



ARCH PHARMALABS LIMITED

27th ANNUAL REPORT
2019-2020

Board of Directors as on 31st March, 2020

Mr. Ajit Kamath	Chairman & Managing Director
Mr. Rajendra Kaimal	Executive Director & CFO
Mr. Ashish Ujagare	Executive Director
Dr. Sunil Pitroda	Independent Director

Banks & Financial Institutions

JM Financial Asset Reconstruction Co. Ltd.
 Oriental Bank of Commerce
 Corporation Bank
 Bank of India
 Bank of Baroda (Vijaya Bank)
 Jammu & Kashmir Bank
 Indian Overseas Bank

Statutory Auditors

- M/s. Taori Sandeep & Associates,
 Chartered Accountants, Mumbai

Registrar & Share Transfer Agent

Link Intime India Pvt. Ltd.
 Unit: Arch Pharmalabs Limited
 C 101, 247 Park, LBS Rd, Vikhroli West,
 Mumbai, Maharashtra 400083
 Tel: 022 - 4918 6270; Fax: 022 - 4918 6060;
 Email: rnt.helpdesk@linkintime.co.in

Registered & Corporate Office

3rd Floor, Titanic Building, Chandivali Farm Road,
 Nr. HDFC Bank, Andheri (East) Mumbai – 400072

Plant Locations

1. Survey No. 323, Gundlamachnur Village, Hathnoora Mandal, District Medak – 502 296, Telangana (Merven Unit)
2. Plot Nos. TS – 21, TS – 22, F – 40, Phase II, Sagaon, Dombivali (E), Thane – 421204. Maharashtra (Dombivali Unit)
3. Plot Nos. G-3, G-4 & G-5, Kharvai MIDC, Badlapur, Dist. Thane – 421 503, Maharashtra (Badlapur Unit)
4. Vitalife Laboratories
 Village Pathreri, Bilaspur -Tauru Road, District Gurgaon – 122 001, Haryana (Gurgaon Unit)
5. Plot No. G-6, MIDC Taloja, Taloja Industrial Area, Village Navade, Taluka Panvel, District Raigad, Maharashtra (Taloja Unit)
6. Mittapally Village, Siddipet – 502375, Medak, Telangana (Watsol Unit)
7. Plot Nos. E-64/E-80/E-81/E-82, Tarapur Industrial Area, M.I.D.C. Salvad, Thane District, Maharashtra. (Tarapur Unit-2)
8. Plot Nos. T-84, 85 & 86, MIDC, Tarapur, Boisar – 401 506, Maharashtra (Tarapur Unit -I)
 Website: www.archpharmalabs.com
 Email: info@archpharmalabs.com

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NOTICE

Notice is hereby given that the 27th Annual General Meeting of the Members of Arch Pharmalabs Limited will be held on Wednesday, the 30th day of December, 2020 at 5.30 P.M. (IST), through Video Conferencing/ Other Audio Visual Means (“VC/OAVM”) Facility to transact following business:

Ordinary Business:

- 1 To consider and adopt the audited financial statements of the Company, including balance sheet as at 31st March, 2020, profit and loss statement and cash flow statement for the year ended on that date, Reports of the Board and Auditors of the Company thereon, and the audited consolidated financial statements for the financial year ended 31st March, 2020, together with the Auditors report thereon.
- 2 To appoint a Director in place of Mr. Ajit Kamath (DIN: 00032799), who retires by rotation and offers himself for reappointment.

Special Business

3 Ratification of remuneration of Cost Auditor

To ratify remuneration of cost auditor and in this regard to consider and if thought fit, to pass, with or without modifications, the following resolution as **Ordinary Resolution**.

“RESOLVED THAT pursuant to the provisions of Section 148 and all other applicable provisions of the Companies Act, 2013, Companies (Cost Records and Audit) Rules 2014 and the Companies (Audit and Auditors) Rules, 2014 (including statutory modifications or re-enactment thereof, for the time being in force), payment of remuneration upto Rs. 1,00,000/- to M/s. Santiram Chattopadhyay & Associates, the Cost Auditor appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending 31st March 2021, be and is hereby approved.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution.”

4 Offer, issue and allot 0.01% Compulsorily Convertible Preference Shares (CCPS), 0.01% optionally convertible or redeemable preference shares (OCRPS) on preferential basis on conversion of certain portion of the existing loan facilities to lenders

To consider and if thought fit, to pass the following resolution as a **Special resolution**

“RESOLVED THAT in furtherance to the resolution passed by the members of the Company at the Extraordinary General Meeting held on 18th November, 2017, the resolution passed through Postal Ballot on 16th November, 2018 and the resolution passed by the members of the Company at the Annual General Meeting of the Company held on 30th December, 2019 and in accordance with the provisions of section 23, 62 read with section 42 and all other applicable provisions, if any, of the Companies act, 2013 (the act) read with Companies (share Capital and debentures) Rules, 2014 including any statutory modifications or re-enactments thereof for the time being in force, the provisions of the Memorandum and articles of association of Arch Pharmalabs Limited (the “Company”), and subject to the applicable statutes, guidelines, regulations, approvals, consents, permissions, sanctions of the Central government, the Reserve bank of India (“RBI”), and any other appropriate and / or concerned authorities, institutions or bodies (the “approvals”); and such conditions or modifications as may be prescribed by any of them while granting any such approvals, the consent of the Members be and is hereby accorded to the board of directors of the Company (hereinafter called “the board” which term shall be deemed to include any Committee which the board may have constituted or hereinafter) to convert certain portion of the existing facilities (loans) aggregating upto:

- a. Rs. 1600,00,00,000/- (Rupees One Thousand Six Hundred Crores Only) into 0.01% Compulsorily Convertible Preference Shares (“CCPS”) of Rs.10/- each and convertible into equity shares on or after 18 (eighteen) years from the date of issuance;

- b. Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores Only) into 0.01% Optionally Convertible or Redeemable Preference shares ("OCRPS") of Rs.10/- each and convertible/ Redeemable into equity shares on or before 18 (eighteen) years from the date of issuance

The Lenders including JM Financial Asset Reconstruction Company Limited (JMF ARC) shall be at liberty to invoke the conversion of CCPS, OCRPS and/or equity shares from time to time as per the prevalent RBI guidelines.

The above conversion of the portion of the existing facilities would be as per the Restructuring agreement or any other agreement in this connection entered into by the Company with JM Financial Asset Reconstruction Company Limited and /or any other existing lender in one or more tranches at such time or times and on such further terms and conditions as may be finalized by the board mutually with the lenders.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and are hereby authorized to decide the terms and conditions (including without limitation terms and conditions relating to variation of price) of the CCPS and OCRPS to be issued, in the best interests of the Company, and take all actions and do all such deeds, matters and things as it may, in its absolute discretion, deem necessary, desirable, incidental or expedient for issue or allotment of the said CCPS and OCRPS and to take all such steps and to do all such things as may be required to comply with the requirements of all applicable laws and give all such directions as the board may consider necessary, expedient or desirable, including without limitation, effecting any modification to the foregoing, to prescribe the forms of application, allotment, to enter into any definitive agreements and other incidental documents or other instruments and writings, and to take such actions or give such directions as may be necessary or desirable and to file applications and obtain any approvals, permissions, sanctions which may be necessary or desirable and to resolve and settle all questions and difficulties that may arise in relation to the proposed creation, issue, and allotment of the said CCPS and OCRPS and to do all acts, deeds and things in connection therewith and incidental thereto as the board in their absolute discretion may deem fit and to appoint such consultants, valuers, legal advisors, advisors and all such agencies as may be required for the issue and allotment of the said CCPS and OCRPS without being required to seek any further consent or approval of the members and that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

RESOLVED FURTHER THAT the board be and is hereby severally authorized to issue and allot such number of equity shares as may be required to be issued and allotted in accordance with the terms of the Restructuring and/or terms of conversion of CCPS and OCRPS or any other agreement in this connection and prevailing guidelines of Reserve bank of India ("RBI"), which shall rank pari passu with the then existing equity shares of the Company in all respects, and the Lenders shall be at liberty to invoke the conversion of CCPS and OCRPS from time to time as per the prevalent RBI guidelines

RESOLVED FURTHER THAT any of the directors and/or Company Secretary of the Company be and are hereby severally authorized to do all such acts, deeds, matters and incidental things and to execute all such documents or writings as may be considered necessary for giving effect to this resolution."

By Order of the Board
For Arch Pharmalabs Limited

Sd/-
Vikas Kedia
Company Secretary

Mumbai
30th November, 2020

Item No. 4: - Approval for remuneration of Cost Auditor

The Board of Directors of the Company, on the recommendation of the Audit Committee, has approved the appointment of M/s. Santiram Chattopadhyay & Associates, Cost Accountants as Cost Auditor of the Company for the financial year ending on 31st March 2021, to conduct audit of cost accounting records of the Company as may be required for cost audit under the Companies Act 2013 and Rules made thereunder, at a remuneration not exceeding Rs.1,00,000/- and applicable taxes and out of pocket expenses, if any.

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration proposed to be paid to the Cost Auditor is required to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out in the Notice for ratification of the remuneration payable to the Cost Auditors. The Board recommends the Ordinary Resolution for the above matter as set out in the Notice for approval by the members.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in this resolution.

Item No. 5

The members of the Company at the Extraordinary General Meeting held on 18th November, 2017 had approved issuance of CCPS, OCRPS and equity shares to JM Financial Asset Reconstruction Company Limited. As part of aforesaid resolution, the Company has allotted certain portion of equity shares to JMF ARC, however the allotment of CCPS and OCRPS has not taken place.

As the allotment of CCPS and OCRPS could not be completed as per the EGM resolution as stated above, the Company sought further approval of members through Postal Ballot pursuant to Section 110 of the Companies Act, 2013 ("Act") and other applicable provisions, if any, of the Act read with Rule 22 of the Companies (Management and Administration) Rules, 2014 ("Rules") on 16th November, 2018 and through resolution passed by the members of the Company at the Annual General Meeting of the Company held on 30th December, 2019. It is hereby noted that pursuant to approval by Members by way of Postal ballot and AGM as stated above, the allotment of referred CCPS and OCRPS has still not been made.

Hence, it is hereby proposed to seek the approval of members to/for issuance/allotment of CCPS and OCRPS, which could not be completed as per the resolutions passed by the members/shareholders at the Extraordinary General Meeting held on 18th November, 2017 and through postal ballot on 16th November, 2018 and at the Annual General Meeting held on 30th December, 2019.

Pursuant to the Restructuring agreement/ scheme executed by and between Arch Pharmalabs Limited (the "Company") and the Lenders i.e. JM Financial Asset Reconstruction Company Limited and envisaged to be entered with other Lenders, it is proposed to convert certain portion of the existing facilities granted by the Lenders for an amount of up to:

- a. Rs. 1600,00,00,000/- (Rupees One Thousand Six Hundred Crores Only) into 0.01% Compulsorily Convertible Preference shares ("CCPS") of Rs.10/- each and convertible into equity shares on or after 18 (eighteen) years from the date of issuance.; and
- b. Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores Only) into 0.01% Optionally Convertible or Redeemable Preference shares ("OCRPS") of Rs.10/- each and convertible/ Redeemable into equity shares on or before 18 (eighteen) years from the date of issuance.

as per section 62 read with section 42 and all other applicable provisions, if any, of the Companies act, 2013 read with the Rules framed there under, the company offering or making an invitation to subscribe to Compulsorily Convertible Preference shares (CCPS) and Optionally Convertible Preference shares (OCRPS) on a preferential basis is required to obtain the prior approval of the shareholders by way of a special Resolution.

Conversion of certain portion of existing facility into CCPS and OCRPS will reduce the burden of interest payment on converted facility on the Company, and would come as great relief to the Company as this will leave more amount in the hands of the Company which can be utilized towards working capital requirements for the operations.

The approval of the Members is being sought by way of a special Resolution under sections 62 and section 42 of the act read with the Rules made there under, to enable the Company to allot CCPS and OCRPS on a private placement basis, by way of conversion of existing credit facilities/loans.

Pursuant to Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014 the Company makes the following disclosures:

I. The object / purpose of the preferential issue:

Due to various reasons, the Company is facing liquidity constraints and is unable to make timely payments to service the existing facilities availed by the Company and pursuant to restructuring agreement/ scheme the Lenders i.e. JM financial asset Reconstruction Company Limited and envisaged to be entered with other Lenders, it is required to convert certain portion of the existing facilities granted by Lenders for an amount of up to:

- a. Rs. 1600,00,00,000/- (Rupees One Thousand Six Hundred Crores Only) into 0.01% Compulsorily Convertible Preference shares ("CCPS") of Rs.10/- each and convertible into equity shares on or after 18 (eighteen) years from the date of issuance.
- b. Rs. 250,00,00,000/- (Rupees Two Hundred and Fifty Crores Only) into 0.01% Optionally Convertible or Redeemable Preference shares ("OCRPS") of Rs.10/- each and convertible into equity shares on or before 18 (eighteen) years from the date of issuance

for the avoidance of doubt it is hereby clarified the converted portion of the existing facilities will be treated as the subscription amount for the said CCPS and OCRPS of the Company and the Company is not going to receive any fresh subscription amounts in connection with the issuance of the CCPS and OCRPS.

