)		**100.00**	100.00

Significant accounting policies	1
Key accounting judgements and estimates	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	For & on behalf of the Board, **CACHET PHARMACEUTICALS PRIVATE LIMITED** CIN:U24230BR1978PTC001328

Ramashankar Sanghai Digitally signed by Ramashankar Sanghai Date: 2023.05.10 17:29:40 +05'30'

R. S. SANGHAI & ASSOCIATES CHARTERED ACCOUNTANTS FRN - 109094W MUMBAI

SATISH KUMAR SINGH Digitally signed by SATISH KUMAR SINGH Date: 2023.05.10 17:04:24 +05'30'

ARUN KUMAR DATTATRYA DESHMUKH Digitally signed by ARUN KUMAR DATTATRYA DESHMUKH Date: 2023.05.10 17:08:32 +05'30'

R.S.Sanghai Partner Membership No: 036931 Place: Mumbai Date: 10th May, 2023	**S.K.Singh** Managing Director DIN : 00245703	**Arunkumar Deshmukh** Independent Director DIN : 07210367

CACHET PHARMACEUTICALS PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2023

A. Equity Share Capital

(1) Current reporting Period **(Rs. in Lakhs)**

Balance as at 31 March 2022	Changes in equity share capital during the current year	Balance as at 31 March 2023
17.83	-	17.83

(2) Previous reporting Period **(Rs. in Lakhs)**

Balance as at 31 March 2021	Changes in equity share capital during the current year	Balance as at 31 March 2022
17.83		17.83

B. Other equity

(1) Current Reporting period **(Rs. in Lakhs)**

Particulars	Reserves & surplus				Items of OCI	Total other equity
	Capital Reserve	Securities Premium	General reserve	Retained Earnings	Remeasurements of defined benefit plans	
Balance as at the 31 March 2022	31.00	2,496.70	2,500.00	1,262.88	(134.85)	**6,155.73**
Total comprehensive income for the year ended 31 March, 2023	-	-	-	1,357.26	(24.45)	**1,332.81**
Balance as at 31 March 2023	**31.00**	**2,496.70**	**2,500.00**	**2,620.14**	**(159.30)**	**7,488.54**

(2) Previous Reporting period **(Rs. in Lakhs)**

Particulars	Reserves & surplus				Items of OCI	Total other equity
	Capital Reserve	Securities Premium	General reserve	Retained Earnings	Remeasurements of defined benefit plans	
Balance as at the 31 March 2021	31.00	2,496.70	2,500.00	161.82	(90.01)	5,099.51
Total comprehensive income for the year ended 31 March, 2022	-	-	-	1,101.06	(44.84)	1,056.22
Balance as at 31 March 2022	**31.00**	**2,496.70**	**2,500.00**	**1,262.88**	**(134.85)**	**6,155.73**

Notes :

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 account

Securities premium represents premium on shares issued.

(c) General reserve

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

(d) Retained earning

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

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

Ramashankar Sanghai
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Date: 2023.05.10 17:30:04 +05'30'

R. S. SANGHAI & ASSOCIATES
CHARTERED ACCOUNTANTS
FRN - 109094W
MUMBAI

R. S. Sanghai
Partner
Membership No: 036931
Place: Mumbai
Date: 10th May, 2023

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

SATISH KUMAR SINGH
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Date: 2023.05.10 17:04:52 +05'30'

S. K. Singh
Managing Director
DIN : 00245703

ARUN KUMAR DATTATRYA DESHMUKH
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Date: 2023.05.10 17:09:00 +05'30'

Arunkumar Deshmukh
Independent Director
DIN No.07210367

CACHET PHARMACEUTICALS PRIVATE LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2023

	Particulars	For the year ended 31st March, 2023 Rs. in Lakhs	For the year ended 31st March, 2022 Rs. in Lakhs
A	**Cash flow from Operating Activities:**		
	Profit before tax	**2,122.79**	1,843.26
	Adjustments for:		
	Depreciation and amortisation	**339.01**	375.68
	Provision for gratuity and compensated absences	**87.21**	120.12
	Allowances for doubtful debts	**(158.38)**	(449.51)
	Provision for anticipated sales returns (net of right on refund of returned assets)	**195.54**	708.17
	(Gain)/ Loss on sale of property, plant and equipment	**(7.44)**	3.40
	Dividend income	**(0.23)**	(0.19)
	Interest income	**(329.22)**	(244.35)
	Interest expenses	**161.95**	148.78
	Unrealised foreign currency (gain)/loss on revaluation (net)	**(14.64)**	-
	Unrealised (gain)/loss on mutual fund revaluation (net)	**(0.02)**	-
	PPE written off	**-**	17.05
	Subtotal of adjustments	**273.78**	679.15
	Operating profit before working capital changes	**2,396.57**	2,522.41
	Changes in working capital:		
	(Increase)/ Decrease in trade receivables	**(146.05)**	615.98
	(Increase)/ Decrease in loans, other financial assets and other assets	**(10.45)**	(216.34)
	(Increase)/ Decrease in inventories	**917.71**	(826.00)
	Increase/ (Decrease) in trade payables and other liabilities	**429.40**	1,034.22
	Subtotal of adjustments	**1,190.61**	607.86
	Cash generated from operations	**3,587.18**	3,130.27
	Less: Income taxes paid (Net of refund)	**(858.08)**	(439.58)
	Net cash (used in)/ generated from operating activities	**2,729.10**	2,690.69
B	**Cash Flow from Investing Activities:**		
	Purchases of property, plant and equipments	**(468.69)**	(238.56)
	Sale of property, plant and equipments	**28.78**	9.59
	(Investments) made/ Redemption of bank deposits having maturity of more than 3 months	**(1,125.26)**	(2,342.55)
	(Investments) made/ Redemption of mutual funds - debt	**(110.00)**	-
	Dividend received	**0.23**	0.19
	Interest received	**329.22**	244.35
	Net cash (used in)/ generated from investing activities	**(1,345.72)**	(2,326.98)
C	**Cash Flow from Financing Activities:**		
	(Repayment) of/ Proceeds from non-current borrowings (net)	**(938.21)**	43.27
	(Repayment) of/ Proceeds from current borrowings (net)	**(8.91)**	(55.48)
	Repayment of lease liabilities	**(94.23)**	(83.94)
	Interest paid	**(151.16)**	(135.28)
	Net cash (used in)/ generated from financing activities	**(1,192.51)**	(231.43)
D	**Net increase/ (decrease) in cash and cash equivalents (A+B+C)**	**190.87**	132.28
E	Cash and cash equivalents as at the beginning of the year (Refer note 3.9)	**581.54**	449.26
F	Cash and cash equivalents as at the end of the year (D+E) (Refer note 3.9)	**772.41**	581.54

Notes:
1. Cash & Cash Equivalents include cash and Bank Balances in Current Accounts and in Deposit Accounts (Refer Note 3.9 of the notes to financial statements).
2. Additions to Property, plant and equipments (Including Capital Work In Progress) are considered as a part of investing activities.
3. Interest Income on Bank Deposits is classified as cash flow from Investing Activities.
4. Above Cash Flow Statements is prepared under the "Indirect Method" as set out in Indian Accounting Standard 7 (IND AS-7) "Statement of Cash Flow".
5. Previous year's figures have been regrouped or rearranged wherever necessary.

CACHET PHARMACEUTICALS PRIVATE LIMITED
STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31ST MARCH, 2023

Significant accounting policies	1
Key accounting judgements and estimates	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 & on behalf of the Board,	
For R. S. SANGHAI & ASSOCIATES	**CACHET PHARMACEUTICALS PRIVATE LIMITED**	
Chartered Accountants	CIN:U24230BR1978PTC001328	
Firm Reg No: 109094W		
Ramashankar Sanghai Digitally signed by Ramashankar Sanghai Date: 2023.05.10 17:30:28 +05'30'	SATISH KUMAR SINGH Digitally signed by SATISH KUMAR SINGH Date: 2023.05.10 17:05:20 +05'30'	ARUN KUMAR DATTATRYA DESHMUKH Digitally signed by ARUN KUMAR DATTATRYA DESHMUKH Date: 2023.05.10 17:09:31 +05'30'
R. S. SANGHAI & ASSOCIATES CHARTERED ACCOUNTANTS FRN - 109094W MUMBAI		
R. S. Sanghai	**S. K. Singh**	**Arunkumar Deshmukh**
Partner	Managing Director	Independent Director
Membership No: 036931	DIN : 00245703	DIN : 07210367
Place: Mumbai		
Date: 10th May, 2023		

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 Exhibition Road, P.S. Gandhi Maidan, Patna - 800001, India. The Company is engaged in manufacture and sale of pharmaceuticals 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, 2023 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 (as amended) and the relevant provisions of the Act.

The financial statements are prepared in Indian rupees rounded off to the nearest lakhs except for EPS (Earnings per share), unless otherwise stated.

The financial statements are authorised for issue by the Board of Directors of the Company at its meeting held on May 10, 2023.

b) Basis of preparation and 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:

i) Expected to be realised or intended to sold or consumed in normal operating cycle,
ii) Held primarily for the purpose of trading,
iii) Expected to be realised within twelve months after the reporting period, or
iv) 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:

i) It is expected to be settled in normal operating cycle,
ii) It is held primarily for the purpose of trading,
iii) It is due to be settled within twelve months after the reporting period
iv) 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) Basis of measurement

These financial statements are prepared under historical cost convention except for provision for defined benefit obligations and certain financial instruments measured at fair value at the end of each reporting period as explained in the accounting policies below.

d) Functional and presentation currency

These 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 the Company operates.

