

INDEPENDENT AUDITOR'S REPORT

To the Members of Caraco Pharmaceuticals Private Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Caraco Pharmaceuticals Private Limited ("the Company"), which comprise the Balance sheet as at March 31 2020, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its loss, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as 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 Ind AS 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, but does not include the Ind AS financial statements and our auditor's report thereon.

Our opinion on the Ind AS 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 Ind AS financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the financial statements or our knowledge obtained in the 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.

Responsibility of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management 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 Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS 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 Ind AS 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 with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the

date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) In our opinion, provisions of section 197 read with Schedule V of the Act are applicable to the Company for the year ended March 31, 2020. However, no managerial remuneration has been paid/provided by the Company to its directors during the year;
 - (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;

- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For SRBC & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 20105754AAAACI5971
Place of Signature: Pune
Date: May 25, 2020

Annexure 1 referred to in paragraph 1 of our report of even date under the heading "Report on Other Legal and Regulatory Requirements"

Re: Caraco Pharmaceuticals Private Limited ("the Company")

- (i) The Company does not have any fixed assets. Accordingly, the provisions of clause 3(i) (a), (b), and (c) of the Order are not applicable to the Company and hence not commented upon.
- (ii) The Company does not have any inventories during the year. Accordingly, the requirements under paragraph 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, the provisions of clause 3(iv) of the Order is not applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Companies Act, 2013, for the products/services of the Company.
- (vii) (a) Undisputed statutory dues including income-tax and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to provident fund, employees' state insurance, goods and service tax, and custom duty are not applicable to the Company.

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According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, custom duty, excise duty, value added tax, cess and other statutory dues, wherever applicable, which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Statement of Arrears of Statutory Dues Outstanding for More than Six Months

Name of the Statute	Nature of the Dues	Amount (Rs.)	Period to which the amount relates	Due Date	Date of Payment
Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Profession Tax	2,500	2018-19	June 30, 2018	Unpaid
Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Profession Tax	2,500	2019-20	June 30, 2019	Unpaid

- (b) According to the information and explanations given to us, there are no dues of income tax, sales-tax, goods and service tax, service tax, custom duty, excise duty, value added tax and cess, wherever applicable, which have not been deposited on account of any dispute.
- (viii) According to the information and explanations given by management, the Company has not taken any loan or borrowings from a financial institution or bank or government or debenture holders during the year. Accordingly, the provisions of clause 3(viii) are not applicable to the Company and hence not commented upon.
- (ix) According to the information and explanations given by management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) In our opinion, provisions of section 197 read with Schedule V of the Act are applicable to the Company for the year ended March 31, 2020. However, no managerial remuneration has been paid/provided by the Company to its directors during the year.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by management, there are no transactions with the related parties during the year. The provisions of section 177 are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to section 177 of the Act is not applicable to the Company and hence not commented upon.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or

partly convertible debentures during the year and hence, reporting requirements under clause 3(xiv) of the Order is not applicable to the Company and hence not commented upon.

- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company and hence not commented upon.

For SRBC & COLLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 20105754AAAACI5971
Place of Signature: Pune
Date: May 25, 2020

Annexure 2 to the Independent Auditor's Report of even date on the financial statements of Caraco Pharmaceuticals Private Limited

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

We have audited the internal financial controls over financial reporting of Caraco Pharmaceuticals Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the 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.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these 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 as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these financial statements was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

A company's internal financial control over financial reporting with reference to these financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting with reference to these financial statements 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 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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these 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 over financial reporting with reference to these financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership Number: 105754

UDIN: 20105754AAAACI5971

Place of Signature: Pune

Date: May 25, 2020

CARACO PHARMACEUTICALS PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2020

Amount ₹

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
Current assets			
Financial assets			
(i) Cash and cash equivalents	3	12,838	12,838
Total current assets		12,838	12,838
TOTAL ASSETS		12,838	12,838
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	4	100,000	100,000
(b) Other equity		(219,422)	(157,382)
Total equity		(119,422)	(57,382)
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	5	74,990	-
(ii) Trade payables			
(a) total outstanding dues of micro and small enterprises (refer note 11)		-	-
(b) total outstanding dues of creditors other than micro and small enterprises		52,270	39,695
(b) Other current liabilities	6	5,000	30,525
Total current liabilities		132,260	70,220
TOTAL EQUITY AND LIABILITIES		12,838	12,838