II. Total Number of Shares or other securities to be issued:

Up to 160,00,00,000, 0.01% Compulsorily Convertible Preference shares ("CCPS") of Rs.10/- each and convertible into equity shares on or after 18 (eighteen) years from the date of issuance.

Upto 250000000, 0.01% Optionally Convertible or Redeemable Preference shares ("OCRPS") of Rs.10/- each and convertible into equity shares on or before 18 (eighteen) years from the date of issuance.

III. The class or classes of persons to whom the allotment is proposed to be made;

Allotment is proposed to be made to the prospective Allottees as mentioned in point no IV below, all the proposed allottees belongs to non-promoters category.

IV. List of Allottees in a table format with the proposed individual allotments

The CCPS and OCRPS will be allotted to the following allottees for the following amounts

Name of the Lender subscribing to CCPS	Instrument	Amount for which the CCPS/OCRPS shall be issued (in Rs. Cr) *	% of the Respective Instrument
JM Financial Asset Reconstruction Company Limited	CCPS	1530.1878	95.63%
JM Financial Asset Reconstruction Company Limited	OCRPS	239.0918	95.63%
Other Lenders		58.8158	3.69%
Oriental Bank of Commerce		2.0806	0.13%
Vijaya Bank		26.3232	1.65%
Can Bank Factors		8.5636	0.54%
India Factoring	CCPS	12.3096	0.77%
Jammu and Kashmir Bank		2.9398	0.18%
Corporation Bank		2.1675	0.14%
Bank of India		2.0275	0.13%
Indian Overseas Bank		2.4040	0.15%
Other Lenders		9.19	3.69%
Oriental Bank of Commerce		0.3251	0.13%
Vijaya Bank		4.1130	1.65%
Can Bank Factors		1.3381	0.54%
India Factoring	OCRPS	1.9234	0.77%
Jammu and Kashmir Bank		0.4593	0.18%
Corporation Bank		0.3387	0.14%
Bank of India		0.3168	0.13%
Indian Overseas Bank		0.3756	0.15%

*The Amount for which the CCPS/OCRPS shall be issued is subject to change in future depending up on any further acquisition of dues by JMF ARC.

V. Relevant Date / Price at which the allotment is proposed: Rs. 10/- per CCPS/ Rs 10/- per OCRPS.

CCPS and OCRPS shall be allotted to allottees at par, the Lenders and the Company have agreed that each CCPS and OCRPS of Rs. 10/- each issued shall convert into relevant number of fully paid-up equity share of the Company of Rs. 10/- each based on the fair value of the equity at the time of conversion. Date of conversion shall be the relevant date for the purpose of conversion price calculation. Based on the Restructuring scheme and the fact that the debt obligations of the Company are being restructured, the proposed conversion and other terms of CCPS and OCRPS is again being placed before the Members for their approval.

VI. The intention / proposal of the Promoters, Directors and Key Managerial Personnel of the Company to subscribe to the proposed preferential offer:

None of the Promoters, directors or key Managerial Personnel of the Company intends to subscribe to the proposed CCPS and OCRPS offer.

VII. Proposed time within which the allotment shall be completed:

The Company will issue and allot CCPS and OCRPS to the proposed allottees within the time limit specified under the provisions of the Companies Act, 2013 and rules prescribed and applicable thereof.

VIII. The pre issue and post issue shareholding pattern of the company is as given below.

Sr No.	Particulars	Pre offer Shareholding	%	Preferential Offer of CCPS & OCRPS if converted	Post offer Shareholding	%
(A)	Promoter And Promoter Group					
[1]	Indian					
	Bodies Corporate	90960175	59.87	NIL	90960175	4.54
	Sub Total	90960175	59.87	NIL	90960175	4.54
[2]	Foreign	0	0.00	NIL	0	0.00
	Total (A)	90960175	59.87	-	90960175	4.54
(B)	Public Shareholding					
[1]	Institutions					
	Mutual Funds / UTI/Banks/NBFCs/ Asset Reconstruction Companies	39500730	26.00	1600000000 + 250000000	1889500730	94.38
	Foreign Institutional Investors	112490	0.07	NIL	112490	0.01
	Sub Total	39613220	26.07	-	1889613220	94.39
[2]	Non-Institutions					
	Bodies Corporate	14813493	9.75	NIL	14813493	0.74
	Individual Shareholders Holding Nominal Share Capital Upto Rs. 2 Lakh.	313207	0.21	NIL	313207	0.02
	Individual Shareholders Holding Nominal Share Capital In Excess Of Rs. 2 Lakh	2483025	1.63	NIL	2483025	0.12
	Non Resident Indians	2713394	1.79	NIL	2713394	0.14
	Foreign Companies	1000000	0.66	NIL	1000000	0.05
	Others	26562	0.02	NIL	26562	0.00
	Sub Total	21349681	14.05	-	21349681	1.07
	Total (B)	60962901	40.13	1850000000	1910962901	95.46
	Total (A)+(B)	151923076	100	1850000000	2001923076	100%

#Assuming full conversion of CCPS & OCRPS and considering no change in the shareholding of Promoters and other public shareholders.

IX. Change in Control:

No change in operational control is intended or expected by way of the proposed allotment of CCPS and OCRPS to be issued to JMF ARC.

X. The number of persons to whom allotment on preferential basis have already been made during the year, in terms of number of securities as well as price;

The proposed allotment will be the first allotment made by the Company for Financial Year 2020-2021.

The Directors of the Company accordingly recommend the special resolution as set out at Item No. 4 in the accompanying Notice for members' approval.

Directors, Key Managerial Personnel of the Company and any of their relatives are not in any way, concerned or interested financially or otherwise in the resolution, except to the extent of shares in the company that may be held by them or their relatives or any entity in which they may be deemed to be concerned or interested.

NOTES

1. In view of the outbreak of the COVID-19 pandemic, social distancing is a norm to be followed and Ministry of Corporate Affairs (“MCA”) has vide its General Circular No 14/2020 dated April 08, 2020, General Circular No 17/2020 dated April 13, 2020 and the General Circular No. 22/2020 dated June 15, 2020 (collectively referred to as “said Circulars”) permitted the holding of the Annual General Meeting (AGM or the Meeting) through VC/ OAVM, without the physical presence of the Shareholders at the venue.

Accordingly, in compliance with the applicable provisions of the Companies Act, 2013 read with the said Circulars the Company has decided to convene its ensuing 27th AGM through VC/ OAVM, and the Shareholders can attend and participate in the ensuing AGM through VC/ OAVM. The attendance of the shareholders attending the AGM through VC/ OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act 2013.

2. The statement pursuant to section 102 of the Companies Act, 2013 relating the Notice is annexed hereto.
3. Members desirous of any information or queries on financial or relevant reports are requested to send their queries at least ten days in advance to the Company at its email vikas.kedia@archpharmalabs.com to enable the Company to collect the relevant information and answer them in the meeting.
4. Body Corporate members intending to appoint their authorized representative are requested to send a duly certified copy of the Resolution authorizing their representative to participate and vote at the Meeting.
5. Relevant documents referred to in the accompanying notice and explanatory statements are open for inspection by the members at the registered office of the Company on all working days between 11.00 a.m. and 2.00 p.m. or through electronic means on request.
6. **Provide PAN, Bank details etc:** Shareholders mandatorily need to provide to the Company or Share Transfer Agent (STA) their PAN and Bank Account details. If you have not furnished so far, please provide self-attested copy of PAN card, cancelled cheque with bank detail. To update your current address, provide self-signed copy of latest address proof (aadhar card, passport, driving license, election voter card or utility bill in the name of sole or first holder. You may contact secretarial department of the Company for further guidance.
7. **Nomination:** Members can avail the facility of nomination in respect of shares held by them in physical form pursuant to section 72 of the Companies Act 2013 read with relevant rules. Members desiring to avail of this facility may send their nomination in the prescribed form no. SH13 duly filled in and signed to the Company or RTA.

Member may contact secretarial department on 022 4287 1210 for guidance to avail facilities or matters as mentioned in this Notice.

8. For Physical shareholders- please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by email to **Company/RTA** at info@archpharmalabs.com; rnt.helpdesk@linkintime.co.in.
9. For Demat shareholders -, please provide Demat account details (CDSL-16 digit beneficiary ID or NSDL-16 digit DPID + CLID), Name, client master or copy of Consolidated Account statement, PAN

(self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) to **Company/RTA** at info@archpharmalabs.com; rnt.helpdesk@linkintime.co.in.

10. To support the 'Green Initiative', the Members who have not registered their e-mail addresses are requested to register the same with RTA/Depositories.
11. In compliance with the provisions of Sections 108 and 110 of the Act read with the Rules and the MCA Circulars, the Company is sending this Notice / Annual Report in electronic form only and has extended only the remote e-voting facility for its Members, to enable them to cast their votes electronically instead of submitting the Ballot form. The hard copy of this Annual Report and pre-paid business envelope will not be sent to the Members for this Annual General Meeting. The instructions for remote e-voting are appended to this Notice.
12. Pursuant to Rule 22(5) of the Rules, the Board of Directors of the Company have appointed Mr. Mehul Pitroda, Company Secretary (Membership No.ACS-43364) of M/s. M. S. Pitroda & Co., Practising Company Secretaries as the Scrutinizer for conducting the remote e-voting process in a fair and transparent manner.
13. For the purpose of dispatch of this Notice, shareholders of the Company holding shares in demat / physical form as on 4th December, 2020 has been considered. Any person, who acquire shares of the Company and becomes member of the Company after 4th December, 2020 may obtain the login details by sending a request to helpdesk.evoting@cdslindia.com or to the Registrar and share transfer agents of the company.
14. The Members whose name appears in the Register of Members/list of Beneficial Owners as received from Depositories as on 24th December, 2020 ("cut-off date") are entitled to vote on the resolutions set forth in this notice. Person who is not a member as on the said date should treat this notice for information purpose only.
15. The scrutinizer will submit his report to the Chairman and/or to the Company Secretary duly authorized by Chairman, after completion of the scrutiny of the votes received through e-voting in a fair and transparent manner. The results of the e-voting shall be declared by the Chairman or the Company Secretary duly authorised on or around 31st December, 2020.
16. For e-voting, please read carefully the "Procedure/ instructions for e-voting" enumerated herein:

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Sunday, 27th December, 2020 (09:00 AM) and ends on Tuesday 29th December, 2020 (05:00 P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of 24th December, 2020 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website www.evotingindia.com.
- (iii) Click on Shareholders / Members
- (iv) Now Enter your User ID
 - a. For CDSL: 16 digits beneficiary ID,
 - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.

OR

Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login - Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, click on e-Voting option and proceed directly to cast your vote electronically.

- (v) Next enter the Image Verification as displayed and Click on Login.
- (vi) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.

(vii) If you are a first time user follow the steps given below:

For Members holding shares in Demat Form and Physical Form	
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.
OR Date of Birth (DOB)	<ul style="list-style-type: none"> If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).

(viii) After entering these details appropriately, click on "SUBMIT" tab.

(ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

(xi) Click on the EVSN of **Arch Pharmalabs Limited** to vote.

(xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

(xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

(xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

(xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

(xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

(xvii) If a demat account holder has forgotten the changed login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

(xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

- Shareholder will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting system. Shareholders may access the same at <https://www.evotingindia.com> under shareholders/members login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN of Company will be displayed.
- Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

4. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
5. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request in advance on or before 20th December, 2020 mentioning their name, demat account number/folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in advance 3 days prior to meeting mentioning their name, demat account number/folio number, email id, mobile number at vikas.kedia@archpharmalabs.com. These queries will be replied to by the company suitably by email.
6. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.

INSTRUCTIONS FOR SHAREHOLDERS FOR E-VOTING DURING THE AGM ARE AS UNDER:-

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for Remote e-voting.
2. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
3. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.
4. Shareholders who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; info@archpharmalabs.com, if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

If you have any queries or issues regarding attending AGM & e-Voting from the e-Voting System, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022-23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call on 022-23058542/43.

Details of Directors seeking appointment/reappointment in forthcoming Annual General Meeting:

Name	Mr. Ajit Kamath
Date of Birth	12.12.1969
Date of Appointment	31.01.2009
Nationality	Indian
Category	Promoter
Designation	Chairman & Managing Director
Qualification / Expertise in Specific Functional Areas	Mr. Ajit Kamath, aged 50 years, holds a Bachelor's degree in Commerce from University of Mumbai. He has more than 18 years of experience in the pharmaceutical industry. He has been involved and instrumental in planning and formulating the overall business strategy and developing business relations for our Company.
Occupation	Business
Other Directorships/ Directorships held in other companies	<ol style="list-style-type: none"> 1. Arch Agro Industries Private Limited 2. Amra Renal Care Limited 3. Arch Finechemicals Limited 4. Kobo Biotech Limited 5. Arch Pharmachem Ltd 6. Arch Herbals Private Limited 7. Amra Remedies Limited 8. Arch Life Sciences Limited 9. Arch Impex Private Limited 10. A M R Investments Private Limited 11. Archplus Sales Private Limited 12. Regal Pharma Pte. Ltd. (Singapore) 13. Arch Pharmalabs Fz-LLC (UAE)
Shareholding in the Company	NIL
Relationship between directors inter-se	NIL

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Twenty-Seventh Annual Report on the business and operations of the Company and the Audited Financial Statements for the year ended 31st March, 2020.