1.2 <u>Property, plant and equipment ("PPE"):</u>

a) Recognition and Measurement

i) 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 assets up to the date the asset is ready for its intended use incurred up to that date.

ii) Any gain or loss on disposal of an item of property, plant and equipment is recognised in the statement of profit and loss.

iii) 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".

b) 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.

c) Depreciation

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 residual values, useful lives and method of depreciation of PPE is reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on additions/ disposals is provided on a pro-rata basis i.e. from/ up to the date on which an asset is ready to use/ disposed of. Freehold land is not depreciated.

The carrying amount of the PPE as on 1st April, 2014 is depreciated over the remaining useful life.

PPE	Useful life
Factory Buildings	30 years
Office Buildings	60 years
Plant and machinery	15 years
Furniture and fixtures	10 years
Computers	3 years
Servers & Networks	6 years
Vehicles	8 years
Other office equipment's	5 years

1.3 <u>Intangible assets:</u>

a) 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.

b) 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 and loss as incurred.

c) 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 lives, and is generally recognised in the Statement of profit and loss. The estimated useful lives for current and comparative periods are as follows:

Intangible assets	**Useful life**
Computer software	5 Years
Right of use assets	Over the period of lease

1.4 <u>Impairment of non-financial assets:</u>

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. 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 CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.5 <u>Leases:</u>

The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:
(i) the contract involves the use of an identified asset;
(ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and
(iii) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability or all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend the lease before the end of the lease term, but the renewal aspect has not been added to the lease term since the option to renew the lease lies with both the lessor and the lessee.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using discount rates generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet.

1.6 <u>Financial instruments:</u>

Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. However, trade receivables that do not contain a significant financing component are measured at transaction price.

Classification and subsequent measurement

<u>Financial Assets</u>

On initial recognition, a financial asset is classified as measured at
• Amortised cost;
• Fair value through Other Comprehensive Income (FVOCI) - Debt investment;
• Fair value through Other Comprehensive Income (FVOCI) - Equity investment; or
• Fair value through Profit and Loss (FVTPL)

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:
• the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:
• the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI – equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:
• the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
• how the performance of the portfolio is evaluated and reported to the Company's management;
• the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
• how managers of the business are compensated -e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

• the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for de-recognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making this assessment, Company considers:
• contingent events that would change the amount or timing of cash flows;
• terms that may adjust the contractual coupon rate, including variable interest rate features;
• prepayment and extension features; and
• terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: subsequent measurement and gains and losses

i) **Financial assets at FVTPL**
These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

ii) **Financial assets at amortised cost**
These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on de-recognition is recognised in profit or loss.

iii) **Debt investments at FVOCI**
These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On de-recognition, gains and losses accumulated in OCI are reclassified to profit or loss.

iv) **Equity investments at FVOCI**
These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

Financial Liabilities

Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or loss on de-recognition is also recognized in profit or loss.

De-recognition

Financial assets

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership but does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Company also derecognises a financial liability when its terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to offset the amounts and it intends either to settle them on a net basis or to realise the asset and liability simultaneously.

1.7 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.

1.8 Inventories:

a) Raw Materials and Packing Materials are valued at lower of cost or net realizable value. However, if the finished goods in which they will be incorporated are expected to be sold at or above cost they are valued at cost. If the decline in price of materials indicate that the cost of finished goods exceeds net realisable value, the materials are written down to net realisable value; cost is calculated on moving weighted average basis.

b) Finished Goods and Work–in–Progress are valued at lower of cost (on moving weighted average basis) and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities and other overheads. Trading Goods are valued at lower of cost (on moving 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 estimated costs of completion and the estimated costs necessary to make the sale.

1.9 Revenue recognition and measurement:

a) Revenue from sale of goods is recognized when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Group as part of the contract. Accumulated experience is used to estimate the provision for discounts, probable saleable and non-saleable return of goods from the customers. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

b) Income from services rendered is recognised based on agreements/ arrangements with the customers as the service is performed and there are no unfulfilled obligations.

c) 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.

d) Interest income is recognized using the effective interest rate (EIR) method.

e) Dividend from investment is recognised as revenue when right to receive the payments is established.

f) Royalty income 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).

Assets and liabilities arising from right to return:
The Company has contracts with customers which entitles them the unconditional right to return.

Right to return assets:
A right of return gives an entity a contractual right to recover the goods from a customer (return asset), if the customer exercises its option to return the goods and obtain a refund. The asset is measured at the carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods.

Refund liabilities:
A refund liability is the obligation to refund part or all of the consideration received (or receivable) from the customer. The Company has therefore recognised refund liabilities in respect of customer's right to return. The liability is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimate of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period.

The Company has presented its right to return assets and refund liabilities as required under Ind AS 115 in the financial statements.

1.10 Foreign currencies:

Foreign currency transactions and translations
Transactions in foreign currencies are translated into the functional currency of the Company at the exchange rates at the dates of the transactions.

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

1.11 Employee Benefits:

a) Post-employment Benefits and Other Long-Term Benefits:

i) Defined Contribution Plan:
Company's contribution for the year paid/ payable to defined contribution retirement benefit schemes are charged to Statement of profit and loss. The Company's contributions towards 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 for gratuity. In respect of compensated absences, actuarial gains/losses, if any, are recognised immediately in the Statement of Profit and Loss. 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.

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. These benefits includes performance incentives.

1.12 <u>Taxes on Income:</u>

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

a) Current tax

Current tax comprises the expected payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to the income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

Minimum Alternate Tax (MAT) under the provision of Income Tax Act, 1961 is recognized as current tax in the Statement of Profit and Loss. The credit available under the Act in respect of MAT paid is recognised as an asset only when and to the extent there is reasonable evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists. Minimum Alternate Tax (MAT) Credit are in the form of unused tax credits that are carried forward by the Company for a specified period of time, hence, it is presented as Deferred Tax Asset.

b) Deferred tax

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes. Deferred tax is also recognised in respect of carried forward tax losses and tax credits. However, deferred tax is not recognised:

• in case of temporary differences that arise from initial recognition of assets or liabilities in a transaction (other than business combination) that affect neither the taxable profit nor the accounting profit

• in case of temporary differences if any that may arise from initial recognition of goodwill, deferred tax liabilities are not recognised

• in case of temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Company recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

1.13 <u>Borrowing Costs:</u>

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those tangible fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred.

1.14 Provision, Contingent Liabilities and Contingent Assets:

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

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

1.15 Earnings per share ('EPS'):

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

1.16 Government Grants:

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

1.17 Non-current assets held for sale:

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

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

1.18 Cash and cash equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

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

The preparation of financial statements in conformity with the Ind AS requires judgements, estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements, the reported amounts of revenues and expenses during the reporting period and the disclosures relating to contingent liabilities as of the date of the financial statements. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in outcomes different from the estimates. Difference between actual results and estimates are recognised in the period in which the results are known or materialise. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.

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 1B 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.

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

b) Recognition of deferred tax assets

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

c) Estimation of useful life

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

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

d) Provision for trade and other receivables

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

e) Provisions and contingent liabilities

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

f) Defined Benefit Plans:

The cost of the defined benefit gratuity plan and other post-employment benefits and present value of the gratuity obligation are determined using actuarial valuation. An actuarial valuation involves making various assumptions that may differ from actual development in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

g) 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 scientific basis after factoring in the historical data of such returns and its trend.

CACHET PHARMACEUTICALS PRIVATE LIMITED
NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

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

(Rs. in Lakhs)