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. : 324982E/E300003

**For and on behalf of the Board of Directors of
CARACO PHARMACEUTICALS PRIVATE LIMITED**

per Paul Alvares
Partner
Membership No. : 105754
Pune, May 25, 2020

Chandrakant Khubchandbhai Agrawal
Director
DIN: 02525499

Ashok Indulal Bhuta
Director
DIN: 00065307
Mumbai, May 25, 2020

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

Amount ₹

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
(I) Income		-	-
Total income (I)		-	-
(II) Expenses			
(a) Finance cost	7	5,405	-
(b) Other expenses	8	56,635	40,168
Total expenses (II)		62,040	40,168
(III) Loss before tax (I - II)		(62,040)	(40,168)
(IV) Tax expenses	9	-	-
(V) Loss for the year (III - IV)		(62,040)	(40,168)
Total comprehensive income / (loss) for the year		(62,040)	(40,168)
Earnings per equity share (face value per equity shares ₹ 10)	10		
Basic (in ₹)		(6.20)	(4.02)
Diluted (in ₹)		(6.20)	(4.02)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. : 324982E/E300003

**For and on behalf of the Board of Directors of
CARACO PHARMACEUTICALS PRIVATE LIMITED**

per Paul Alvares
Partner
Membership No. : 105754
Pune, May 25, 2020

Chandrakant Khubchandbhai Agrawal
Director
DIN: 02525499

Ashok Indulal Bhuta
Director
DIN: 00065307
Mumbai, May 25, 2020

CARACO PHARMACEUTICALS PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2020

Amount ₹

Particulars	Equity share capital	Reserve and surplus	Total
		Retained earnings (Surplus in profit and loss)	
Balance as at March 31, 2018	100,000	(117,214)	(17,214)
Loss for the year		(40,168)	(40,168)
Total comprehensive income / (loss) for the year	-	(40,168)	(40,168)
Balance as at March 31, 2019	100,000	(157,382)	(57,382)
Loss for the year		(62,040)	(62,040)
Total comprehensive income / (loss) for the year	-	(62,040)	(62,040)
Balance as at March 31, 2020	100,000	(219,422)	(119,422)

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No. : 324982E/E300003

**For and on behalf of the Board of Directors of
CARACO PHARMACEUTICALS PRIVATE LIMITED**

per Paul Alvares

Partner

Membership No. : 105754

Pune, May 25, 2020

Chandrakant Khubchandbhai Agrawal

Director

DIN: 02525499

Ashok Indulal Bhuta

Director

DIN: 00065307

Mumbai, May 25, 2020

CARACO PHARMACEUTICALS PRIVATE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2020

Amount ₹

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
A) Cash flow from operating activities				
Loss before tax	(62,040)		(40,168)	
Adjustment for:				
Interest expense	5,405		-	
Operating loss before working capital changes	(56,635)		(40,168)	
Movement in working capital :				
Increase in trade payables	12,575		39,695	
Decrease in other current liabilities	(25,525)		(735)	
Cash used in operations	(69,585)		(1,208)	
Income tax paid	-		-	
Cash used in operating activities (A)		(69,585)		(1,208)
B) Cash flow from investing activities (B)		-		-
C) Cash flow from financing activities				
Proceeds from borrowings-holding company	69,585		-	
Net cash generated from financing activities (C)		69,585		-
Net increase / (decrease) in cash and cash equivalents (A+B+C)		-		(1,208)
Cash and cash equivalents at beginning of the year		12,838		14,046
Cash and cash equivalents at the end of the year		12,838		12,838

Cash and cash equivalents comprises of (refer note 3)			Amount ₹
Particulars	As at		As at
	March 31, 2020		
Cash on hand		780	780
Balances with banks			
In current accounts		12,058	12,058
		12,838	12,838

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No. : 324982E/E300003

**For and on behalf of the Board of Directors of
CARACO PHARMACEUTICALS PRIVATE LIMITED**

per Paul Alvares

Partner

Membership No. : 105754

Pune, May 25, 2020

Chandrakant Khubchandbhai Agrawal

Director

DIN: 02525499

Ashok Indulal Bhuta

Director

DIN: 00065307

Mumbai, May 25, 2020

CARACO PHARMACEUTICALS PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

1. General Information

Caraco Pharmaceuticals Private Limited ("the Company") is a private limited company incorporated and domiciled in India, having its registered office at Acme Plaza, Andheri-Kurla Road, Andheri (East), Mumbai - 400 059. The Company is a 100% subsidiary of Faststone Mercantile Company Private Limited.