FINANCIAL RESULTS

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Operating Revenue	63,227	47,658
Operating Costs	59,386	46,231
Profit/(Loss) Before Depreciation, Interest, Tax [PBDIT]	5,765	5,246
Depreciation	3,030	3,254
Profit/(Loss) Before Tax [PBT]	(17,732)	(14,291)
Net Profit /(Loss) for the Year	(16,019)	(13,111)

Previous Year's figures have been regrouped/ reclassified wherever necessary to conform to the current year's classification.

YEAR IN RETROSPECT

Your Company's revenue from operations during the year increased to Rs. 63,229 Lakhs (previous year Rs. 47,658 Lakhs). The financial restructuring with support from M/s. J M Financial Asset Reconstruction Co. Ltd., is under implementation and as a result of which, the operations of the company are being scaled up. The current years increase in operational revenue is a result of increased operational activities at our manufacturing sites. As the company's restructuring efforts are put in action, the operational activities are increasing leading to increased production and sales. The same is expected to further continue in ensuing year.

The COVID-19 pandemic has disrupted the global economy creating unprecedented challenges; economic activity in India too was almost at a standstill due to the nationwide lockdown from end-March 2020. However, your company was able to operate with minimal impact under the exemption available to Pharmaceutical Units, which form part of essential services. With China under focus by major economies across the world, we believe Indian Pharmaceutical Industry is poised for a renewed interest and therefore huge opportunities exist. As such, having assessed the impact of Covid-19 on the business, performance and financials, your Company is of the view that, apart from delays in receivables, there is no major impact on operations and, hence, the financial results.

DIVIDEND

In view of losses during the year, your Directors are unable to recommend any dividend for the year under review.

RESERVES

In view of the losses during the year, the company has not transferred any amount to Reserves.

QUALITY SYSTEMS

The Company continues with its efforts to maintain highest quality standards and complies with various regulations as required by laws for supplies of products to various territories. The Company had following key valid certifications as of 31st March, 2020 for its facilities:

- USFDA Inspected Vitalife site (Gurgaon)
- USFDA Inspected Merven site (Telangana)
- USFDA & EDQM inspected Dombivli site (Maharashtra)

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

Details regarding subsidiary/ associate Company or joint venture are given in Form MGT – 9

DETAILS OF DIRECTORS RETIRING BY ROTATION AND ELIGIBLE FOR RE- APPOINTMENT AT THE AGM:

Mr. Ajit Kamath (DIN: 00032799), Chairman & Managing Director retires by rotation at the ensuing Annual General Meeting, offers himself for re-appointment.

None of the Directors of the Company are disqualified under Section 164(2) of the Companies Act, 2013.

Brief profile of the abovementioned Director is included in a separate Annexure after the Notice, forming part of this Annual Report.

All the Independent Directors have given declaration that they meet the criteria of independence laid down under Section 149 of the Companies Act, 2013

a. Board Meetings

During the year, 6 (Six) Board meetings were held with the gap between the Meetings not exceeding the maximum period prescribed under the Companies Act 2013 ('Act'). Board meeting dates are finalised in consultation with all Directors and agenda papers backed up by comprehensive notes and detailed background information are circulated well in advance before the date of the meeting thereby enabling the Board to take informed decisions. The Board is also apprised of updates, important developments in industry, segments, business operations, marketing, products etc.

b. Evaluation of Board, Committees and Directors

The Board has carried out the annual evaluation of its own performance and of each of the directors individually based on the feedback of individual Board Members and Committee Members.

c. Policy on appointment and remuneration of Directors

The Company has formulated criteria for determining Qualifications, Abilities, Experience and Independence of a Director as also a Policy for remuneration of Directors, Key managerial Personnel and Senior Management.

NOTES ON SUBSIDIARIES

The following are the names of the subsidiary companies:

1. Arch Finechemicals Limited
2. Arch Life Sciences Limited
3. Arch Pharmalabs FZ-LLC

All the subsidiaries are non-operational since many years.

AUDITORS

a. Statutory Auditors

At the Annual General meeting of the Company held on 30th July, 2018, members have approved the appointment of M/s. Taori Sandeep & Associates, Chartered Accountants as statutory auditors of the Company to conduct Statutory Audit for the Financial Years from 2017-18 to 2021-22 and to hold the

office till conclusion of the Annual General Meeting of the Company to be held during the year 2022. Report & comments of the statutory auditors on the audited financial statements of the company are self-explanatory.

b. Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Riddhi Shah, Company Secretary in Practise to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "Annexure B". The comments of the Secretarial Auditor in their report are self-explanatory.

c. Cost Auditors

Pursuant to the provision of Section 148 of the Companies Act, 2013 read with Companies (Cost Records and Audit) Rules, 2014 and the Companies (Audit and Auditors) Rules, 2014 the Company has appointed M/s. Santiram Chattopadhyay & Associates, as the Cost Auditors for the Company, to conduct the cost audit for the Financial year 2019-20.

INTERNAL CONTROL SYSTEM AND COMPLIANCE FRAMEWORK

The Company has a proper and adequate Internal Financial Control System, to ensure that all assets are safeguarded and protected against loss from unauthorized use or disposition and the transactions are authorized, recorded and reported correctly.

The financial controls were reviewed by Board from time to time and they are satisfactory in design and Operational effectiveness of the same.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has formulated a whistle blower policy with a view to provide a vigil mechanism for the directors and employees of the company to report instances of unethical behavior, fraud or mismanagement.

RISK MANAGEMENT POLICY

In accordance with Section 134(3) (n) of the Act, the Company has framed a Risk Management Policy to identify and assess the key risk areas.

RELATED PARTY TRANSACTIONS

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company which may have a potential conflict with the interest of the Company at large. The disclosure of related party transactions are given in note No. 27 forming part of the Financial Statements.

INFORMATION ON EMPLOYEES

Information on particulars of employees' remuneration as per Section 197 of the Companies Act, 2013, read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is reported to be nil as there are no employees who are in receipt of remuneration above the prescribed limit.

LOANS, GUARANTEES OR INVESTMENTS

Details of loans, guarantees and investments covered under applicable provisions of section 186 of the Companies Act, 2013 are given in the note No. 27 to the standalone financial statements.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

Due to the losses incurred by the Company during the year under review and previous financial years, the Company has not undertaken any CSR activity. However the Company does support the local areas where the Manufacturing Facility of the Company are situated.

PUBLIC DEPOSITS

The Company has not accepted any deposits from the public and there are no outstanding deposits from the public as on 31st March 2020.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in form MGT 9 is annexed herewith as "Annexure C"

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- a. that in the preparation of the annual financial statements for the year ended 31st March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b. that such accounting policies as mentioned in notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the Loss incurred by the Company for the year ended on that date;
- c. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d. that the annual financial statements have been prepared on a going concern basis;
- e. that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively;
- f. that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information relating to Conservation of energy, technology absorption, foreign exchange earnings and outgo, pursuant to Section 134 of the Act, read with the Companies (Accounts) Rules, 2014 is given as "Annexure A" and forms part of this report.

MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR OF THE COMPANY TO WHICH THE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT AND DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

As was reported in previous year's Annual report, the Company was referred for restructuring, under the Corporate Debt Restructuring (CDR) Scheme by its key secured lenders in April 2013. Subsequently with a vast majority of the secured lenders supporting the CDR scheme which was based on the Techno- Economic Viability Study Report, Asset Valuation report and various other Due Diligence parameters, the CDR scheme was approved by the CDR Cell which works under the guidelines of the Reserve Bank of India (RBI). However the scheme could not be implemented successfully, on account of restrictions on the company placed by the Hon'ble Bombay High Court then, on creation of security on fixed and movable assets of the company, based on petition moved by some of lenders who were not participating in the CDR scheme.

As a result, obligations under the Scheme, could not be honored by the Lenders participating in the CDR process. Eventually, despite all round efforts by the company and its majority lenders, the CDR scheme could not be implemented. Due to lapse of substantial time in dealing with various litigations and also due to Lenders being unable to adhere to their commitments, the CDR scheme technically failed and remained no longer viable.

On 31st March 2016, 17 lenders/Banks assigned their loans/exposure on Arch to JM Financial Asset Reconstruction Co. Ltd. (JMFARC). Together these 17 banks had an exposure of about 68% of the value of the loans from the Secured Lenders to the company. Thereafter, over the next few months, more number of lenders (totally 41 lenders out of 48) assigned their loans to JMFARC, totaling ~97% of the value of total secured loans in the company.

In December 2017, after a thorough due diligence process by JMFARC, Arch entered into a formal Restructuring Agreement with JMFARC with a Restructuring plan spanning over 8 years.. During the year under review, the company is implementing the restructuring scheme and as a result of the same, the operational activities have started to scale up, as evident from the increase in sales revenue compared with the previous financial year.

Out of total 8 manufacturing sites, 5 are presently operational. The Management has however ensured that the non-operational units are maintained up to date and regular upkeep and maintenance activities are taken up from time to time as per able guidance of our technical team. Based on the demand & markets for the products which are manufactured at such 3 non-operational sites, the Management in discussions with JMFARC will restart such sites. . It is expected that operations will be further scaled with an attempt to get back to normalcy in overall business activities for the company, which was severely affected in past few years.

OTHER INFORMATION / DISCLOSURES

The Company has in place a policy against sexual harassment. There was no complaint received during the year, nor there are any pending complaints as of 31st March, 2020.

GRATITUDE & ACKNOWLEDGMENTS

The Board of Directors take this opportunity to thank the Financial Institutions, Banks, employees, business associates, suppliers, other regulatory authorities and all the stake holders of the Company for valuable sustained support and cooperation in conducting efficient operations of the Company.

For and on behalf of the board
Arch Pharmalabs Limited

sd/-

Ajit Kamath

Chairman & Managing Director

30th November, 2020
Mumbai

Annexure A

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The Information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended 31st March, 2020 is given here below and forms part of the Board's Report

A. CONSERVATION OF ENERGY**(a) Steps taken or impact on conservation of energy:**

Your Company is committed to reduce energy consumption at its various sites. The Company has recently restarted the production activity at its various sites. The Company and as a continuous process, takes requisite steps to conserve the energy based on the production activities at the sites, in consultation with the energy experts and technical consultants.

(b) The steps taken by the company for utilizing alternate sources of energy:

In its endeavor to utilizing green energy, the Company is evaluating use of alternate sources of energy like solar panels for use at its manufacturing sites, on test case basis. The Company will going forward take requisite steps to utilizing alternate sources of energy which can be potentially used at the manufacturing sites.

(c) The capital investment on energy conservation equipment: NIL**B. TECHNOLOGY ABSORPTION**

- (i) The efforts made towards technology absorption: NIL
- (ii) The benefits derived like product improvement, cost reduction, product development or import substitution: N.A
- (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) : **Bakhu Limited, UK, has exclusively outlicensed their proprietary technology to the Company, which is used by the Company in manufacture of HK step in ATS-8 (an Atorvastatin Intermediate) and Diazomethane step in ARV Intermediates.**
- (iv) Details of expenditure on Research and Development during the year under review is as under:

(Rs. In lakhs)

a)	Capital	45.27
b)	Recurring	101.82
c)	Total expenditure	147.09
d)	Total expenditure as a % of total turnover	0.23%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. In lakhs)

Particular	Year 2019-20	Year 2018-19
Foreign Exchange earned	2,177	3,409
Foreign Exchange used / outgo	8,051	11,039

For and on behalf of the Board
Arch Pharmalabs Limited

Ajit Kamath
Chairman & Managing Director

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
ARCH PHARMALABS LIMITED
3rd Floor, Titanic Building, Chandivali Farm Road,
Nr. HDFC Bank, Andheri (East)
Mumbai – 400072

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **ARCH PHARMALABS LIMITED** (herein after called the 'Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Company books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020 complied with the statutory provisions listed hereunder, except as provided below:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') ;
 - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
 - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;–
 - d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
 - f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- None of the above Act's as stated under point (v) are applicable to the company as the Company is Unlisted Public Limited Company.