Particulars	Property, plant and equipment							Intangible assets			Capital work in progress
	Freehold Land	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Total	Computer Software	Right of use assets	Total	
Gross Block											
As at 1st April 2021	154.26	1,331.03	1,567.99	105.91	337.53	66.74	**3,563.46**	153.39	340.33	**493.72**	-
Additions	-	-	26.37	1.00	67.84	28.11	**123.32**	6.85	-	**6.85**	108.39
Adjustments	-	-	(22.03)	-	(58.46)	-	**(80.49)**	(0.73)	-	**(0.73)**	-
Deletions	-	-	(0.20)	-	(24.33)	(0.33)	**(24.86)**	-	-	**-**	-
As at 31st March 2022	**154.26**	**1,331.03**	**1,572.13**	**106.91**	**322.58**	**94.52**	**3,581.43**	**159.51**	**340.33**	**499.84**	**108.39**
As at 1st April, 2022	154.26	1,331.03	1,572.13	106.91	322.58	94.52	**3,581.43**	159.51	340.33	**499.84**	**108.39**
Additions	-	9.79	332.76	5.24	54.57	25.13	**427.49**	0.12	177.13	**177.25**	324.98
Adjustments	-	-	8.30	-	-	-	**8.30**	-	-	**-**	-
Deletions	-	-	(63.56)	-	(44.25)	(3.51)	**(111.32)**	-	(132.96)	**(132.96)**	(283.84)
As at 31st March, 2023	**154.26**	**1,340.82**	**1,849.63**	**112.15**	**332.90**	**116.14**	**3,905.90**	**159.63**	**384.50**	**544.13**	**149.53**
Depreciation and amortisation											
As at 1st April 2021	-	174.39	744.88	64.03	55.63	25.23	**1,064.16**	86.89	151.63	**238.53**	-
Depreciation/amortisation for the year	-	53.82	106.41	9.97	54.13	17.72	**242.05**	63.48	70.15	**133.63**	-
Adjustments	-	-	(19.48)	0.00	(44.05)	-	**(63.53)**	-	-	**-**	-
Deductions	-	-	(0.15)	-	(11.40)	(0.31)	**(11.86)**	(0.63)	-	**(0.63)**	-
As at 31st March 2022	**-**	**228.21**	**831.66**	**74.00**	**54.31**	**42.64**	**1,230.82**	**149.74**	**221.78**	**371.52**	**-**
As at 1st April, 2022	-	228.21	831.66	74.00	54.31	42.64	**1,230.82**	149.74	221.78	**371.52**	**-**
Depreciation/amortisation for the year	-	53.48	117.77	8.27	53.18	22.06	**254.76**	6.63	77.62	**84.25**	-
Adjustments	-	-	8.30	-	-	-	**8.30**	-	-	**-**	-
Deductions	-	-	(55.51)	-	(31.16)	(3.32)	**(89.99)**	-	(132.96)	**(132.96)**	-
As at 31st March, 2023	**-**	**281.69**	**902.22**	**82.27**	**76.33**	**61.38**	**1,403.89**	**156.37**	**166.44**	**322.81**	**-**
Net Book Value											
As at 31st March, 2022	154.26	1,102.82	740.46	32.91	268.27	51.88	2,350.61	9.77	118.55	128.32	108.39
As at 31st March, 2023	**154.26**	**1,059.13**	**947.41**	**29.88**	**256.57**	**54.76**	**2,502.01**	**3.26**	**218.06**	**221.32**	**149.53**

Note:Title deeds of all the immovable properties are in the name of the company.

CACHET PHARMACEUTICALS PRIVATE LIMITED
NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

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

Capital Work in Progress Schedule:

Ageing schedule as at 31st March, 2023

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	**149.53**	-	-	-	**149.53**
Projects temporarily suspended	-	-	-	-	-
Total	**149.53**	**-**	**-**	**-**	**149.53**

Completion schedule as at 31st March, 2023

CWIP	To be completed in				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	
Plant & machinery under installation in Factory	**149.53**	-	-	-	**149.53**
Furniture under construction at Depot	**-**	-	-	-	-
Total	**149.53**	**-**	**-**	**-**	**149.53**

Ageing schedule as at 31st March, 2022

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	
Projects in Progress	108.39	-	-	-	108.39
Projects temporarily suspended	-	-	-	-	-
Total	108.39	-	-	-	108.39

Completion schedule as at 31st March, 2022

CWIP	To be completed in				Total
	Less than 1 year	1-2 Years	2-3 Years	More than 3 Years	
Plant & machinery under installation in Factory	106.96	-	-	-	106.96
Furniture under construction at Depot	1.43	-	-	-	1.43
Total	108.39	-	-	-	108.39

PARTICULARS	**As at 31st March, 2023**	As at 31st March, 2022
	Rs. in Lakhs	Rs. in Lakhs
3.2 : NON CURRENT INVESTMENTS:		
Unquoted:		
Investment in Equity shares:		
(at fair value through profit and loss)		
(a) 9,000 equity shares of Rs. 10/- each of Shivalik Solid Waste Management Limited	**0.90**	0.90
(b) 2,500 equity shares of Rs.10/- each of The Saraswat Co-operative Bank Limited	**0.25**	0.25
TOTAL	**1.15**	1.15
3.3 : OTHER NON CURRENT FINANCIAL ASSETS :		
(a) Security deposits	**51.91**	47.71
(b) Bank Deposits with maturity more than 12 months	**4,055.00**	4,018.26
(c) Interest on deposit accrued but not due	**35.28**	47.84
TOTAL	**4,142.19**	4,113.81
3.5 : OTHER NON-CURRENT ASSETS		
	81.94	9.37
Capital advances **TOTAL**	**81.94**	9.37

CACHET PHARMACEUTICALS PRIVATE LIMITED
NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023
3.4 Tax expense

(A) Amounts recognised in profit and loss **(Rs. in Lakhs)**

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
Current income tax	**725.59**	787.37
Deferred income tax liability / (asset), net		
Origination and reversal of temporary differences	**23.94**	(248.84)
Add/(Less): MAT credit utilisation/(entitlement)	**-**	228.73
Prior period tax adjustment	**16.00**	
Tax expense for the year	**765.53**	767.26

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

Particulars	For the year ended 31st March, 2023			For the year ended 31st March, 2022		
	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	**(32.67)**	**8.22**	**(24.45)**	(63.26)	18.42	(44.84)
	(32.67)	**8.22**	**(24.45)**	(63.26)	18.42	(44.84)

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

Particulars	(%)	For the year ended 31st March, 2023	(%)	For the year ended 31st March, 2022
Profit before tax		**2,122.79**		1,843.30
Tax using the Company's domestic tax rate (Current year: 25.17% and Previous year: 29.12%)	**25.17%**	**534.26**	29.12%	536.77
Impact of increase/ decrease in tax rate on opening balance of deferred tax assets/ liabilities	**3.82%**	**81.15**	0.00%	-
Tax effect of:				
Prior period tax adjustment	**0.75%**	**16.00**	0.00%	-
Expense/Income not deductible/included for tax purposes	**0.00%**	**-**	12.16%	224.12
Expenses disallowed under Income Tax Act	**6.32%**	**134.12**	-0.17%	(3.13)
Others	**0.00%**	**-**	0.52%	9.50
	36.06%	**765.53**	41.62%	767.26

The Company's weighted average tax rates for the years ended March 31, 2023 and March 31, 2022 were 25.17% and 29.12% respectively. Income tax expense was **Rs. 765.53** Lakhs for the year ended March 31, 2023, as compared to Rs. 767.26 Lakhs for the year ended March 31, 2022. The Company's effective tax rate for the year ended March 31, 2023 was **36.06%** (March 31, 2022: 41.62%).

(D) Tax assets/ (liabilities)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Non-current tax assets/ (Current tax liabilities)		
Non-Current Tax Assets	**186.21**	186.21
Current Tax Liabilities-Net of Income Tax Assets	**(19.89)**	(136.38)
	166.32	49.83

CACHET PHARMACEUTICALS PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

3.4 Tax expense

(E) Movement in deferred tax assets & liabilities

(Rs. in Lakhs)
31st March 2023

Particulars	Net balance April 1, 2022	Recognised in profit or loss	Recognised in OCI	Adjustment/ Utilisation	Net	Deferred tax asset	Deferred tax liability
Deferred tax liabilities							
Property, plant and equipment	(333.49)	58.06	-	-	(275.43)	-	(275.43)
Deferred tax assets							
Trade Receivable (Provision for doubtful debts)	163.66	(62.07)	-	-	101.59	101.59	-
Lease Liability-Lease Property	40.09	18.14	-	-	58.23	58.23	-
Right To Use-Lease Property	(34.52)	(20.36)	-	-	(54.88)	-	(54.88)
Employee benefits	454.56	(36.61)	8.22	-	426.17	426.17	-
Provision on anticipated sales return	488.71	(35.22)	-	-	453.49	453.49	-
Right on refund of returned assets	(181.09)	42.69	-	-	(138.40)	-	(138.40)
Provisions disallowed u/s 40a(ia)	-	11.43	-	-	11.43	11.43	-
Provision for security deposits	-	-	-	-	-	-	-
Provision for advances to employees	-	-	-	-	-	-	-
Deferred tax assets/ (liabilities)	**597.93**	**(23.94)**	**8.22**	**-**	**582.20**	**1,050.91**	**(468.71)**
Offsetting of deferred tax assets & deferred tax liabilities	**-**	**-**	**-**	**-**	**-**	**(468.71)**	**468.71**
Net deferred tax assets / (liabilities)	**597.93**	**(23.94)**	**8.22**	**-**	**582.20**	**582.20**	**-**

Movement in deferred tax assets & liabilities

(Rs. in Lakhs)
31st March 2022

Particulars	Net balance 1st April, 2021	Recognised in profit or loss	Recognised in OCI	Adjustment/ Utilisation	Net	Deferred tax asset	Deferred tax liability
Deferred tax liabilities							
Property, plant and equipment	(372.64)	39.16	-	-	(333.49)	-	(333.49)
Deferred tax assets							
Trade Receivable (Provision for doubtful debts)	294.57	(130.90)	-	-	163.66	163.66	-
Lease liability - Lease property	60.60	(20.51)	-	-	40.09	40.09	-
Right of use assets - Lease property	(54.95)	20.43	-	-	(34.52)	-	(34.52)
Employee benefits	426.10	10.04	18.42	-	454.56	454.56	-
Provision on anticipated sales return	282.49	206.22	-	-	488.71	488.71	-
Right on refund of returned assets	(85.43)	(95.66)	-	-	(181.09)	-	(181.09)
Provision for security deposits	3.67	(3.67)	-	-	-	-	-
Provision for advances to employees	4.99	(4.99)	-	-	-	-	-
MAT credit entitlement	198.99	29.75	-	(228.73)	0.01	0.01	-
Deferred tax assets/ (liabilities)	**758.39**	**49.87**	**18.42**	**(228.73)**	**597.93**	**1,147.03**	**(549.09)**
Offsetting of deferred tax assets & deferred tax liabilities	**-**	**-**	**-**	**-**	**-**	**(549.09)**	**549.09**
Net deferred tax assets / (liabilities)	**758.39**	**49.87**	**18.42**	**(228.73)**	**597.93**	**597.93**	**-**

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.