The Financial statements were authorised for issue in accordance with a resolution of the directors on May 25, 2020.

2. SIGNIFICANT ACCOUNTING POLICIES :

2.1 Statement of compliance

The Company has prepared financial statements for the year ended March 31, 2020 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 together with the comparative period data as at and for the year ended March 31, 2019.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis, except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 116, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

A. Current vs Non-current

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- 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 current when:

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

The Company classifies all other liabilities as non-current.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

CARACO PHARMACEUTICALS PRIVATE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

B. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and liabilities are 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 measured on initial recognition of financial asset or financial liability.

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business whose objective is to hold these assets to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial liabilities are measured at amortised cost using the effective interest method.

C. Income tax

Income tax expense consists of current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively. Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing 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.

D. Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements.

E. Cash and cash equivalents

Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

CARACO PHARMACEUTICALS PRIVATE LIMITED

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

F. Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the Board of Directors.

CARACO PHARMACEUTICALS PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

NOTE : 3

CASH AND CASH EQUIVALENTS

Amount ₹

Particulars	As at	
	March 31, 2020	March 31, 2019
Cash on hand	780	780
Balances with banks In current accounts	12,058	12,058
	12,838	12,838

NOTE : 4

EQUITY SHARE CAPITAL

Amount ₹

Particulars	As at		As at	
	March 31, 2020		March 31, 2019	
	No.	₹	No.	₹
Authorised share capital				
Equity shares of ₹ 10 each	50,000	500,000	50,000	500,000
	50,000	500,000	50,000	500,000
Issued, subscribed and fully paid up				
Equity shares of ₹ 10 each	10,000	100,000	10,000	100,000
	10,000	100,000	10,000	100,000

Reconciliation of the number of equity shares and amount outstanding at the beginning and at the end of reporting period

Particulars	As at		As at	
	March 31, 2020		March 31, 2019	
	No.	₹	No.	₹
Reconciliation of fully paid equity shares				
Opening balance	10,000	100,000	10,000	100,000
Add : Issued during the year	-	-	-	-
Closing balance	10,000	100,000	10,000	100,000

Details of shareholders holding more than 5% in the Company

Particulars	As at		As at	
	March 31, 2020		March 31, 2019	
	No.	%	No.	%
Faststone Mercantile Company Private Limited	10,000	100%	10,000	100%

Rights, preference and restrictions attached to equity shares: The equity shares of the Company, having par value of ₹ 10 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

No equity share have been issued as bonus or shares issued for consideration other than cash or bought back during the period of five years immediately preceding the reporting date.

CARACO PHARMACEUTICALS PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

NOTE : 5

BORROWINGS (CURRENT)

Amount ₹

Particulars	As at March 31, 2020	As at March 31, 2019
Unsecured		
Loans from holding company repayable on demand (refer note 15)	74,990	-
	74,990	-

NOTE : 6

OTHER CURRENT LIABILITIES

Amount ₹

Particulars	As at March 31, 2020	As at March 31, 2019
Payable to holding company	-	28,025
Statutory payable	5,000	2,500
	5,000	30,525

NOTE : 7

FINANCE COSTS

Amount ₹

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Interest expense for financial liabilities carried at amortised cost	5,405	-
	5,405	-

NOTE : 8

OTHER EXPENSES

Amount ₹

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Rates and taxes	2,500	2,500
Professional, legal and consultancy	36,435	6,670
Payments to auditors		
For audit	17,700	29,500
Miscellaneous expenses	-	1,498
	56,635	40,168