(vi) Other laws as per the representation made by the Company are as follows;

- (i) Income Tax Act, 1961;
- (ii) Depositories Act, 1996;
- (iii) Indian Contract Act, 1872;
- (iv) Industries Development And Regulation Act, 1951;
- (v) Indian Electricity Act, 2003;
- (vi) Central Excise Act, 1944;
- (vii) Central Sales Tax Act, 1956;
- (viii) Indian Stamp Act, 1899;
- (ix) Factories Act, 1948;
- (x) Industrial Disputes Act,
- (xi) Employees State Insurance Act,
- (xii) Maternity Benefit Act, 1961;
- (xiii) Child Labor (Prohibition & Regulation) Act,
- (xiv) Industrial Employment (Standing Order) Act,
- (xv) Employee Compensation Act,
- (xvi) Equal Remuneration Act,
- (xvii) The Environment (Protection) Act, 1986; Amended in 1991 and Rules 1986 amended in 2010
- (xviii) Air (Prevention and Control of Pollution) Act, 1981;
- (xix) Water (Prevention and Control of Pollution) Act, 1974;
- (xx) Hazardous Wastes (Management, Handling and Trans Boundary Movement) Rules,
- (xxi) Shops and Establishment Act,
- (xxii) The Noise Pollution Regulation And Control Rules, 2000; amended in 2010;
- (xxiii) The Factories Act, 1948;
- (xxiv) The Payment of Minimum Wages Act, 1948;
- (xxv) The Employees Provident Fund Act, 1952;
- (xxvi) Negotiable Instruments Act, 1881;
- (xxvii) Sale of Goods Act, 1930;
- (xxviii) Indian Boilers Act, 1923;
- (xxix) Drugs And Cosmetics Act, 1940;

I have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to Board and general meetings are generally complied.
- (ii) The Listing Agreements entered into by the Company with Stock Exchange. (Not Applicable)

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observation:

List of Non Compliances under the Companies Act, 2013 and the rules made thereunder:

1. Section 138 and the Rule 13 of the Companies (Accounts) Rules, 2014 – The Company, being having outstanding loans and borrowing from banks and public financial institutions exceeding one hundred crore rupees, is required to appoint Internal Auditor, but the Company has not appointed an Internal Auditor.
2. The Company has defaulted in payment of interests on various loans and finance facilities availed from Bank and various financial institutions.
3. Payment of Managerial remuneration is not in compliance of Section 169 and 197 of the Companies Act, 2013 as the Company has subsisting default in repayment of interest and loan availed from banks and financial institutions.
4. Section 149 and the Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 – The Company is required to appoint 2 directors as Independent director but the Company has appointed only 1 independent Director on its Board and The Company is required to have at least one woman director on its Board, the Company has not appointed woman Director on it board. It is represented by the Company that due to ongoing legal cases against the Company, the Company is not able to file willing professionals to act as Independent and woman director on the board of the Company.

Non Compliances under other Acts, Rules and Regulations:

1. The Company has delayed in payment of statutory dues and employee contributions into the accounts of the Government.
2. Company has not made a provision for Gratuity as required by AS 15 on Employee Benefits.

The matters on which we are unable to comment or provide our opinion:

1. The Company has received the required information from suppliers/ creditors regarding their status under Micro, Small And Medium Enterprises Development Act, 2006 and the disclosures relating to amounts unpaid as at the year end, together with interest paid/ payable as required under the said Act has been made and filed with MCA, based on data provided by the suppliers.
2. Based on management representation the Company is in compliance of Environmental Laws.

I have relied on the representation made by the Company and its officers for systems and mechanism formed by the Company for compliances under other applicable Acts, laws and regulations to the Company.

I further report that:

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period:

1. The Board of Directors of the Company is not duly constituted as company has not appointed required number of independent directors and women director.
2. During our audit I have found adequate records, paper, documents to ascertain whether adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance or not or a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.
3. Based on the information provided and after inspection of minutes of the meeting of the Board of Directors I can state that majority decisions are carried through while the dissenting members' views were captured and recorded as part of the minutes.
4. The Company has manufacturing operations spread across India; there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

Further, my report of even dated to be read along with the following clarifications:

1. Maintenance of Secretarial record is the responsibility of the management of the Company. My responsibility is to express as opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the process and practices, were followed provide as reasonable basis of my opinion.
3. I have not verified the correctness and appropriateness of financial records and books of accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws and regulations and happening
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company

30th November, 2020
Mumbai

Riddhi Shah
C P No.: 17035

Form no.MGT-9 – Extract of Annual return**As on financial year ended on 31st March, 2020**

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules 2014]

I. REGISTRATION AND OTHER DETAILS:

1.	CIN	U24231MH1993PLC150891
2.	Registration Date	2-Apr-93
3.	Name of the Company	ARCH PHARMALABS LIMITED
4.	Category of the Company/ Sub-Category of the Company	Company Limited by shares Indian Non-Government Company
5.	Address of the Registered office and contact details	3rd Floor, Titanic Building, Chandivali Farm Road, Nr. HDFC Bank, Andheri (East), Mumbai - 400072. Tel. : +91-22-4287 1210 • Fax : +91-22-4287 1285
6.	Whether Listed Company	No
7.	Name, address and contact details of Registrar and Transfer Agent	Link Intime India Pvt. Ltd. C-101, 247 Park, L.B.S Marg, Vikhroli (West), Mumbai - 400083, Tel: 022-25946970; Fax: 022-25946969; Email: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products/ services	NIC Code of the product/service	% total turnover of the company
1	Pharmaceutical products	21002 & 21005	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
HOLDING COMPANY					
	Not applicable				
DIRECT SUBSIDIARIES					
	Arch Life Sciences Limited	U24239TG2003PLC042232	SUBSIDIARY	58.46%	2(87)
	Arch Finechemicals Limited	U24110TG1993PLC015533	SUBSIDIARY	88.95%	2(87)
	Arch Pharmed Labs FZ LLC	N.a	SUBSIDIARY	100%	2(87)
STEP DOWN SUBSIDIARIES					
	Not applicable				
ASSOCIATE COMPANIES					
	Kobo Biotech Limited	L24110TG1993PLC016112	Associate	44.95%	2(6)

IV. SHARE HOLDING PATTERN

i) Category-wise Share Holding

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2019				Shareholding at the end of the year - 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government / State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Any Other (Specify)									
	Bodies Corporate	78563345	12396830	90960175	59.87	78563345	12396830	90960175	59.87	0.00
	Sub Total (A)(1)	78563345	12396830	90960175	59.87	78563345	12396830	90960175	59.87	0.00
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Any Other (Specify)									
	Sub Total (A)(2)	0	0	0	0.00	0	0	0	0.00	0.00

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2019				Shareholding at the end of the year - 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Total Shareholding of Promoter and Promoter Group(A)=(A)(1)+(A)(2)	78563345	12396830	90960175	59.87	78563345	12396830	90960175	59.87	0
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	385	345	730	0.00	385	345	730	0.00	0.00
(b)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Alternate Investment Funds	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Financial Institutions / Banks	0	0	0	0.00	0	0	0	0.00	0.00
(g)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(h)	Provident Funds/ Pension Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (Specify)									
	Sub Total (B)(1)	385	345	730	0.00	385	345	730	0.00	0.00
[2]	Central Government/ State Government(s)/ President of India									
	Sub Total (B)(2)	0	0	0	0.00	0	0	0	0.00	0.00
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	88858	173097	261955	0.17	89206	172741	261947	0.17	0.00
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2498285	148490	2646775	1.74	2498285	148490	2646775	1.74	0
(b)	NBFCs registered with RBI	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Any Other (Specify)									
	Hindu Undivided Family	26512	0	26512	0.02	26562	0	26562	0.02	0.00
	Foreign Companies	1000000	0	1000000	0.66	1000000	0	1000000	0.66	0.00
	Non Resident Indians (Non Repat)	12	0	12	0.00	13	0	13	0.00	0.00
	Non Resident Indians (Repat)	2590681	122700	2713381	1.79	2590681	122700	2713381	1.79	0.00
	Clearing Member	10	0	10	0.00	0	0	0	0.00	0.00

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2019				Shareholding at the end of the year - 2020				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Bodies Corporate	54287352	26174	54313526	35.75	54307319	6174	54313493	35.75	0
	Sub Total (B)(3)	60491710	470461	60962171	40.12	60512066	450105	60962171	40.12	0
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	60492095	470806	60962901	40.12	60512451	450450	60962901	40.12	0
	Total (A)+(B)	139055440	12867636	151923076	100.00	139075796	12847280	151923076	100.00	0.00
(C)	Non Promoter - Non Public									
	(C1) Shares Underlying DRs									
[1]	Custodian/DR Holder	0	0	0	0.00	0	0	0	0.00	0.00
	(C2) Shares Held By Employee Trust									
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.00	0	0	0	0.00	0.00
	Total (A)+(B)+(C)	139055440	12867636	151923076	100.00	139075796	12847280	151923076	100.00	

ii) Shareholding of Promoters

Sr No	Shareholder's Name	Shareholding at the beginning of the year - 2019			Shareholding at the end of the year - 2020			% change in shareholding during the year
		NO. OF SHARES HELD	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	NO. OF SHARES HELD	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1	ARCH IMPEX PVT LTD	55405664	36.47	36.47	55405664	36.47	36.47	0.00
2	ARCH PHARMACHEM LIMITED	21181000	13.94	13.94	21181000	13.94	13.94	0.00
3	ARCH AGRO INDUSTRIES PRIVATE LIMITED	6154754	4.05	4.05	6154754	4.05	4.05	0.00
4	AMR INVESTMENTS PVT LTD	1976681	1.30	1.30	1976681	1.30	1.30	0.00
5	ARCH HERBALS PVT LTD	6242076	4.11	4.11	6242076	4.11	4.11	0.00
	Total	90960175	59.87	59.87	90960175	59.87	59.87	0.00

(iii) Change in Promoters Shareholding (please specify if there is no change)

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		NO.OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	ARCH IMPEX PVT LTD	55405664	36.4696			55405664	36.4696
	AT THE END OF THE YEAR			No Transaction		55405664	36.4696
2	ARCH PHARMACHEM LIMITED	21181000	13.9419			21181000	13.9419
	AT THE END OF THE YEAR			No Transaction		21181000	13.9419
3	ARCH HERBALS PVT LTD	6242076	4.1087			6242076	4.1087
	AT THE END OF THE YEAR			No Transaction		6242076	4.1087
4	ARCH AGRO INDUSTRIES PRIVATE LIMITED	6154754	4.0512			6154754	4.0512
	AT THE END OF THE YEAR			No Transaction		6154754	4.0512
5	AMR INVESTMENTS PVT LTD	1976681	1.3011			1976681	1.3011
	AT THE END OF THE YEAR			No Transaction		1976681	1.3011

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDR and ADRs):

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		NO. OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
1	JM FINANCIAL ASSET RECONSTRUCTION COMPANY LIMITED	39500000	26.0000	NIL		39500000	26.0000
	AT THE END OF THE YEAR					39500000	26.0000
2	IDBI TRUSTEESHIP SERVICES LIMITED	4625279	3.0445	NIL		4625279	3.0445
	AT THE END OF THE YEAR					4625279	3.0445
3	BRIGHT STAR EQUITIES PRIVATE LIMITED	4400000	2.8962	NIL		4400000	2.8962
	AT THE END OF THE YEAR					4400000	2.8962
4	INDIA INFOLINE FINANCE LIMITED	4202395	2.7661	NIL		4202395	2.7661
	AT THE END OF THE YEAR					4202395	2.7661
5	GAURAV DHAWAN	2590181	1.7049	NIL		2590181	1.7049
	AT THE END OF THE YEAR					2590181	1.7049

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2019		Transactions during the year		Cumulative Shareholding at the end of the year - 2020	
		NO. OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY	DATE OF TRANSACTION	NO. OF SHARES	NO OF SHARES HELD	% OF TOTAL SHARES OF THE COMPANY
6	GANGA SHARAN AGRAWAL	1600000	1.0532	NIL		1600000	1.0532
	AT THE END OF THE YEAR					1600000	1.0532
7	DATALINE INVESTMENTS LIMITED	1000000	0.6582	NIL		1000000	0.6582
	AT THE END OF THE YEAR					1000000	0.6582
8	UNILAZER VENTURES PRIVATE LIMITED	816327	0.5373	NIL		816327	0.5373
	AT THE END OF THE YEAR					816327	0.5373
9	SAINATH INVESTMENTS (P) LTD	299655	0.1972	NIL		299655	0.1972
	AT THE END OF THE YEAR					299655	0.1972
10	NAPEAN FINVEST PVT. LTD.	266094	0.1752	NIL		266094	0.1752
	AT THE END OF THE YEAR					266094	0.1752

(v) Shareholding of Directors and Key Managerial Personnel (KMP):