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, 2023 Rs. in Lakhs	As at 31st March, 2022 Rs. in Lakhs
3.6 : INVENTORIES:		
Valued at lower of cost or net realisable value: (Refer Note 1.8)		
Raw and packing materials	**731.05**	816.70
Work-in-progress	**61.11**	79.20
Finished goods	**539.63**	612.77
Goods in transit (Finished goods)	**1.62**	62.44
Stock-in-trade	**1,551.82**	2,017.51
Goods in transit (Stock-in-trade)	**3.79**	218.11
TOTAL	**2,889.02**	3,806.73

Note: The Company follows suitable provisioning norms for writing down the value of inventories towards slow moving , non moving, expired and non saleable inventory. Write down of inventory for the year ended 31 March 2023 is **Rs. 168.66 Lakhs** (Previous year Rs.108.57 Lakhs)

3.7 : INVESTMENTS		
Quoted:		
Investment in Mutual Fund		
(at fair value through profit and loss)		
(a) SBI Magnum Gilt Fund Regular - Growth	**50.00**	-
(b) Kotak Gilt Fund (Investment Regular) - Growth	**50.00**	-
(c) Baroda BNP Paribas Liquid Fund Regular - Growth	**10.03**	-
TOTAL	**110.03**	-
3.8 : TRADE RECEIVABLES:		
Unsecured trade receivables:		
Trade receivables considered good	**5,811.37**	5,650.67
Less: Allowance for Expected Credit Loss	**(403.71)**	(562.08)
TOTAL	**5,407.66**	5,088.59

Note: Above trade receivable includes amount due from related parties **Rs. 2,085.86 Lakhs** (Previous year Rs.1474.79 Lakhs) (Refer Note 3.39)

Trade receivable ageing schedule
As at 31st March, 2023

Particulars	Not Due	Outstanding for Following periods from due date of payment					Total
		Less than 6 Months	6 Months - 1 Year	1 Year – 2 Years	2 Years – 3 Years	More than 3 Years	
(i) Undisputed Trade Receivables – Considered Good	3,711.44	1,662.90	207.07	65.33	59.97	30.66	**5,737.37**
(ii) Disputed Trade Receivables – Considered Good	-	-	19.17	15.77	17.19	21.87	**74.00**
Total	**3,711.44**	**1,662.90**	**226.24**	**81.10**	**77.16**	**52.53**	**5,811.37**
Provision as per ECL Method	-	-	-	-	-	-	**403.71**
Net Total	**3,711.44**	**1,662.90**	**226.24**	**81.10**	**77.16**	**52.53**	**5,407.66**

As at 31st March, 2022

Particulars	Not Due	Outstanding for Following periods from due date of payment					Total
		Less than 6 Months	6 Months - 1 Year	1 Year – 2 Years	2 Years – 3 Years	More than 3 Years	
(i) Undisputed Trade Receivables – Considered Good	3,344.13	1,675.37	107.70	96.70	110.16	298.09	5,632.14
(ii) Disputed Trade Receivables – Considered Good	-	-	-	-	-	18.53	18.53
Total	3,344.13	1,675.37	107.70	96.70	110.16	316.62	5,650.67
Provision as per ECL Method	-	-	-	-	-	-	562.08
Net Total	3,344.13	1,675.37	107.70	96.70	110.16	316.62	5,088.58

There are no unbilled receivables, hence the same is not disclosed in the ageing schedule.

CACHET PHARMACEUTICALS PRIVATE LIMITED
NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Relationship with struck off companies

Name of Struck off Company	Nature of transactions with struck-off Company	Transactions during the year March 31, 2023	Balance Outstanding	Relationship with the Struck Off Company, if any, to be disclosed
Arlin Trading and Distribution Pvt Ltd	Receivable	-	0.87	Customer

PARTICULARS		As at 31st March, 2023	As at 31st March, 2022
		Rs. in Lakhs	Rs. in Lakhs
3.9 : CASH AND CASH EQUIVALENTS:			
Cash on hand		**0.73**	0.97
Balance with banks:			
In current accounts		**361.68**	280.57
Bank deposits with original maturity of not more than 3 months		**410.00**	300.00
	TOTAL	**772.41**	581.54
3.10 : OTHER BANK BALANCES:			
Bank deposits with maturity within 12 months		**2,287.42**	1,198.90
Margin deposit		**2.10**	2.10
	TOTAL	**2,289.52**	1,201.00
3.11 : CURRENT LOANS:			
Loans and advances to employees		**100.92**	116.07
Other loans and advances		**5.48**	4.37
	TOTAL	**106.40**	120.44
Break-up of current loans:			
Loans considered good - Unsecured		**106.40**	120.44
Loans - credit impaired		**35.12**	42.73
Total		**141.52**	163.17
Less: Loss allowance		**(35.12)**	(42.73)
Total current loans		**106.40**	120.44
3.12 : OTHER CURRENT FINANCIAL ASSETS :			
Interest on deposits, accrued but not due		**66.16**	33.11
Export incentives receivable		**43.67**	53.55
GST budgetary support receivable		**10.98**	10.98
	TOTAL	**120.81**	97.64
3.13 : OTHER CURRENT ASSETS:			
(Unsecured, considered good unless otherwise stated)			
Balances with government authorities		**420.30**	522.34
Advance to suppliers		**48.68**	34.28
Prepaid expenses		**121.72**	97.47
Other receivables		**3.21**	2.77
Right on refund of returned assets		**549.92**	621.89
	TOTAL	**1,143.83**	1,278.75

CACHET PHARMACEUTICALS PRIVATE LIMITED
NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Particulars	As at 31st March, 2023	As at 31st March, 2022
	Rs. in Lakhs	Rs. in Lakhs
3.14 : EQUITY SHARE CAPITAL:		
Authorised:		
40,000 (previous year: 40,000) equity shares of Rs.100/- each	**40.00**	40.00
	40.00	40.00
Issued, subscribed and paid up:		
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, 2023	As at 31st March, 2022
Numbers of shares outstanding as at the beginning of the year	**17,834**	17,834
Add: Shares issued during the year	**-**	-
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.

On winding up of the Company, the shareholders of equity shares will be entitled to receive residual assets of the Company remaining after distribution of all preferential amounts in proportion to the number of equity shares held by the shareholders.

(c) Details of Holding Company:

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Percentage of Holding	Number of Shares	Percentage of Holding	Number of Shares
Alkem Laboratories Ltd.	**60.63%**	**10,813**	60.63%	10,813

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

Particulars	As at 31st March, 2023		As at 31st March, 2022	
	Percentage of Holding	Number of Shares	Percentage of Holding	Number of Shares
Alkem Laboratories Ltd. (The Holding Company)	**60.63%**	**10,813**	60.63%	10,813

(e) Shareholding of Promoter:

As at 31st March, 2023

Promoter Name	No.of shares at the begining of the year	Changes during the year	No. of Shares at the end of the year	% of total shares	% Change during the year
Equity Shares:					
Alkem Laboratories Limited	10,813	-	10,813	60.63%	0%
Ms. Prerana Kumar	758	-	758	4.25%	0%
Mr. Basudeo Narain Singh	731	-	731	4.10%	0%
Ms. Anita Singh	585	-	585	3.28%	0%
Mr. Dhananjay Kumar Singh	525	-	525	2.94%	0%
Mr. Mritunjay Kumar Singh	525	-	525	2.94%	0%
Mr. Satish Kumar Singh	797	-	797	4.47%	0%
Ms. Manju Singh	428	-	428	2.40%	0%
Ms. Madhurima Singh	365	-	365	2.05%	0%
Ms. Seema Singh	365	-	365	2.05%	0%
Mr. Sarvesh Singh	340	-	340	1.91%	0%
Mr. Sandeep Singh	340	-	340	1.91%	0%
Ms. Jayanti Sinha	233	-	233	1.31%	0%
Mr. Rajesh Kumar	225	-	225	1.26%	0%
Mr. Balmiki Prasad Singh	504	-	504	2.83%	0%
Ms. Archana Singh	150	-	150	0.84%	0%
Mr. Rajeev Ranjan	150	-	150	0.84%	0%
Total	**17,834**	**-**	**17,834**	**100.00%**	**0%**