CARACO PHARMACEUTICALS PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

NOTE : 9

TAX RECONCILIATION

Amount ₹

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Reconciliation of current tax expense		
Profit / (Loss) before tax	(62,040)	(40,168)
Enacted income tax rate (%)	* 25.17%	26.00%
Tax expense	(15,614)	(10,444)
Effect of expenses that are not deductible in determining taxable profit	15,614	10,444
	-	-
	-	-
Income tax expense recognised in profit and loss	-	-

* The Company has elected to exercise the option permitted under section 115BA of the Income tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019. Accordingly, tax rate used for reconciliation above is the corporate tax rate of 25.17% and has recognised the provision of income tax for year ended March 31, 2020.

NOTE : 10

EARNINGS PER SHARE (EPS) :

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Loss attributable to Equity Share holders ₹	(62,040)	(40,168)
No. of Equity Shares (of ₹ 10/- each)	10,000	10,000
Loss Per Share – Basic & Diluted ₹	(6.20)	(4.02)

NOTE : 11

DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

The information regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. The company has not received any memorandum (as required to be filed by the suppliers with notified authority under the Micro, Small and Medium Enterprises Development Act 2006) from vendor claiming the status as micro or small enterprise, hence no disclosures have been made.

NOTE : 12

CATEGORIES OF FINANCIAL INSTRUMENTS

Amount ₹

Particulars	As at March 31, 2020		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Cash and cash equivalents	-	-	12,838
Financial liabilities			
Borrowing	-	-	74,990
Trade payables	-	-	52,270

Amount ₹

Particulars	As at March 31, 2019		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets			
Cash and cash equivalents	-	-	12,838
Financial liabilities			
Trade payables	-	-	39,695

CARACO PHARMACEUTICALS PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

NOTE : 13

FINANCIAL RISK MANAGEMENT

The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

Market risk

The Company does not have any market risk such as foreign exchange risk and interest rate risk

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The table below provides details regarding the contractual maturities of significant undiscounted financial liabilities :

Particulars	Amount ₹			
	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2020
Non derivative				
Borrowing	74,990	-	-	74,990
Trade payables	52,270	-	-	52,270
	127,260	-	-	127,260

Particulars	Amount ₹			
	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2019
Non derivative				
Trade payables	39,695	-	-	39,695
	39,695	-	-	39,695

NOTE : 14

As on March 31, 2020, the Company's accumulated loss of ₹ 219,422 exceeds the shareholders' funds. As the Company is assured of continuing operational and financial support from its holding company, these financial statements have been prepared on the 'going concern' assumption.

NOTE : 15

RELATED PARTY DISCLOSURE AS PER IND AS-24

A. List of Related Parties as per Ind AS-24

(i) HOLDING COMPANY

Faststone Mercantile Company Pvt. Ltd

(ii) KEY MANAGEMENT PERSONNEL

Name	Designation
Mr. Chandrakant K. Agrawal	Director
Mr. Sunil R. Ajmera	Director
Mr. Ashok I. Bhuta	Director

CARACO PHARMACEUTICALS PRIVATE LIMITED
NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2020

B. Details of Related Parties Transaction as per Ind AS-24

Particulars	For the year ended March 31,2020	For the year ended March 31,2019
Faststone Mercantile Company Pvt. Ltd-Holding Company		
Reimbursement of expenses	-	28,025
Loan Taken	69,585	-
Interest on Loan taken	5,405	-

C. Balance outstanding as at the end of the year

Particulars	As at March 31,2020	As at March 31,2019
Faststone Mercantile Company Pvt. Ltd-Holding Company		
Other payable	-	28,025
Loan repayable on demand	74,990	-

NOTE : 16

Previous year's figures have been regrouped / reclassified, wherever necessary, to conform to this year's classification.

As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No. : 324982E/E300003

**For and on behalf of the Board of Directors of
CARACO PHARMACEUTICALS PRIVATE LIMITED**

per Paul Alvares
Partner
Membership No. : 105754
Pune, May 25, 2020

Chandrakant Khubchandbhai Agrawal
Director
DIN: 02525499

Ashok Indulal Bhuta
Director
DIN: 00065307
Mumbai, May 25, 2020