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. Shares	% of total shares of the company	No. of shares	% of total shares of the company
Mr. Ajit Kamath	NIL	N.A	-	-
Mr. Rajendra Kaimal	NIL	N.A	-	-
Dr. Sunil Pitroda	NIL	N.A	-	-
Mr. Ashish Ujagare	NIL	N.A	-	-
Mr. Vikas Kedia	65	0.00	-	-
At the beginning of the year	-	-	-	-
Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.):	-	-	-	-
At the End of the year	-	-	NIL	N.A
			NIL	N.A
			NIL	N.A
			NIL	N.A
			65	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment
(Amount in Rs.)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	35,095,480,796	1,204,580,406	39,559,568	36,260,501,633
ii) Interest due but not paid	81,681,404	167,140,370	-	248,821,774
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	35,177,162,199	1,371,720,776	39,559,568	36,509,323,408
Change in indebtedness during the financial year				
Additions	1,163,106,722	11,065,841	-	1,174,172,563
Reduction	-	-	19,881,759	(19,881,759)
Net Change	1,163,106,722	11,065,841	(19,881,759)	1,154,290,804
Indebtedness at the end of the financial year				
i) Principal Amount	35,379,660,888	1,215,646,247	19,677,810	36,575,629,325
ii) Interest due but not paid	960,608,033	167,140,370	-	1,127,748,403
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	36,340,268,921	1,382,786,617	19,677,810	37,703,377,729

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL
A. Remuneration to Managing Director, Whole-time Directors and / or Manager

Sr No.	Particulars of Remuneration	Name of MD/WTD/Manager			Total
		Mr. Ajit Kamath	Mr. Rajendra Kaimal	Mr. Ashish Ujagare	
1	Gross Salary				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	45,98,400	33,52,980	49,81,776	1,29,33,156
	b) Value of perquisites u/s 17(2) of Income-Tax Act, 1961	NIL	NIL	NIL	NIL
	c) Profits in lieu of salary under section 17(3) of Income tax Act, 1961	NIL	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission - as a % of profit - others, specify	NIL	NIL	NIL	NIL
5	Others, Provided Fund	2,01,600	1,47,024	2,18,424	5,67,048
	Performance Bonus	NIL	NIL	NIL	NIL
	Total	48,00,000	35,00,004	52,00,200	1,35,00,204

B. Remuneration to other Directors:

Sr. No.	Particulars of Remuneration	Name of Directors		Total Amount
		Dr. Sunil Pitroda		
1.	Independent Directors			
	• Fee for attending board/committee meetings	60,000		60,000
	• Commission	-		-
	• Others, please specify			-
	Total (1)	60,000		60,000
	Other Non-Executive Directors			
	• Fees for attending board / committee meetings	-		-
	• Commission	-		-
	• Others, please specify	-		-
	Total (2)	-		-
	Total (B) = (1+2)	60,000		60,000
	Total Managerial Remuneration	-		-
	Overall Ceiling as per the Act			

C. Remuneration to key managerial personnel other than MD/Manager/WTD:

Sr No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total
		Chief Financial Officer	Company Secretary	
1	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	34,48,821	34,48,821
	b) Value of perquisites u/s 17(2) of Income-Tax Act, 1961	-	NIL	NIL
	c) Profits in lieu of salary under section 17(3) of Income tax Act, 1961	-	NIL	NIL
2	Stock Option	-	NIL	NIL
3	Sweat Equity	-	NIL	NIL
4	Commission - as a % of profit - others, specify	-	NIL	NIL
5	Others, Provident Funds	-	1,51,200	1,51,200
	Performance Bonus	-	NIL	NIL
	Total	-	36,00,021	36,00,021

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ COURT]	Appeal made if any (give details)
A. COMPANY					
Penalty		There were certain delays in payment of Statutory Liabilities. The Company in the past has defaulted in payment of principal and interest on the Loans taken from Banks and financial institution. The Company at present is undergoing restructuring with J.M. Financial Asset Reconstruction Co. Ltd. There are legal cases filed by the creditors including suppliers of the Company due to non-payment of their dues.			
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		

For and on behalf of the Board of Directors
ARCH PHARMALABS LIMITED

Mumbai
 30th November, 2020

Ajit Kamath
DIRECTOR

Rajendra Kaimal
DIRECTOR

INDEPENDENT AUDITORS' REPORT

To

The Members of

Arch Pharmed Labs Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **Arch Pharmed Labs Limited** ("the Company"), which comprises the Balance Sheet as at 31st March, 2020 and the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and 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 Standalone 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 accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2020, its Profits / Loss and cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the standalone 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 standalone financial statements under the provisions of the Companies Act, 2013 and the Rules there under, 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 standalone financial statements.

Basis for Qualified Opinion

- 1) Refer to Note No. 32(c) relating non provision of interest on borrowings amounting ₹ 1,545.20 Lakhs. Due to this loss for the year ended 31st March 2020 were understated by ₹ 1,545.20 Lakhs and other current liabilities were understated by ₹ 6,534.01 Lakhs as at 31st March 2020.
- 2) Refer to Note No. 32(d) regarding payment of managerial remuneration amounting ₹ 129.33 Lakhs in contravention of the provisions of Section 196 & 197 of The Companies Act, 2013.
- 3) Refer to Note No. 32(e) regarding non conduct of Internal Audit of the Company for the year as required under the provisions of Section 138 of the Companies Act, 2013.
- 4) Refer to Note No. 32(f) regarding non provisioning of Gratuity as required by Accounting Standard 15 (Revised) on Employee Benefits.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matters described in the Basis for Qualified Opinion paragraph above**, the aforesaid Standalone Financial Statements read together with notes thereon gives the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2020; and
- b) in the case of the Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Key Audit Matters

We invite attention of the members to the following material matters:

1) Inventories:

With regards to Note No. 13 relating to inventories; we have relied on the physical verification report certified by the management.

2) Advances, Deposits & Trade Receivables:

With regards to Note No. 12 & 16 in respect of Loans & Advances and Deposits; the Company has given various advances and deposits in the normal course of business over a period of time. However, we cannot comment on the realisability of the same.

Trade receivables as referred to in Note No. 14 are long outstanding; we are unable to comment on the realisability of the same.

3) Going Concern:

The financial statement indicates that the company has accumulated losses & its net worth has been eroded, the Company has incurred cash losses during the current & previous year. However the financial statement of the Company has been prepared on a going concern basis on the premise of the matters as referred to in Note No. 32 (b) to the financial statement.

4) Loans / Guarantees to Related Party:

The Company has outstanding receivable as referred in Note No. 27 from related parties amounting ₹ 467.84 Lakhs in respect of loans advances and guarantees given by it to third parties on behalf of related parties amounting ₹ 15,517.70 Lakhs prior to commencement of The Companies Act, 2013.

Our opinion is not qualified in respect of above matters.

Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Financial Statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Generally Accepted Accounting Principles (GAAP) in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 Standalone Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the standalone financial statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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 Companies Act, 2013, base on our audit we enclose in the Annexure, statements 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, we report that:
 - a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

- c) The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the Standalone Financial Statements comply with the accounting standards specified under Section 133 of the Companies Act, 2013 **except as referred to in Sr. No. 1 & 2 of our Paragraph of "Basis for Qualified Opinion"**.
- e) In our opinion, there are no material discrepancies which can have adverse effect on the Company's functioning.
- f) 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 director is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164 (2) of the Act.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a) In our opinion, the Company has estimated and disclosed impact of pending litigations on its financial position in its Standalone Financial Statements by way of Contingent Liability as referred to in Note No. 31.
 - b) In our opinion, there are no material foreseeable losses as per accounting standards against long term contract existing on Balance Sheet date. Also in our opinion and facts disclosed to us, the Company has not entered into any Derivative contracts during the year.
 - c) In our opinion, there is no amount required to be transferred to the Investor Education and Protection Fund by the company.

For Taori Sandeep & Associates

Chartered Accountants
Firm Reg. No: 007414C

Atul Jain

Partner
Membership No: 048920
Place: Mumbai
Date: 30th November, 2020

Annexure A - to Auditor's Report referred to in Paragraph 1 of our Report on other Legal & Regulatory Requirements

1) Clause (i)

- (a) The company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

2) Clause (ii)

- (c) As explained to us, Physical Verification of Inventory has been conducted at reasonable intervals by the management.
- (d) In our opinion procedures of physical verification of inventory followed by the management are reasonable & adequate in relation to the size of the company & the nature of its business.
- (e) In our opinion & on examination of records, company is maintaining proper records of inventories. No material discrepancy was noticed on physical verification by the management.

3) Clause (iii)

The company has granted loan / Advance to Body coporates (other parties) covered in the Register maintained u/s 189 of the Companies Act, 2013 whereas balance receivable as at year-end is ₹ 940.38 lacs.

- (a) The above loan / Advance do not carry any interest & are repayable on demand.
- (b) In view of the above, no amount is overdue in respect of these loans / advances.

4) Clause (iv)

In our opinion and according to the information and explanations given to us, the Company has given guaranties to a company in which the Director is interested, prior to the commencement of The Companies Act, 2013.

5) Clause (v)

As per the information provided to us by the management the company has not accepted any deposit from public as per Section 73 to 76 or any other relevant provisions of Companies Act.

6) Clause (vi)

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(1) of the Companies Act, 2013, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

7) Clause (vii)

- (a) According to records of the company, there are instances of the delay in depositing undisputed statutory dues including income tax, provident fund, Employees' State Insurance, Sales Tax etc with appropriate authorities.

According to the information & explanation given to us, below mentioned undisputed amounts payable in respect of the aforesaid dues are outstanding, as at 31st March, 2020 for a period of more than six months from the date they became payable:

Particulars	Amount (₹ In Lakhs)
Income Tax	144.75
Profession Tax	84.15
Provident Fund	372.98
ESIC	49.23
Sales Tax	297.02
Tax Collected at Source	3.26
Tax Deducted at Source	815.00
Works Contract Tax	14.32
Total	1,780.71

- (b) The disputed statutory dues amounting to ₹ 6373.58 Lakhs, that have not been deposited on account of matters pending before appropriate authorities are as under:

Name of the Statute	Amount (₹ In Lakhs)
Income Tax	636.29
Sales Tax	4,831.11
Provident Fund	906.18

8) Clause (viii)

Based on our audit procedures & according to the information & explanation given to us, we are of the opinion that the company has defaulted /delayed repayment of dues to financial institutions, banks & debenture holders as per the following:

(₹ in Lakhs)

Particulars	Principal Overdue	Interest Overdue	Total
Term Loan	4,743.73	182.15	4,925.88
Other Short Term Loans	2,792.61	873.00	3,665.61
Total	7,536.34	1,055.15	8,591.49

9) Clause (ix)

According to the information and explanations given by the management, the Company has not raised any money by 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.

10) Clause (x)

Based upon the audit procedures performed for the purpose of reporting the true and fair view of the Standalone Financial Statements and as per the information and explanations given by the management, we have not come across any instance of material fraud on or by the Company, noted or reported during the course of our audit.

11) Clause (xi)

According to the information and explanations given by the management, the managerial remuneration has been paid / provided amounting ₹129.33 Lakhs in contravention of the provisions of section 197 read with Schedule V to the Companies Act, 2013.

12) Clause (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.

13) Clause (xiii)

According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

14) Clause (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 under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

15) Clause (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.

16) Clause (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.

For Taori Sandeep & Associates

Chartered Accountants

Firm Reg. No: 007414C

Atul Jain

Partner

Membership No: 048920

Place: Mumbai

Date: 30th November, 2020

ANNEXURE B - TO THE INDEPENDENT AUDITOR'S REPORT**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls over financial reporting of the Company as of 31st March, 2020 in conjunction with our audit of the Standalone 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 (the "Guidance Note") 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 Act.

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Standalone 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 Standalone Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company;

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Standalone Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 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 issued by the ICAI.