As at 31st March, 2022

Promoter Name	No.of shares at the begining of the year	Changes during the year	No. of Shares at the end of the year	% of total shares	% Change during the year
Equity Shares:					
Alkem Laboratories Limited	10,484	329	10,813	60.63%	3.14%
Ms. Prerana Kumar	758	-	758	4.25%	0.00%
Mr. Basudeo Narain Singh	731	-	731	4.10%	0.00%
Ms. Anita Singh	585	-	585	3.28%	0.00%
Mr. Samprada Singh	545	-545	-	0.00%	-100.00%
Mr. Dhananjay Kumar Singh	525	-	525	2.94%	0.00%
Mr. Mritunjay Kumar Singh	525	-	525	2.94%	0.00%
Mr. Satish Kumar Singh	467	330	797	4.47%	70.66%
Mr. Samprada Singh(HUF)	443	-443	-	0.00%	-100.00%
Ms. Manju Singh	428	-	428	2.40%	0.00%
Ms. Madhurima Singh	365	-	365	2.05%	0.00%
Ms. Seema Singh	365	-	365	2.05%	0.00%
Mr. Sarvesh Singh	340	-	340	1.91%	0.00%
Mr. Sandeep Singh	340	-	340	1.91%	0.00%
Ms. Jayanti Sinha	233	-	233	1.31%	0.00%
Mr. Rajesh Kumar	225	-	225	1.26%	0.00%
Mr. Balmiki Prasad Singh	175	329	504	2.83%	188.00%
Ms. Archana Singh	150	-	150	0.84%	0.00%
Mr. Rajeev Ranjan	150	-	150	0.84%	0.00%
Total	**17,834**	**-**	**17,834**	**100.00%**	**0.00%**

Particulars	As at 31st March, 2023	As at 31st March, 2022
	Rs. in Lakhs	Rs. in Lakhs
3.15 : OTHER EQUITY:		
Capital reserve:		
At the balance sheet date	**31.00**	31.00
Securities premium account:		
At the balance sheet date	**2,496.70**	2,496.70
General reserve:		
At the commencement of the year	**2,500.00**	2,500.00
Add: Transferred from Surplus in the Statement of Profit and Loss during the year	**-**	-
At the end of the year	**2,500.00**	2,500.00
Retained Earning:		
At the commencement of the year	**1,262.88**	161.82
Add: Profit after tax for the year	**1,357.26**	1,101.06
Profit available for appropriation	**2,620.14**	1,262.88
Less : Transfer to General Reserve	**-**	-
At the end of the year	**2,620.14**	1,262.88
Other Comprehensive Income/(Loss):		
Balance at the beginning of the year	**(134.85)**	(90.01)
Add: Profit after tax for the year	**(24.45)**	(44.84)
Balance at the end of the year	**(159.30)**	(134.85)
TOTAL	**7,488.54**	6,155.73

Particulars	As at 31st March, 2023 Rs. in Lakhs	As at 31st March, 2022 Rs. in Lakhs
3.16: NON CURRENT BORROWINGS:		
Secured:		
Hire Purchase:		
Finance companies	**2.75**	14.42
Less:Current Maturities of long term Debts	**(2.75)**	(11.67)
	-	2.75
Unsecured:		
Loans and advances from related parties	**-**	865.19
Other loans and advances	**-**	70.27
TOTAL	**-**	938.21

Notes:
(1) Hire Purchase loans from finance companies are secured against respective assets financed by them.
(2) There is no default, as at the balance sheet date, in repayment of any of the above loans.

Hire Purchase Loan	Rate of Interest (%)	Monthly Instalment (In Rs.)	(Bal EMI) (No. of Instalments)	Principal Outstanding (In Rs.)	Maturity Date
HP - Kotak Mahindra Prime Ltd (CF-16573626)	9.38	31,780	9	275,146	01-12-2023

Particulars	As at 31st March, 2023 Rs. in Lakhs	As at 31st March, 2022 Rs. in Lakhs
3.17 : NON CURRENT LEASE LIABILITIES:		
Lease liabilities (Refer Note 3.44)	**148.53**	65.98
TOTAL	**148.53**	65.98
3.18 : NON CURRENT PROVISIONS:		
Provisions for Employee Benefits:		
Gratuity (Refer Note 3.34)	**911.41**	876.90
Compensated absences	**366.72**	354.50
TOTAL	**1,278.13**	1,231.40
3.19 : CURRENT BORROWINGS:		
Current maturities of long-term borrowings:		
Hire purchase	**2.75**	11.67
TOTAL	**2.75**	11.67
3.20 : CURRENT LEASE LIABILITIES:		
Lease liabilities (Refer Note 3.44)	**82.83**	71.69
TOTAL	**82.83**	71.69
3.21 : TRADE PAYABLES:		
Dues of micro and small enterprises	**318.50**	816.42
Dues of creditors other than micro and small enterprises*	**5,463.78**	4,599.02
TOTAL	**5,782.28**	5,415.44

*Above trade payable includes amount due to related parties **Rs. 131.52 Lakhs** (Previous year Rs. 156.32 Lakhs) (Refer Note 3.39)

Trade Payable ageing schedule
As at 31st March, 2023

Particulars	Not due	Outstanding for Following periods from the due date of				Total
		Less than 1 Year	1 to 2 Years	2 to 3 Years	More than 3 Years	
(i) MSME*	278.04	40.46	-	-	-	318.50
(ii) Others	4,125.98	1,276.42	42.69	1.50	17.19	5,463.78
Total	**4,404.01**	**1,316.88**	**42.69**	**1.50**	**17.19**	**5,782.28**

As at 31st March, 2022

Particulars	Not due	Outstanding for Following periods from the due date of				Total
		Less than 1 Year	1 to 2 Years	2 to 3 Years	More than 3 Years	
(i) MSME*	813.76	2.65	-	-	-	816.42
(ii) Others	4,369.95	149.20	60.17	18.13	1.58	4,599.02
Total	**5,183.71**	**151.85**	**60.17**	**18.13**	**1.58**	**5,415.44**

*Only micro & small enterprises are considered as MSME
There are no "unbilled" trade payables, hence the same are not disclosed in the ageing schedule.

Particulars	As at 31st March, 2023	As at 31st March, 2022
	Rs. in Lakhs	Rs. in Lakhs
3.22 : OTHER CURRENT FINANCIAL LIABILITIES:		
Security deposits	**454.00**	454.00
Employee payables	**1,892.02**	1,840.49
Accrual for expenses	**739.09**	635.60
TOTAL	**3,085.11**	2,930.09
3.23 : OTHER CURRENT LIABILITIES:		
Advances from customers	**331.40**	505.67
Deferred income on charges recovery	**5.80**	5.80
Due to statutory authorities*	**345.86**	264.04
TOTAL	**683.06**	775.51
*Due to statutory authorities includes GST payable, tax deducted at source payable, tax collected at source payable, provident fund and other funds payable.		
3.24 : CURRENT PROVISIONS:		
Provision for anticipated sales returns (Refer Note 3.37)	**1,801.81**	1,678.24
Provision for employee benefits:		
Gratuity (Refer Note 3.34)	**217.32**	154.74
Compensated absences	**98.15**	87.57
TOTAL	**2,117.28**	1,920.55

CACHET PHARMACEUTICALS PRIVATE LIMITED

NOTE - 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2023

Particulars		For the year ended 31st March 2023	For the year ended 31st March 2022
		Rs. in Lakhs	Rs. in Lakhs
3.25 : REVENUE FROM OPERATIONS:			
Revenue from contracts with customers:			
Sale of products		**39,671.35**	42,124.66
Other operating revenue:			
Manufacturing charges		**466.20**	890.21
Export incentives		**70.06**	37.79
Royalty Income		**4.84**	7.58
Scrap sales		**15.04**	20.48
	TOTAL	**40,227.49**	43,080.72
3.26 : OTHER INCOME:			
Interest on bank deposits		**316.28**	239.72
Other interest		**12.94**	4.63
Dividend income		**0.23**	0.19
Insurance claim		**0.09**	0.43
Miscellaneous income/ receipts		**2.74**	0.44
Profit on sale of property, plant and equipments (net)		**7.44**	-
Unrealized gain on Mutual Fund		**0.03**	-
Foreign currency transactions and translation gain (net)		**142.20**	67.23
	TOTAL	**481.95**	312.64
3.27 : COST OF MATERIALS CONSUMED:			
Raw material consumed		**2,604.73**	3,446.68
Packing material consumed		**1,287.25**	1,432.20
	TOTAL	**3,891.98**	4,878.88
3.28 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:			
Opening stock:			
Finished goods		**675.21**	596.39
Stock-in-trade		**2,235.62**	1,452.31
Work-in-progress		**79.20**	82.77
		2,990.03	2,131.47
Less: Closing Stock			
Finished goods		**541.25**	675.21
Stock-in-trade		**1,555.61**	2,235.62
Work-in-progress		**61.11**	79.20
		2,157.97	2,990.03
	TOTAL	**832.06**	(858.56)
3.29 : EMPLOYEE BENEFITS EXPENSE:			
Salaries, wages and bonus		**7,863.97**	7,839.20
Contribution to provident and other funds		**470.39**	433.77
Employees' welfare expenses		**104.90**	111.57
	TOTAL	**8,439.26**	8,384.54
3.30 : FINANCE COST:			
Interest on borrowings		**85.69**	78.72
Interest on lease liabilities		**10.79**	13.50
Interest on defined benefit liabilities		**65.46**	56.56
Other borrowing cost		**5.16**	5.59
	TOTAL	**167.10**	154.37