For Taori Sandeep & Associates

Chartered Accountants
Firm Reg. No: 007414C

Atul Jain

Partner
Membership No: 048920
Place: Mumbai
Date: 30th November, 2020

BALANCE SHEET AS AT 31ST MARCH, 2020

(Amount ₹ in Lakhs)

Particulars	Note	As at 31st March, 2020		As at 31st March, 2019	
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	3	15,192.31		15,192.31	
Surplus	4	(177,800.34)		(158,371.48)	
			(162,608.03)		(143,179.17)
Non-Current Liabilities					
Long-term borrowings	5	307,083.71		345,114.30	
			307,083.71		345,114.30
Current Liabilities					
Short-term borrowings	6	5,618.68		5,628.68	
Trade payables	7	45,952.11		53,497.43	
Other current liabilities	8	106,224.99		53,421.31	
Short-term provisions	9	520.90		520.90	
			158,316.68		113,068.32
Total			302,792.36		315,003.45
ASSETS					
Non-current assets					
Property, plant and equipment	10	97,672.46		103,456.25	
Intangible assets	10	518.27		916.66	
Capital work-in-progress	10	2,163.23		1,777.06	
			100,353.96		106,149.97
Non-current investments	11	4,235.90		4,240.80	
Long term loans and advances	12	18,470.78		18,488.63	
			22,706.68		22,729.43
Current assets					
Inventories	13	83,257.50		72,970.82	
Trade receivables	14	38,090.61		53,112.40	
Cash and Cash Equivalents	15	206.83		418.77	
Short-term loans and advances	16	58,176.78		59,622.06	
			179,731.72		186,124.05
Total			302,792.36		315,003.45
Significant Accounting Policies and Notes on Financial Statements	1 to 32				

As per our report of even date

For Taori Sandeep & Associates
Chartered Accountants
Firm Registration No. 007414C

For and on behalf of the board

Atul Jain
Partner
Membership No. 048920

Ajit Kamath
Chairman & Managing
Director
DIN: 00032799

Rajendra Kaimal
Executive Director & Chief
Financial Officer
DIN: 00032839

Date: 30th November, 2020

Place: Mumbai

Vikas Kedia
Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH, 2020

(Amount ₹ in Lakhs)

Particulars	Note	2019-20		2018-19	
INCOME					
Revenue from operations	17		63,228.61		47,657.54
Other Income	18		1,921.72		3,820.21
Total Revenue			65,150.33		51,477.75
EXPENDITURE					
Cost of Material Consumed	19		56,307.89		41,685.87
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	20		(8,605.73)		(6,749.54)
Employee Benefits Expenses	21		6,163.20		6,384.97
Finance Costs	22		20,466.48		16,283.46
Depreciation and Amortization Expense	10		3,030.06		3,253.95
Other Expenses	23		5,520.47		4,910.18
Total Expenses			82,882.37		65,768.89
Profit/ (Loss) Before Tax and Exceptional Items			(17,732.04)		(14,291.14)
Exceptional Items	24		1,712.97		1,214.40
Profit/ (Loss) Before Tax after Exceptional Items			(16,019.07)		(13,076.75)
Tax Expense:					
Income Tax					
Excess/(Short) provision for tax for earlier years					34.02
Profit / (Loss) for the year			(16,019.07)		(13,110.77)
Earning per equity share of face value of ₹ 10 each	28				
Basic and Diluted			(10.54)		(8.63)
Significant Accounting Policies and Notes on Financial Statements	1 to 32				

As per our report of even date

For Taori Sandeep & Associates
Chartered Accountants
Firm Registration No. 007414C

For and on behalf of the board

Atul Jain
Partner
Membership No. 048920

Ajit Kamath
Chairman & Managing Director
DIN: 00032799

Rajendra Kaimal
Executive Director & Chief Financial Officer
DIN: 00032839

Date: 30th November, 2020**Place: Mumbai**

Vikas Kedia
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount ₹ in Lakhs)

Particulars	2019-20		2018-19	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax after Exceptional Items		(16,019.07)		(13,076.75)
Adjustments for:				
Depreciation Written Off during the year	3,030.06		3,253.95	
Interest and Finance Charges	21,082.71		19,736.64	
Interest Written Back	(616.23)		(3,453.18)	
Loan Written Back	-		(3,815.05)	
Exceptional Items	(1,712.97)		(1,214.40)	
Loss / (Profit) on sale of assets	132.87		10.80	
Loss / (Profit) on Sales of Investments	-		(0.80)	
Interest on Deposit & Others	(17.23)		(5.16)	
		21,899.21		14,512.80
Operating profit before working capital change		5,880.14		1,436.05
(Increase)/Decrease in Trade receivables	15,021.79		(26,934.65)	
(Increase)/Decrease in Inventories	(10,286.68)		(9,780.86)	
(Increase)/Decrease in Other Current Assets	1,463.13		(338.22)	
Increase/(Decrease) in Current Liabilities	5,978.29		37,518.66	
		12,176.53		464.93
CASH GENERATED FROM OPERATIONS		18,056.67		1,900.98
Income Tax Paid		-		(34.02)
NET CASH FLOW FROM OPERATING ACTIVITIES		18,056.67		1,866.96
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(643.85)		(1,636.65)	
Sale of fixed assets	(132.87)		5.30	
Interest on Deposit & Others	17.23		5.16	
Purchase/Sale of Investments	4.90		0.80	
NET CASH FLOW FROM INVESTING ACTIVITIES		(754.59)		(1,625.39)

(Amount ₹ in Lakhs)

Particulars	2019-20		2018-19	
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term Borrowings (net of repayments)	2,962.46		19,069.90	
Short Term Loan (net of repayments)	(10.00)		(550.59)	
Financial Charges	(20,466.48)		(19,736.64)	
Share Application Money	-		(5.22)	
NET CASH FLOW FROM FINANCING ACTIVITIES		(17,514.02)		(1,222.55)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		(211.94)		(980.98)
Opening Cash & Cash Equivalent		418.77		1,399.75
Closing Cash & Cash Equivalent		206.83		418.77

As per our report of even date

For **Taori Sandeep & Associates**

Chartered Accountants

Firm Registration No. 007414C

Atul Jain**Partner**

Membership No. 048920

Date: 30th November, 2020**Place: Mumbai**

For and on behalf of the board

Ajit Kamath**Chairman & Managing Director**

DIN: 00032799

Vikas Kedia**Company Secretary****Rajendra Kaimal****Executive Director & Chief Financial Officer**

DIN: 00032839

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020**1. Corporate Information**

The company is a pharmaceutical company, manufacturing and selling active pharmaceutical ingredients (APIs) and intermediates in India and internationally. The Company offer APIs across various therapeutic segments, such as lipid lowering agents, oncology, anti-platelet agents, anti-asthmatic, anti-retroviral, anti-anginal, calcium channel blockers, anti-hypertensive, anti-histamine, anti-diabetic, anti protozoal, anti fungal, anti emetic, proton pump inhibitors, expectorant, anti depressant, decongestant, anti convulsant, psycho stimulant, hypnotic, anti parkinsonian, anti gout, analgesic, and others. The Company also provides contract manufacturing, custom synthesis, and contract research services comprising route selection, process development, optimization, analytical development, stability studies, safety studies, scale-up to technology transfer, clinical-trial manufacturing, and commercial manufacture.

2. Basis of preparation of Financial Statements

The financial statements are prepared under the historical cost convention and accrual basis of accounting and in accordance with Generally Accepted Accounting Principles in India ("Indian GAAP") and are in conformity with mandatory accounting standards issued by Institute of Chartered Accountants of India, as specified prescribed under the Section 133 of Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act (to the extent notified).

2.1 Significant Accounting Policies**a. Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of the assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/ materialized.

b. Revenue Recognition:

Revenue is recognised only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods and sales during trial run period, adjusted for discounts (net). Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

c. Property, Plant and Equipment:

Property, Plant and Equipment are stated at original cost of acquisition / installation cost (net of Input Tax Credit availed, if any) and includes amount added on fair valuation, less accumulated depreciation, amortization and impairment losses, if any. Cost includes acquisition cost and other incidental expenses related to acquisition, trial run expenses (net of revenue) and borrowing cost incurred during pre-operational period till the commencement of commercial operation and adjustments arising from exchange rate variations attributable to the Property, Plant and Equipment are capitalized.

Intangible Assets:

Intangible assets represent “product development expenses”, “technology transfer”, “software” and “DMF Cost” and Intangible assets are carried at cost less accumulated amortization and impairment losses. These costs are capitalized as intangible assets in the year in which related software is implemented.

Capital Work-in-Progress:

The cost of Property, Plant and Equipment which are not ready for its intended use are carried at cost comprising direct cost, related incidental expenses and attributable interest.

d. Depreciation:

Depreciation on Property, Plant and Equipment are provided on the straight line value method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Intangible assets are amortized over a period of three to five years, except technical knowhow which are amortized over 10 year or such higher period specified in the technical knowhow purchase agreement, being the expected period of use. The leasehold land and leasehold improvements are depreciated over the lease period.

e. Impairment of Assets:

An asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been change in the estimate of recoverable amount.

f. Investments:

Long-term investments are valued at cost. Provision for diminution in value of investments is made, if the diminution is of a nature other than temporary. Current investments are valued at the lower of cost and market value.

g. Inventory:

Inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis. By-products are valued at net realizable value.

h. Research and Development Expenses:

Revenue expenditure on research and development is expensed out under the respective heads of account in the year in which it is incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalized, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Company has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalized includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognized in the statement of Profit and Loss as an expense when incurred. Capitalized development expenditure

is stated at cost less accumulated amortization and impairment losses. Fixed assets used for research and development are depreciated in accordance with the Company's policy. Materials identified for use in research and development process are carried as inventories and charged to the statement of Profit and Loss on issuance of such materials for research and development activities.

i. Leases

Finance lease:

Assets taken on finance lease are accounted for as fixed assets at the lower of the fair value or the present value of minimum lease payments at the inception of the lease. Lease payments are apportioned between finance charge and reduction of outstanding liability.

Operating lease:

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognized as expenses on accrual basis in accordance with the respective lease agreements.

j. Employee Retirement Benefits:

Short term employee benefits are recognized as an expense at the undiscounted amount in the statement of Profit and loss of the year in which the related service is rendered.

Post employment and other long term employee benefits are recognized as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognized at the present value of the amounts payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

k. Borrowing Cost:

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit and Loss Account.

l. Earnings per Share

Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except when the results would be anti-dilutive.

m. Foreign Currency Transactions:

- a. Transactions denominated in foreign currencies are recorded at spot rates / average rates.
- b. Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- c. Non monetary foreign currency items are carried at cost.
- d. In respect of branches, which are integral foreign operations, all transactions are translated

at rates prevailing on the date of transaction or that approximates the actual rate on the date of transaction. Branch monetary assets and liabilities are restated at the year end rates.

- e. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

n. Accounting for taxes on Income:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

o. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

3. SHARE CAPITAL

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Authorised:		
100,00,00,000 (Previous Year 100,00,00,000) equity shares of ₹ 10 each.	100,000.00	100,000.00
200,00,00,000 (Previous Year 200,00,00,000) Preference shares of ₹10 each.	200,000.00	200,000.00
	300,000.00	300,000.00
Issued, Subscribed and Paid up:		
151,923,076 (Previous Year 151,923,076) equity shares of ₹ 10 each fully paid up.	15,192.31	15,192.31
Total	15,192.31	15,192.31

3.1 Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:

Particulars	As at 31st March, 2020 No of shares	As at 31st March, 2019 No of shares
No of Equity Shares outstanding at the beginning of the year	15,19,23,076	15,19,23,076
Add: Additional Equity Shares issued during the year	-	-
No of Equity Shares outstanding at the end of the year	15,19,23,076	15,19,23,076

3.2 Terms/Rights attached to equity shares

The company has one class of equity shares having a par value of ₹ 10/-each .Each shareholder is eligible for one vote per share held.

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

3.3 Number of Equity Shares held by each shareholder holding more than 5% shares in the company are as follows:

Name of Shareholder	Number of shares as at 31st March, 2020	%	Number of shares as at 31st March, 2019	%
Arch Impex Pvt. Ltd	57,005,664	37.52	57,005,664	37.52
JM Financial Asset Reconstruction Co Pvt Ltd	39,500,000	26.00	39,500,000	26.00
Arch Pharmachem Ltd	21,181,000	13.94	21,181,000	13.94

4. SURPLUS

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
Capital Reserves				
(a) Capital Reduction Reserve				
As per last Balance Sheet		9.49		9.49
(b) Revaluation Reserve				
As per last Balance Sheet	66,156.95		71,192.61	
Add: Addition / Deletion on revaluations during the year	-		(51.87)	
Add: (Short / Excess) Depreciation on Revaluation Reserve	69.03			
Add: Depreciation on Disposals	-		16.25	
Less: Utilized for set off against depreciation	3,478.82	62,747.16	5,000.04	66,156.95
Securities Premium Account				
As per last Balance Sheet	52,601.69		52,601.69	
		52,601.69		52,601.69
General Reserve:				
As per last Balance Sheet		410.34		410.34
Surplus \ (Deficit) i.e. Balance in Profit and Loss statement				
As per last Balance Sheet	(277,549.95)		(264,439.18)	
Add: Profit/(Loss) for the year	(16,019.07)		(13,110.77)	
		(293,569.02)		(277,549.95)
Total		(177,800.34)		(158,371.48)

5. LONG TERM BORROWINGS

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non Current	Current	Non Current
Secured Loan				
Non Convertible Debentures	-	-	-	-
Term Loans from Banks	6,316.52	3,661.67	5,681.08	6,090.08
Other Term Loans	46,524.92	297,201.18	6,345.63	332,745.70
Vehicle Loans from Banks	10.39	-	10.39	-
Other Loan	81.93	-	81.93	-
	52,933.76	300,862.85	12,119.03	338,835.78
Unsecured Loan				
Other Term Loans	288.69	6,193.92	45.28	6,242.33
Deferred Sales Tax Liability	28.23	26.94	93.33	36.19
	316.92	6,220.86	138.60	6,278.52
Total	53,250.68	307,083.71	12,257.64	345,114.30

5.1 Maturity Profile

Particulars	Term Loan from Banks	Other Term Loans	Other Term Loans - Unsecured	Other Loan	Vehicle Loan	Deferred Sales Tax Liability
2 to 5 Years	3,661.67	122,874.56	2,760.73	-	-	26.94
Above 5 Years	-	174,326.62	3,433.19	-	-	-
Total	3,661.67	297,201.18	6,193.92	-	-	26.94
Current Portion	6,316.52	46,524.92	288.69	81.93	10.39	28.23
Total	6,316.52	46,524.92	288.69	81.93	10.39	28.23

5.2 Term Loan from Banks comprise of:

- ₹ 9,978.19 Lakhs (Previous Year ₹ 11,771.16 Lakhs) secured by residual charge on the entire fixed assets and current assets of the Company and personal guarantee of the Company's Promoter Directors

5.3 Other Term Loan comprise of:

- ₹ 90,781.11 Lakhs (Previous Year ₹ 90,877.00 Lakhs) secured/ to be secured by way of first pari-passu the fixed assets, second pari-passu charge on current assets of the Company and personal guarantee of the Company's Promoter Directors.
- ₹ 208,641.46 Lakhs (Previous Year ₹ 203,709.04 Lakhs) secured / to be secured by way of first pari-passu charge on current assets, second pari-passu charge on fixed assets of the Company and personal guarantee of the Company's Promoter Directors.
- ₹ 2,005.41 Lakhs (Previous Year ₹ 1,945.09 Lakhs) secured / to be secured by way of Second pari-passu charge on current assets, second pari-passu charge on fixed assets of the Company and personal guarantee of the Company's Promoter Directors.
- ₹ 22,553.21 Lakhs (Previous Year ₹ 22,815.30 Lakhs) secured by residual charge on the entire fixed assets and current assets of the Company and personal guarantee of the Company's Promoter Directors

- e) ₹ 19,744.90 Lakhs (Previous Year ₹ 19,744.90 Lakhs) secured by a senior first charge on the entire fixed assets, intangible assets and current assets of the Company and personal guarantee of the Company's Promoter Directors

5.4 Unsecured - Other Term Loan :

Company Promoter Directors have given personal guarantee in respect of unsecured term loans.

5.5 Vehicle Loans

₹ 10.39 Lakhs (Previous Year ₹ 10.39 Lakhs) is secured by hypothecation of respective vehicles purchased under such financing.

5.6 Other Loan

₹ 81.93 Lakhs (Previous Year ₹ 81.93 Lakhs) is secured by hypothecation of respective software purchased under such financing.

5.7 Defaults / Delays in Loans (Amount ₹ in Lakhs)

Particulars	Term Loan From Banks	Other Term Loans	Other Term Loans Unsecured
From 01-04-2013 to 31-03-2020	4,788.73	1,172.82	22.64
Total	4,788.73	1,172.82	22.64

5.8 Defaults / Delays in Repayment of Interest is ₹ 9,606.08 Lakhs

6. SHORT TERM BORROWINGS (Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured Loan		
- From Related Parties (Refer Note No. 27)	228.57	228.57
- Other Short Term Loan	5,390.11	5,400.11
Total	5,618.68	5,628.68

6.1 Unsecured - Related Parties

Company Promoter Directors have given personal guarantee in respect of unsecured short term loans.

6.2 Unsecured - Other Loans

Company Promoter Directors have given personal guarantee in respect of unsecured short term loans.

6.3 Defaults / Delays in Loans (Amount ₹ in Lakhs)

Particulars	Other Short Term Loans
From 01-04-2013 to 31-03-2020	3,792.11
Total	3,792.11

6.4 Defaults / Delays in Repayment of Interest is ₹ 1,671.40 Lakhs

7. TRADE PAYABLES

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade payables (Refer Note No. 27)*	45,622.91	53,347.31
Amount due to Micro and Small enterprises	329.20	150.12
Total	45,952.11	53,497.43

7.1 Trade Payable includes ₹ 4,596.23 Lakhs (Previous year ₹ 1,154.20 Lakhs) payable to related parties.

8. OTHER CURRENT LIABILITIES

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current maturities of debt (Refer Note No. 5)	53,250.68	12,257.64
Interest Accrued	11,277.48	2,488.22
Advances received from Customers	34,699.92	32,386.63
Employees Dues & Other Payables	2,220.57	2,202.74
Creditors for Capital Items* (Refer Note No. 27)	1,419.76	1,418.49
Statutory Dues	3,356.58	2,667.59
Total	106,224.99	53,421.31

* Includes Related Party Creditors for capital items ₹ 1,403.77 Lakhs (Previous Year ₹ 1,403.77 Lakhs)

9. SHORT TERM PROVISIONS

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for Gratuity	516.54	516.54
Provision Leave Encashment	4.36	4.36
Total	520.90	520.90

10. Property, Plant & Equipment and Intangible Assets:

(Amount ₹ in Lakhs)

Description of Assets	Gross Block			Depreciation					Net Block		
	As at 01.04.2019	Additions during the year	Disposals during the year	As at 31.03.2020	As at 01.04.2019	For the year - On Original Cost	On Revaluation Reserve	Depreciation On Disposals	(Short / Excess) Depreciation on Revaluation Reserve	As at 31.03.2020	Net Block As at 31.03.2020
Owned Assets											
Land Freehold	19,948.65	-	-	19,948.65	-	-	-	-	-	-	19,948.65
Land Leasehold	4,732.13	-	-	4,732.13	396.02	10.98	54.63	-	-	461.63	4,336.11
Buildings	28,108.70	2.63	-	28,111.33	7,749.88	491.68	464.53	-	-	8,706.09	20,358.82
Plant & Machinery	111,007.17	163.00	996.17	110,174.00	54,147.59	1,597.28	2,957.96	853.54	0.00	57,849.29	19,405.24
Electrical Installation	7,164.98	219.33	4.77	7,379.54	5,648.11	392.09	0.59	4.53	56.07	5,980.19	52,324.71
Office Equipment	560.40	3.66	-	564.06	510.65	6.23	-	-	1.76	515.12	48.94
Furniture & Fixtures	1,895.85	8.06	-	1,903.91	1,587.31	110.39	-	-	-	1,697.70	308.54
Computers	849.50	3.35	-	852.85	786.83	19.49	1.10	-	8.98	798.44	62.67
Vehicles	348.00	-	-	348.00	332.75	3.01	-	-	2.21	333.55	15.25
Sub Total (A)	174,615.38	400.03	1,000.94	174,014.47	71,159.13	2,631.15	3,478.82	858.07	69.03	76,342.00	97,672.46
Intangible Assets											
Computer Software	1,486.26	0.53	-	1,486.79	1,146.29	143.44	-	-	-	1,289.73	339.97
Technology Transfer	3,313.96	-	-	3,313.96	2,737.27	255.48	-	-	-	2,992.75	576.69
Product Development Expenses	3,380.87	-	-	3,380.87	3,380.87	-	-	-	-	3,380.87	-
Sub Total (B)	8,181.09	0.53	-	8,181.62	7,264.43	398.92	-	-	-	7,663.35	518.27
Total (A + B)	182,796.47	400.56	1,000.94	182,196.09	78,423.56	3,030.06	3,478.82	858.07	69.03	84,005.35	98,190.73
Previous year	182,431.12	1,156.67	791.32	182,796.47	70,909.16	3,253.95	723.35	5,000.04	16.25	78,423.56	104,372.91
Capital Work in Progress											2,163.23

11. NON-CURRENT INVESTMENTS

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
Investments in Equity Instruments of Subsidiaries:				
Long Term Investments				
In Equity Share Subsidiary Companies				
Unquoted -Fully paid Up				
2,280,000 Equity Shares of ₹ 10 each in Arch Life Sciences Limited (22,80,000)	1,473.68		1,473.68	
7,452,850 Equity Shares of ₹ 10 each in Arch Finechemicals Limited (74,52,850)	478.23		478.23	
300 Equity Shares of AED1,000 in Arch Pharmalabs FZ-LLC. (300)	45.96		45.96	
		1,997.87		1,997.87
Trade, Quoted				
Equity Share Fully paid Up				
10,709,100 Equity Shares of ₹ 10 each in Avon Lifescience Limited (10,709,100)	2,204.13		2,204.13	
366 Equity Shares of ₹ 10 each in Nyssa Corperation Limited (366)	0.22		0.22	
10,915 Equity Shares of ₹ 10 each in Risa International Limited (10,915)	16.25		16.25	
Trade, Unquoted				
Equity Share Fully paid Up				
400 Equity Shares of ₹ 25/- each of The Greater Bombay Bank Ltd (20,000)	0.10		5.00	
20,000 Equity Shares of ₹ 25/- each of The Kalyan Janata Sahakari Bank Ltd (20,000)	5.00		5.00	
In Patancheru Envirotech Ltd. as Equity Contribution	10.33		10.33	
		2,236.03		2,240.93
Others				
- In Government Securities as 6 year National Savings Certificate	2.00		2.00	
		2.00		2.00
Total		4,235.90		4,240.80
Aggregate value of	Book Value	Market Value	Book Value	Market Value
Quoted Investments	2,220.60	309.55	2,220.60	492.68
Unquoted Investments	2,015.30	NA	2,020.20	NA

12. LONG TERM LOANS AND ADVANCES

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured and considered good)		
Capital Advances	158.37	124.34
Deposits (Including Security & EMD Deposits)* (Refer Note No. 27)	18,312.41	18,364.29
Total	18,470.78	18,488.63

*Including Deposit given to Related parties amounting to ₹ 3,171.40 Lakhs (₹ 3,171.40 Lakhs)

13. INVENTORIES

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Finished Goods	9,006.47	9,806.76
Work in Progress	17,082.39	7,676.37
Raw Material	56,549.93	54,873.68
Stores, Spares and Packing Material	618.71	614.01
Total	83,257.50	72,970.82

14. TRADE RECEIVABLES

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
Unsecured, considered good				
Over Six Months		28,615.38		24,248.08
Others		9,475.23		28,864.32
(Refer Note No. 27)*				
Unsecured, credit impaired	65,063.90		65,063.90	
Less: Provision for Doubtful Debts	65,063.90	-	65,063.90	-
Total		38,090.61		53,112.40

* Includes Related Party Debtors ₹ 8,332.29 Lakhs (Previous Year ₹ 8,200.89 Lakhs)

15. CASH AND BANK BALANCES

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with banks	30.65	223.39
Cash on hand	10.05	23.17
Other Bank Balance		
Fixed Deposits with Banks (Pledged with bank as margin)	166.13	172.21
Total	206.83	418.77

16. SHORT TERM LOANS AND ADVANCES

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured and considered good)		
Loans and Advances to Related Party (Refer Note No. 27)	940.38	940.38
Balance with GST Authorities & Sales Tax Authorities	581.15	1,552.80
Others (including Advances against supplies and services, Staff Advances, etc)	56,655.25	57,128.88
Total	58,176.78	59,622.06

17. REVENUE FROM OPERATIONS

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
a) Sale of Products	63,228.61	47,657.54
Total	63,228.61	47,657.54

17.1 Broad Particulars of Sale of Product

Particulars	2019-20	2018-19
API /Intermediate	62,986.78	47,323.43
Others	241.83	334.11
	63,228.61	47,657.54

18. OTHER INCOME

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
Interest Income on Others	17.23	5.16
Loan Written Back	-	3,815.05
Other Non Operating Income	1,904.49	-
Total	1,921.72	3,820.21

19. COST OF MATERIALS CONSUMED

(Amount ₹ in Lakhs)

Particulars	2019-20		2018-19	
	Value	in %	Value	in %
Imported	8,005.43	14.22%	7,937.32	19.04%
Indigenous	48,302.46	85.78%	33,748.55	80.96%
Total	56,307.89	100.00%	41,685.87	100.00%

19.1 Broad category of material consumed

(Amount ₹ in Lakhs)

Particular	2019-20	2018-19
Chemicals	53,764.34	39,935.94
Solvents	2,543.55	1,749.93
Total	56,307.89	41,685.87

20. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE

(Amount ₹ in Lakhs)

Particulars	2019-20		2018-19	
Inventories (at commencement)				
Finished Goods and Stock in Trade	9,806.76	17,483.13	4,915.22	10,733.59
Work in Progress	7,676.37		5,818.37	
Inventories (at close)				
Finished Goods and Stock in Trade	9,006.47	26,088.86	9,806.76	17,483.13
Work in Progress	17,082.39		7,676.37	
Total		(8,605.73)		(6,749.54)

21. EMPLOYEE BENEFIT EXPENSES

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
Salaries and wages	5,543.64	5,718.33
Contribution to provident and other funds	339.74	379.05
Staff welfare expenses	279.82	287.59
Total	6,163.20	6,384.97

22. FINANCE COSTS

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
Interest Expense	21,076.00	19,428.59
Interest Written Back	(616.23)	(3,453.18)
Other Borrowing Costs	6.71	308.05
Total	20,466.48	16,283.46

* The company has executed Restructuring Agreement with Asset Reconstruction Company (JMF ARC). JMF ARC has been assigned credit exposure of 96% in value terms of all the lenders to the Company. For

NOTES TO FINANCIAL STATEMENTS

a viable restructuring package with other lenders, with certain concessions in interest and repayment terms and pending consideration of the same, has classified the debt as Non-current Liability in the Balance Sheet and has not provided for interest thereon. The impact of the non-provision of interest is understatement of finance cost for the year to the extent of ₹ 1,545.20 Lakhs (Previous Year ₹ 1,746.06 Lakhs).