Particulars	**For the year ended 31st March 2023**	For the year ended 31st March 2022
	Rs. in Lakhs	Rs. in Lakhs
3.31 : OTHER EXPENSES:		
Consumption of stores and spare parts	**53.75**	60.87
Power and fuel	**237.28**	293.88
Rent	**45.05**	53.55
Rates and taxes	**426.51**	466.63
Insurance	**141.33**	104.30
Commission to C&F agents	**228.63**	244.73
Freight and distribution expenses	**885.29**	1,070.77
Marketing expenses	**1,936.09**	1,832.96
Travelling and conveyance	**1,976.14**	1,583.87
Repairs:		
- Buildings	**19.29**	33.52
- Plant and machineries	**59.62**	59.24
- Others	**58.17**	65.09
Loss on sale of property, plant and equipments	**-**	3.40
Legal and professional fees	**200.44**	182.53
Allowance for doubtful debts	**207.58**	79.09
Contract labour charges	**284.19**	411.28
Miscellaneous expenses	**788.06**	821.77
Corporate Social Responsibility expense	**23.25**	5.75
TOTAL	**7,570.67**	7,373.23

3.32 Contingent liabilities and commitments

a) Contingent liabilities not provided for (Rs. in Lakhs)

Sr. No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
	Claims against the Company not acknowledged as debt:		
(i)	Sales Tax/VAT demand disputed in appeal for FY 2005-06 (Advance paid in dispute Rs. Nil)	**-**	6.47
(ii)	Sales Tax/VAT demand disputed in appeal for FY 2013-14 (Advance paid in dispute of Rs. 1.15 Lakhs)	**-**	29.92
(iii)	Sales Tax/VAT demand disputed in appeal for FY 2016-17 (Advance paid in dispute Rs. Nil)	**-**	2.73
(iv)	Cenvat credit disputed with Commissioner (Appeal) for FY 2017-18 (Advances paid in dispute Rs. Nil)	**2.02**	3.52
(v)	Custom Duty demand disputed with Assistant Commissioner of Customs Drawback Recovery Cell for FY 14-15 till FY 17-18 (Advances paid in dispute Rs. Nil)	**24.31**	24.31
(vi)	Income Tax demand disputed in appeal for AY 2015-16 (Advance paid in dispute of Rs. 3 Lakhs)	**10.58**	10.58
(vii)	Income Tax demand disputed by rectification petition before assessing oficer for AY 2012-13 (Other refund of Rs.6.29 Lakhs has been adjusted)	**6.29**	6.29
(viii)	Income Tax demand disputed by rectification petition before Assessing Officer for AY 2016-17 (Other refund of Rs.14.65 Lakhs has been adjusted)	**14.65**	14.65
(ix)	Income Tax demand disputed by rectification petition before Assessing Officer for AY 2021-22 (Other refund of Rs.3.42 Lakhs has been adjusted)	**7.43**	-
	Total	**65.28**	98.47

Management considers that the above demands received from the respective 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

Sr. No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
1	Estimated amount of contracts remaining to be executed on Capital Accounts - advance paid **Rs.81.94 Lakhs** (Previous Year Rs. 9.36 Lakh)	**218.65**	107.82
2	Outstanding bank guarantees	**2.10**	2.10
	Total	**220.75**	109.92

3.33 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, 2023	As at 31st March, 2022
a	Principal amount remaining unpaid to any supplier as at the year end	**318.50**	816.41
b	Interest due thereon	**-**	-
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 appointed day during each accounting year.	**-**	-
d	The amounts of the payments made to micro and small suppliers beyond the appointed day during each accounting year	**-**	-
e	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.	**-**	-
f	The amount of interest accrued and remaining unpaid at the end of each accounting year.	**-**	-
g	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	**-**	-

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

i) Defined contribution plans:

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

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

(Rs. in Lakhs)

Particulars	As at 31st March, 2023	As at 31st March, 2022
Contribution to Provident Fund	**417.88**	386.50
Contribution to ESIC	**44.20**	47.19
Total	**462.08**	433.69

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, 2023 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 2023:

(Rs. in Lakhs)

Sr. No.	Particulars	As at 31st March, 2023	As at 31st March, 2022
I)	**Reconciliation in present value of obligations (PVO) – defined benefit obligation :**		
	Current Service Cost	**83.10**	89.67
	Past Service Cost	**-**	-
	Interest Cost	**65.46**	56.56
	Actuarial (gain) / losses	**32.67**	63.26
	Benefits paid	**(84.14)**	(82.88)
	PVO at the beginning of the year	**1,031.64**	905.03
	PVO at end of the year	**1,128.73**	1,031.64
II)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at end of year	**1,128.73**	1,031.64
	Actuarial gain/(losses)	**-**	-
	Funded status	**-**	-
	Unrecognised actuarial gain/ (loss)		
	Net asset/ (liability) recognised in the balance sheet	**(1,128.73)**	(1,031.64)
III)	**Net cost for the year**		
	Current Service cost	**83.10**	89.67
	Interest cost	**65.46**	56.56
	Expected return on plan assets	**-**	-
	Actuarial (gain) / losses	**32.67**	63.26
	Net cost	**181.23**	209.49
IV)	**Assumption used in accounting for the gratuity plan:**		
	Discount rate (%)	**7.39%**	6.86%
	Salary escalation rate (%)	**9% for 1st year, 5% thereafter**	9% for 1st year, 5% thereafter

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

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

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

(Rs. in Lakhs)

Particulars	**As at 31st March, 2023**	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2020	As at 31st March, 2019
Defined benefit obligation at the end of the year	**1,128.73**	1,031.64	905.03	836.61	772.47
Experience (Gain)/Loss Adjustment on plan liabilities	**64.04**	49.85	69.97	(2.03)	21.60
Actuarial (Gain)/Loss due to change on assumption	**(31.37)**	10.37	(3.15)	38.53	2.66
Actuarial (Gain)/Loss due to Demographic Assumption changes in DBO	**-**	3.04	-	-	-

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

(Rs. in Lakhs)

Particulars	**31st March, 2023**		31st March, 2022	
	Increase	**Decrease**	Increase	Decrease
Discount rate (1% movement)	**(54.69)**	**60.72**	(53.13)	59.16
Future salary growth (1% movement)	**58.32**	**(53.63)**	57.10	(52.14)

3.35 Earnings per share (EPS)

Particulars			**For the year ended 31st March, 2023**	For the year ended 31st March, 2022
Profit /(loss) after tax attributable to equity shareholders	Rs. in Lakhs	A	**1,357.26**	1,101.06
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	Nos.		**17,834**	17,834
Weighted average number of equity shares	Nos.	B	**17,834**	17,834
Earnings Per Share - Basic and Diluted	INR	(A / B)	**7,610.51**	6,173.91

3.36 Disclosure as per Indian Accounting Standard 115 (Ind AS 115):

Reconciliation of 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, 2023**	For the year ended 31st March, 2022
Revenue as per contracted price - Sale of products and manufacturing charges	**40,255.50**	43,721.04
Adjustments :		
Provision for Sales return	**(123.57)**	(708.17)
Discounts	**(0.08)**	6.18
Ind AS 21 (Appendix B) - Advance consideration	**5.69**	(4.18)
Revenue from contract with customers	**40,137.54**	43,014.87
Other operating revenue (other than manufacturing charges)	**89.94**	65.85
Revenue from operations	**40,227.49**	43,080.72

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

The Company as a trade practice, accepts sales return from market which are primarily in the nature of expired or near expiry products. Provision is made for such returns on the basis of historical experience, market conditions and specific contractual terms.

Provision for anticipated sales returns: (Rs. in Lakhs)

Particulars	**For the year ended 31st March, 2023**	For the year ended 31st March, 2022
Carrying amount at the beginning of the year	**1,678.24**	970.07
Add: Provision made during the year	**1,164.08**	1,283.52
Less: Amount utilized during the year	**1,040.51**	575.35
Carrying amount at the end of the year	**1,801.81**	1,678.24

3.38 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 a similar nature and comprises of pharmaceuticals 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, 2023**	For the year ended 31st March, 2022
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 the Country of Domicile - India	**34,039.45**	37,588.86
	Revenue from sale of service from the Country of Domicile - India	**466.20**	890.21
	Revenue from foreign countries	**5,721.84**	4,601.65
	Total	**40,227.49**	43,080.72
b)	**Revenue from sale of products to a customer (including group entities, excluding taxes), which is more than 10% of the total revenue from India**		
	Alkem Laboratories Limited	**10,381.18**	14,104.45
	Total	**10,381.18**	14,104.45

3.39 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures

A. List of related parties and their relationship

I Key Management Personnel (KMP) :

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

II Relatives of Key Management Personnel (K.M.P.) with whom transactions have taken place during the year:
Not applicable

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

III Holding Company:

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

IV Fellow Subsidiary Companies:

Name of the Companies	Country of Incorporation
Pharmacor Pty Limited	Australia
Ascend Laboratories Ltd.	Canada
Ascend Laboratories SpA	Chile
Pharma Network SpA (Wholly owned by Ascend Laboratories SpA)	Chile
Ascend Laboratories SAS	Colombia
Ascend GmbH(formerly known as Alkem Pharma GmbH)	Germany
Alkem Foundation	India
Connect 2 Clinic Private Limited	India
Enzene Biosciences Ltd.	India
Indchemie Health Specialities Pvt. Ltd.	India
The PharmaNetwork, LLP	Kazakhstan
Pharmacor Ltd.	Kenya
Ascend Laboratories SDN BHD.	Malaysia
Alkem Laboratories Korea Inc.	South Korea
S & B Holdings B.V.	Netherlands
Alkem Laboratories Corporation	Philippines
Ascend Laboratories S.A. DE C.V. (Wholly owned by Ascend Laboratories SpA w.e.f 2 Sept , 2021)	Mexico
Ascend Laboratories (PTY) Limited (formerly known as Alkem Laboratories (PTY) Limited)	South Africa
Ascend Laboratories (UK) Ltd.	United Kingdom
Ascend Laboratories, LLC (Wholly owned by ThePharmanetwork, LLC)	United States of America
S & B Pharma Inc. (wholly owned subsidiary of TPN LLC from 4 October 2021 till 5 January 2022)	United States of America
S & B Pharma LLC (Wholly owned by ThePharmanetwork, LLC)	United States of America
ThePharmaNetwork, LLC (subsidiary of S & B Holdings B.V.)	United States of America
Enzene Inc (wholly owned by Enzene Bioscience Ltd. w.e.f. 26th May 2022)	United States of America
Pharmacor Ltd. (wholly owned subsidiary of Pharmacor Pty Ltd. w.e.f. 1st June 2022)	New Zealand

B. Details of Transactions with Related Parties

(Rs. in Lakhs)

Sr. No.	Particulars	For the year ended 31st March, 2023				
		Key Management Personnel	Relatives of Key Management Personnel	Holding Company	Fellow Subsidiaries	Total
		A	B	C	D	
1	Director sitting fees	**1.25**	**-**	**-**	**-**	**1.25**
		(1.35)	-	-	-	(1.35)
2	Interest expense on loans taken	**54.99**	**-**	**-**	**-**	**54.99**
		(44.43)	-	-	-	(44.43)
3	Loans repayment	**914.68**	**-**	**-**	**-**	**914.68**
		-	-	-	-	-
4	Purchase of finished goods	**-**	**316.09**	**-**	**748.93**	**1,065.02**
		-	(859.14)	(88.95)	(397.75)	(1,345.84)
5	Purchase of raw materials and packing materials	**-**	**-**	**0.02**	**0.77**	**0.79**
		-	-	-	-	-
6	Sale of finished goods	**-**	**-**	**11,102.71**	**-**	**11,102.71**
		-	-	(14,623.04)	-	(14,623.04)
7	Sale of consumables	**-**	**-**	**0.64**	**-**	**0.64**
		-	-	-	-	-
8	Royalty income	**-**	**-**	**5.71**	**-**	**5.71**
		-	-	(8.91)	-	(8.91)
9	Rendering of services	**-**	**-**	**550.11**	**-**	**550.11**
		-	-	(1,041.54)	-	(1,041.54)
10	Payment of rent	**-**	**-**	**37.92**	**-**	**37.92**
		-	-	(34.71)	-	(34.71)
11	Recovery of expenses (net)	**-**	**-**	**7.16**	**-**	**7.16**
		-	-	(27.93)	-	(27.93)
12	Reimbursement of expenses (net)	**-**	**-**	**1.07**	**1.22**	**2.29**
		-	-	(0.99)	-	(0.99)

Figures in the brackets are corresponding figures of previous year.

C. Balance due from/ to the related parties

(Rs. in Lakhs)

Sr. No.	Particulars	As at 31st March, 2023				
		Key Management Personnel	Relatives of Key Management Personnel	Holding Company	Fellow Subsidiaries	Total
1	Security deposit receivable	-	**-**	**5.00**	**-**	**5.00**
2	Outstanding receivable	-	**-**	**2,085.86**	**-**	**2,085.86**
3	Outstanding payable	-	**18.69**	**-**	**112.83**	**131.52**
4	Loan payable	**-**	-	-	-	-

Sr. No.	Particulars	As at 31st March, 2022				
		Key Management Personnel	Relatives of Key Management Personnel	Holding Company	Fellow Subsidiaries	Total
1	Security deposit receivable	-	-	5.00	-	5.00
2	Outstanding receivable	-	-	1,474.79	-	1,474.79
3	Outstanding payable	-	52.46	-	103.87	156.32
4	Loan payable	865.19				865.18

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.

3.40 Payment to auditors (excluding GST)

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
As auditor:		
Audit fees	**10.00**	10.00
Tax audit fees	**5.00**	5.00
Total	**15.00**	15.00

3.41 Details of Corporate Social Responsibility (CSR) expenditure :

(Rs. in Lakhs)

Sr no	Particulars	For the year ended 31st March, 2023	For the year ended 31st March, 2022
a)	Amount required to be spent by the Company during the year	**23.22**	5.73
b)	Amount of expenditure incurred	**23.25**	5.75
c)	Shortfall/(Excess)	**(0.03)**	(0.02)

d)	**Nature of CSR activities**
	Financial Year-2022-2023 The Company has spent an amount of 23.25 Lakh towards the CSR obligation. The Company has contributed Rs 23.25 Lakh to "Prime Minister's National Relief Fund (PMNRF)", with the main objectives to render immediate relief to families of those killed in natural calamities like floods, cyclones and earthquakes, etc. and to the victims of the major accidents and riots. Assistance from PMNRF is also rendered, to partially defray the expenses for medical treatment like heart surgeries, kidney transplantation, cancer treatment and acid attack etc. The fund is recognized as a Trust under the Income Tax Act and the same is managed by Prime Minister or multiple delegates for national causes.
	Financial Year-2021-2022 The Company has spent an amount of 5.75 Lakh towards the CSR obligation. The Company has contributed Rs 5.75 Lakh to Late Shri K P Shrinarayan Charitable Trust, which is a Trust registered under the Bombay Public Trust Act, 1950, with the main objectives of working in the areas of social, economic and environmental issues such as healthcare, education, sanitation, conservation of environment, rural development and enable the less privileged segments of the society to improve their livelihood by enhancing their means and capabilities to meet the emerging opportunities.

3.42 Financial instruments – Fair values and risk management

A Accounting classification and fair values

(Rs. in Lakhs)

Particulars	As at 31st March, 2023							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	772.41	772.41	-	-	-	-
Other bank balances	-	-	2,289.52	2,289.52	-	-	-	-
Non-current investments	1.15	-	-	1.15	-	-	1.15	1.15
Other non-current financial asset	-	-	4,142.19	4,142.19	-	-	-	-
Current financial assets - Loans	-	-	106.40	106.40	-	-	-	-
Trade and other receivables	-	-	5,407.66	5,407.66	-	-	-	-
Current Investments	110.03	-	-	110.03	110.03	-	-	110.03
Other current financial asset	-	-	120.81	120.81	-	-	-	-
	111.18	**-**	**12,838.99**	**12,950.17**	**110.03**	**-**	**1.15**	**111.18**
Financial liabilities								
Current financial liabilities - Borrowings	-	-	2.75	2.75	-	-	-	-
Trade and other payables	-	-	5,782.28	5,782.28	-	-	-	-
Non-current lease liabilities	-	-	148.53	148.53	-	-	-	-
Current lease liabilities	-	-	82.83	82.83	-	-	-	-
Other current financial liabilities	-	-	3,085.11	3,085.11	-	-	-	-
	-	**-**	**9,101.50**	**9,101.50**	**-**	**-**	**-**	**-**

(Rs. in Lakhs)

Particulars	As at 31st March, 2022							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	581.54	581.54	-	-	-	-
Other Bank Balances	-	-	1,201.00	1,201.00	-	-	-	-
Non-current investments	1.15	-	-	1.15	-	-	1.15	1.15
Short-term loans and advances	-	-	120.45	120.45	-	-	-	-
Trade and other receivables	-	-	5,088.59	5,088.59	-	-	-	-
Other Non-current financial asset	-	-	4,113.81	4,113.81	-	-	-	-
Other Current financial asset	-	-	97.64	97.64	-	-	-	-
	1.15	**-**	**11,203.03**	**11,204.18**	**-**	**-**	**1.15**	**1.15**
Financial liabilities								
Long term borrowings (Excluding current maturity of Long term borrowings)	-	-	938.21	938.21	-	-	-	-
Short term borrowings	-	-	11.67	11.67	-	-	-	-
Trade and other payables	-	-	5,415.44	5,415.44	-	-	-	-
Long term lease liabilities	-	-	65.98	65.98	-	-	-	-
Short term lease liabilities	-	-	71.69	71.69	-	-	-	-
Other Current financial liabilities	-	-	2,930.09	2,930.09	-	-	-	-
	-	**-**	**9,433.08**	**9,433.08**	**-**	**-**	**-**	**-**

i. Risk management framework

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

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

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

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, 2023, the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

(Rs. in Lakhs)

Particulars	**For the year ended 31 March, 2023**	For the year ended 31 March, 2022
India	**4,780.03**	4,332.11
Other regions	**627.63**	756.48
Total	**5,407.66**	5,088.59

At 31st March, 2023, the Company had exposure to only one type of counter party.

At 31st March, 2023, the carrying amount of Company's most significant customer is Rs.**2085.86 lakhs** (Previous year Rs. 1,474.79 lakhs).

Impairment

At 31st March, 2023, the ageing of trade and other receivables that were not impaired was as follows:

(Rs. in Lakhs)

Particulars	**As at 31st March, 2023**	As at 31st March, 2022
Not past due	**3,711.44**	3,344.13
Past due 1–180 days	**1,662.90**	1,675.37
Past due more than 180 days	**33.32**	69.09
Total	**5,407.66**	5,088.59

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.

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

(Rs. in Lakhs)

Particulars	**31st March, 2023**		31st March, 2022	
	Individual impairments	**Collective impairments**	Individual impairments	Collective impairments
Balance as at beginning of the year	**-**	**562.08**	158.64	852.97
Add: Impairment loss recognised	**20.90**	**186.68**	-	79.07
Less: Amounts written off	**20.90**	**345.06**	158.64	369.96
Balance at the end of the year	**-**	**403.70**	-	562.08

iii. Liquidity risk

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

Exposure to liquidity risk

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

(Rs. in Lakhs)

Particulars	Contractual cash flows - 31 March, 2023						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Trade and other payables	5,782.28	5,782.28	5,782.28	-	-	-	-
Non-current borrowings & lease liabilities	148.53	167.78	-	-	66.39	101.39	-
Current borrowings & lease liabilities	85.58	97.65	16.11	81.54	-	-	-
Other current financial liabilities	3,085.11	3,085.11	3,085.11				

(Rs. In Lakhs)

Particulars	Contractual cash flows - 31 March, 2022						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities							
Trade and other payables	5,415.44	5,415.44	5,415.44	-	-	-	-
Non-current borrowings & lease liabilities	68.74	83.81	-	-	65.65	18.16	-
Current borrowings & lease liabilities	83.35	91.04	17.12	73.92	-	-	-
Other current financial liabilities	2,930.09	2,930.09	2,930.09				

iv. Market risk

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

Currency risk

The Company is exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency. The functional currency of the Company is Indian Rupee. The Company has exposure to USD and EURO. The Company has not hedged this foreign currency exposure.

Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31st March, 2023 and 31st March, 2022 are as below:

Particulars	March 31, 2023	
	EURO in Lakh	USD in Lakh
Financial assets		
Trade and other receivables	**0.94**	**13.70**
Net Financial Asset/ (Liabilities)	**0.94**	**13.70**

Particulars	March 31, 2022	
	EURO in Lakh	USD in Lakh
Financial assets		
Trade and other receivables	1.59	7.47
Net Financial Asset/ (Liabilities)	1.59	7.47

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

Particulars	Year-end spot rate (INR)	
	March 31, 2023	March 31, 2022
EURO	**89.44**	84.22
USD	**82.17**	75.79

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.

(Rs. in Lakhs)

Effect in INR	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31st March, 2023				
10% movement in foreign currencies				
EURO	8.39	(8.39)	6.28	(6.28)
USD	112.61	(112.61)	84.26	(84.26)
Total	**121.00**	**(121.00)**	**90.54**	**(90.54)**

(Rs. in Lakhs)

Effect in INR	Profit or loss		Equity, net of tax	
	Strengthening	Weakening	Strengthening	Weakening
31st March, 2022				
10% movement in foreign currencies				
EURO	13.42	(13.42)	9.51	(9.51)
USD	56.63	(56.63)	40.14	(40.14)
Total	**70.05**	**(70.05)**	**49.65**	**(49.65)**

v. 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:

(Rs. in Lakhs)

Particulars	Carrying amount	
	March 31, 2023	March 31, 2022
Fixed-rate instruments		
Financial assets	**6,538.11**	5,435.25
Financial liabilities	**234.11**	1,087.55
Total	**6,304.00**	4,347.70

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.

As there are no variable rate instruments with the Company, disclosure requirement in relation to Sensitivity analysis is not applicable.

3.43 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 'net debt' to 'total equity'. For this purpose, net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Total equity comprises all components of equity.

The Company's net debt to total equity ratio was as follows:

Particulars	Rs. in Lakhs	
	As at 31st March, 2023	As at 31st March, 2022
Total borrowings	**2.75**	949.87
Less: Cash and cash equivalents	**772.41**	581.54
Net debt	**-**	368.33
Total equity	**7,506.37**	6,173.56
Net debt to equity ratio	**-**	0.06

3.44 Leases (Ind AS 116)

The Company has adopted Ind AS 116 "Leases" with a date of initial application on 1 April 2019. As a result, the Company had changed its accounting policy for lease contracts. The Company applied Ind AS 116 using the modified retrospective approach and recognized lease liability equal to the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate at the date of initial application. The Company recognized a right of use asset at the date of initial application at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet immediately before the date of initial application.

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

A. Leases as lessee

i. Right-of-use assets

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

(Rs. in Lakhs)

Particulars	Land and buildings	
	As at 31st March 2023	As at 31st March 2022
Balance at commencement of the year	**118.55**	188.70
Amortization charge for the year	**(77.62)**	(70.15)
Additions to right-of-use assets	**177.13**	-
Adjustment to right-of-use assets	**-**	-
Deletion of right-of-use assets	**-**	-
Balance at end of the year	**218.06**	118.55

ii. Lease liability

(Rs. in Lakhs)

Particulars	Land and buildings	
	As at 31st March 2023	As at 31st March 2022
Maturity analysis of lease liability - discounted contractual cash flows		
Less than one year	**82.83**	71.69
One to three years	**88.59**	65.98
More than three years	**59.94**	-
Total discounted cash flows	**231.36**	137.67

Current	**82.83**	71.69
Non-current	**148.53**	65.98

iii. Amount recognised in profit or loss

(Rs. in Lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
General and administrative expenses		
Short-term lease rent expense	**45.05**	53.55
Amortisation and impairment losses		
Amortisation of right of use asset	**77.62**	70.15
Finance cost		
Interest expense on lease liability	**10.79**	13.50
Total	**133.46**	137.20

iv. Amount recognised in statement of cash flows:

(Rs. in Lakhs)

Particulars	For the year ended 31st March 2023	For the year ended 31st March 2022
Cash outflow for short-term leases	**45.05**	53.55
Principal component of cash outflow for lease liabilities	**83.44**	70.44
Interest component of cash outflow for lease liabilities	**10.79**	13.50
Total cash outflow for leases	**139.28**	137.49

3.45 Ratio Analysis and its elements

Ratios	Numerator	Denominator	31-Mar-23	31-Mar-22	% Change	Comments where the difference is more than 25%
1. Current Ratio	Current Assets	Current Liabilities	1.09	1.08	0.9%	
2. Debt – Equity Ratio	Total Debt	Shareholder's Equity	0.09	0.25	-63.3%	Due to repayment of liabilities
3. Debt Service Coverage Ratio	Earnings available for debt service = (Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets etc.)	Interest + Principal repayment	1.71	13.78	-87.6%	Due to Repayment of principal amount of loan
4. Return on Equity Ratio	Net Profits after taxes – Preference Dividend	Average Shareholder’s Equity	19.84%	19.50%	1.7%	
5. Inventory Turnover Ratio	Net Sales	Average Inventory	11.85	12.41	-4.5%	
6. Trade Receivables T/o Ratio	Net Credit Sales	Average Trade Receivables	7.65	8.32	-8.0%	
7. Trade Payables T/o Ratio	Net Credit Purchases	Average Trade Payables	3.78	4.86	-22.3%	
8. Net Capital T/o Ratio	Net Sales	Working Capital (current assets - current liabilities)	37.64	47.10	-20.1%	
9. Net Profit Ratio	Net Profit	Net Sales	3.38%	2.56%	32.1%	Due to reduction in total expenses
10. Return on Capital Employed	Earnings before Interest and Tax (EBIT)	Capital Employed (Share holder's equity + Total Debt + Deferred Tax Liability)	27.08%	25.09%	8.0%	
11. Return on Investments	Income	Investments	5.12%	5.71%	-10.4%	

Note 3.46 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Rules) as issued from time to time. On March 31st , 2023 MCA amended the Companies (Indian Accounting Standard) Amendment Rules, 2023, as below:

1. Ind AS 107 & IND AS 1 – Disclosure for Financial Instruments & Presentation of Financial Statements - This amendment requires the entities to disclose their material accounting policies rather than their significant accounting policies. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and the impact of the amendment is insignificant in the standalone financial statements.

2. Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors - This amendment has introduced a definition of ‘accounting estimates’ and included amendments to Ind AS 8 to help entities distinguish changes in accounting policies from changes in accounting estimates. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

3. Ind AS 12 - Income Taxes - This amendment has narrowed the scope of the initial recognition exemption so that it does not apply to transactions that give rise to equal and offsetting temporary differences. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2023. The Company has evaluated the amendment and there is no impact on its standalone financial statements.

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

Ramashankar Sanghai
Digitally signed by Ramashankar Sanghai
Date: 2023.05.10 17:31:06 +05'30'

R.S.Sanghai
Partner
Membership No: 036931
Place: Mumbai
Date: 10th May, 2023

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

SATISH KUMAR SINGH
Digitally signed by SATISH KUMAR SINGH
Date: 2023.05.10 17:06:09 +05'30'

S.K.Singh
Managing Director
DIN : 00245703

ARUN KUMAR DATTATRYA DESHMUKH
Digitally signed by ARUN KUMAR DATTATRYA DESHMUKH
Date: 2023.05.10 17:10:43 +05'30'

Arunkumar Deshmukh
Independent Director
DIN : 07210367