23. OTHER EXPENSES

(Amount ₹ in Lakhs)

Particulars	2019-20		2018-19	
Packing Material, Stores and Spares and Consumables	477.98		828.91	
Clearing, Forwarding and Transportation	282.58		286.40	
Power and Fuel	2,188.23		2,163.61	
Repairs and Maintenance				
-Plant & Machinery	162.35		534.22	
-Building	41.41		228.62	
Research and Development Expenses	101.82		186.85	
Other Manufacturing Expenses	114.24		147.66	
Exchange Rate Fluctuation (Net)	311.42		(1,355.55)	
		3,680.03		3,020.72
Sales and Distribution Expenses				
Sales Promotion Expenses	10.18		39.38	
Distribution Expenses	281.49		256.88	
Commission	45.36		5.88	
		337.03		302.14
Establishment Expenses				
Insurance Charges	204.15		118.55	
Legal and Professional Charges	378.99		542.60	
Rent, Rates and Taxes	152.59		138.75	
Travelling and Conveyance Expenses	114.38		204.15	
Profit / Loss on Sales of Assets	132.87		10.80	
Payment to Auditors	2.00		3.30	
Security Expenses	150.56		200.63	
Profit / Loss on Sale of Investments	-		(0.80)	
General expenses	367.87		369.34	
		1,503.41		1,587.32
Total		5,520.47		4,910.18

23.1 VALUE OF STORES, CHEMICALS AND PACKING MATERIALS CONSUMED

(Amount ₹ in Lakhs)

Particulars	2019-20		2018-19	
	Amount	% of Consumption	Amount	% of Consumption
Imported	-	0.00%	-	0.00%
Indigenous	477.98	100.00%	828.91	100.00%
Total	477.98	100.00%	828.91	100.00%

23.2 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
Raw Materials and Stock-in-Trade	7,419.63	10,162.54
Total	7,419.63	10,162.54

23.3 PAYMENT TO AUDITORS AS

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
(i) Auditor		
Statutory Audit Fees	2.00	2.80
Others Matters	-	0.50
Certification Charges	0.52	0.27
	2.52	3.57

23.4 EXPENDITURE IN FOREIGN CURRENCY

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
(i) Technical Fees	543.54	768.39
(ii) Professional and Consultancy Fees	23.94	28.27
(iii) Filing Fees	42.16	44.88
(vi) Other Matters	22.18	34.44
Total	631.82	875.98

24. Exceptional Items

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
Loan Written Back	1,712.97	1,214.40
Total	1,712.97	1,214.40

25. Disclosure as per Accounting Standard 15 (Revised) "Employee Benefits" notified by The Companies (Accounting Standard) Rules, 2014 are as under:

25.1 Defined Contribution Plan

Contribution to Defined Contribution Plan recognised as expense for the year are as under:

Particulars	2019-20	2018-19
Employer's Contribution to Provident Fund	289.43	293.79

25.2 Defined Benefit Plan

Gratuity paid by the company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

26. SEGMENT REPORTING

The disclosures as per Accounting Standard (AS)17 on “Segment Reporting” as notified by Companies (Accounting Standard) Rules ,2014 segment information is given as under:

a. Primary segment information:

The company is engaged solely in the business of ‘Pharmaceuticals,API’s and Intermediates’. The entire operation is governed by the same set of risks and returns and hence the same has been considered as representing a single primary segment.

b. Secondary segment information:

The Company’s operating divisions are managed from india.The principal geographic segments in which the Company operates is based on location of customers and they are: India and Rest of World.

Particulars	For the Year ended 31st March,2020		For the Year ended 31st March,2019	
	India	Rest of World	India	Rest of World
Sales	61,051.02	2,177.59	44,248.73	3,408.81

27. As per the Accounting Standard (AS) 18, the disclosure of transactions with the related parties as defined in the accounting standards, are given below:

- (a) List of the related parties where control exist and related parties with whom transactions have taken place and relationship.

Sr. No.	Name of the Related Party	Relationship
1	Arch Life Sciences Limited	Subsidiary Companies
2	Arch Finechemicals Limited	
3	Arch Pharmalabs FZ LLC	
4	Mr Ajit A. Kamath	Key Managerial Personnel
5	Mr. Rajendra P. Kaimal	
6	Ashish M. Ujagare	
7	Vikas B. Kedia	
8	Arch Impex Private Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence
9	Arch Pharmachem Limited	
10	AMR Investments Private Limited	
11	Arch Agro Industries Pvt Ltd	
12	Avon Lifesciences Limited	
13	Regal Pharma PTE Limited	
14	Arch Herbals Pvt Ltd	

b) Transactions during the year with related parties :

(Amount ₹ in Lakhs)

Sr. No.	Nature of Transaction (Excluding reimbursements)	Subsidiaries	Key Managerial Personnel	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Total
1	Share Application Money Repaid	-		-	-
				5.22	5.22
2	Received / Paid as Trade Advance	-	-	3,310.63	3,310.63
		-	-	211.96	211.96
3	Payment / Provision for Remuneration to Key Managerial Person	-	163.82	-	163.82
		-	153.04	-	153.04

Balance as at 31st March, 2020

Sr. No.	Nature of Transaction (Excluding reimbursements)	Subsidiaries	Key Managerial Personnel	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Total
1	Loan Received - Short Term	-	-	228.57	228.57
		-	-	228.57	228.57
2	Trade Payable	-	-	4,596.23	4,596.23
		-	-	1,154.20	1,154.20
3	Creditors for Capex	1,403.77	-	-	1,403.77
		1,403.77	-	-	1,403.77
4	Deposits	-	-	3,171.40	3,171.40
		-	-	3,171.40	3,171.40
5	Non Current Investments	1,997.86	-	2,204.13	4,201.99
		1,997.86	-	2,204.13	4,201.99
6	Trade Receivables	7,820.32	-	511.97	8,332.29
		7,820.32	-	380.57	8,200.89
7	Short Term Loan & Advances	472.54	-	467.84	940.38
		472.54	-	467.84	940.38
8	Gaurantee given	6,231.90	-	15,517.70	21,749.60
		5,721.70	-	14,709.10	20,430.80

Note : The Figures in Italics are for the Previous year

Disclosure in respect of significant related party transaction during the year.

- 1 Share Application Money repaid to Arch Herbals Pvt Ltd ₹ Nil (Previous Year ₹ 5.22 Lakhs)
- 2 Received from Arch Pharmachem Ltd ₹ (0.17) Lakhs (Previous Year ₹ 2.69 Lakhs) , Arch Impex Pvt Ltd ₹ 3,410.34 Lakhs (Previous Year ₹ 356.25 Lakhs), Arch Herbals Pvt Ltd ₹ 31.86 Lakhs (Previous Year ₹ 3.68 Lakhs) & Avon Lifesciences Limited ₹ (131.40) Lakhs (Previous year ₹ (150.66) Lakhs)
- 3 Payment to key managerial personnel - Mr. Ajit A. Kamath ₹ 45.98 Lakhs (Previous year ₹ 45.18 Lakhs) & Mr. Rajendra P. Kaimal ₹ 33.53 Lakhs (Previous year ₹ 32.94 Lakhs), Mr Ashish M. Ujagare ₹ 49.82 Lakhs (Previous year ₹ 41.04 Lakhs) & Mr Vikas B Kedia ₹ 34.49 Lakhs (Previous year ₹ 33.88 lacs)

28. EARNING PER SHARE

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
(i) Net Profit After Tax as per Statement of Profit and Loss attributable to equity shareholders	(16,019.07)	(13,110.77)
(ii) Weighted Average number of equity shares used as denominator for calculating EPS	151,923,076	151,923,076
Weighted average number of Equity Shares (Diluted)	1,519.23	1,519.23
(iii) Basic and Diluted Earnings per share	(10.54)	(8.63)
Diluted Earning Per Share (EPS)	(10.54)	(8.63)
(iv) Face Value Per Equity Share	10.00	10.00

29. EARNINGS IN FOREIGN EXCHANGE

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
FOB value of exports	2,047.72	3,344.15
Total	2,047.72	3,344.15

30. FINANCIAL AND DERIVATIVE INSTRUMENTS

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Receivables (Net to Advances)	(2,952.73)	(4,280.43)
Trade Payables (Net to Advances)	10,027.84	2,854.38
	7,075.11	(1,426.05)

30. FINANCIAL AND DERIVATIVE INSTRUMENTS

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Corporate Guarantees given for loan	21,749.60	20,430.80
b) Compensation payable in lieu of bank sacrifice	27,034.01	25,488.82
c) Claims against the company / disputed liabilities not acknowledged as debts	18,457.49	18,784.08
Total	67,241.10	64,703.70

32. - Other Notes:

- (a) The company was referred to the Corporate Debt Restructuring (CDR) cell during Financial Year 2013-14 as part of its financial restructuring and updates on the same were reported in the previous Annual Reports of the company from 2014-15 to 2018-19. The CDR scheme however did not yield the desired results due to various factors. Subsequently, during March 2016 and thereafter, J. M. Financial Asset Reconstruction Company Limited (JMF ARC) as per the mutual agreement entered between the Lenders of the Company and JMF ARC has been aggregating debt from the other lenders and as of latest data made available, JMF ARC has been assigned credit exposure 40 lenders i.e. banks/ financial institutions as of 31.03.2020 which constitute approx. 96% in value terms of all the lenders to the Company.

The company has during December 2017, executed Restructuring Agreement & Additional Financing Agreement with JMF ARC acting for themselves and few other lenders and has been able to restart its manufacturing facilities. The Company is confident of scaling up operations in the ensuing period. Debt consolidation via the Asset Reconstruction Company (ARC) mechanism will also assist in raising future needs of company's working capital. Various Customers and Vendors have also expressed their support for doing business with the company.

- (b) During the year under review revenue from operations has increased to ₹ 63,229 Lakhs as compared to ₹ 47,658 Lakhs in the previous year (FY 2018-19) registering an increase of 33% YOY. Earnings Before Interest Depreciation and Taxes (EBITDA) has also increased to ₹ 3,843 Lakhs from ₹ 1,426 Lakhs in previous year (FY 2018-19) registering an increase of 169% YOY. As of 31st March 2020, the Company employs 1058 persons under direct employment and many others indirectly by way of contract labour and other support functions.

During the year under review, the Mervin Manufacturing unit of the Company at Telangana was successfully inspected by USFDA and another unit at Gurgaon i.e. Vitalife, was also successfully inspected by USFDA, thus proving robust Quality Systems in place and strict compliance to GMP standards being followed by the company, across sites. The Company has 8 Manufacturing units across India out of which 3 are USFDA inspected.

India had achieved excellence in **API (Active Pharmaceutical Ingredients)** manufacturing between the late '80s and '90s and not only became largely self-sufficient for its API requirements, but also made inroads to the highly regulated US, EU and Japanese markets as well as other overseas markets in Asia, Russia, Middle East, Africa and Latin America. But absence of strong government policies in India in the Pharma sector, allowed the Chinese to invade the Indian API and Intermediates market. This meant that end-customers in India and elsewhere in the world, found it profitable to import APIs and Intermediates from China. Moreover, the rising interest rates in India, falling rupee (as compared to China, which had a fixed exchange rate regime until recently) and other hostile macro factors meant that the stand-alone **API industry in India started crumbling, one by one, between 2012 and 2015.**

However, over the last few years Pharma companies around the world discovered the perils of over-reliance on China as the main source of APIs. An explosive problem soon evolved with respect to imports of APIs and its intermediates from China. Multiple instances of suspect drug quality were amply displayed by product recalls on several drugs.

The **COVID-19 Pandemic** has also exposed the perils of over-dependence on China, when Indian importers of Chinese APIs and Intermediates faced severe supply disruption earlier this year and still continue to do so in many products. Moreover, in the recent months, China's strategy of raising prices of APIs and Intermediates, where they don't have much competition from India has shown their true intent.

With all the challenges of sourcing APIs and Intermediates from China, the idea of bringing back API and Intermediates manufacturing to India and EU has thus started gaining ground. Obviously, India is

in a much better position as compared to EU, when it comes to costs and hence the renewed interest in **Indian API manufacturers, like Arch Pharmed Labs Ltd.**

The Govt. of India is bringing in various schemes to encourage domestic manufacturing of APIs and Intermediates. In fact the Govt. has recently announced Production Linked Incentive Scheme for API and Intermediate manufacturers in India. This only shows **the need and importance of encouraging domestic manufacturing of APIs and Intermediates.** Our business is a perfect example of how India can de-risk from China for APIs and Intermediates. **A perfect “AatmaNirbhar” strategy as envisaged by the Hon’ble Prime Minister, Shri Narendra Modi, himself.**

- (c) The company has executed Restructuring Agreement with Asset Reconstruction Company (JMF ARC). As on March 31, 2020, 40 banks/financial institutions have assigned their loans to JMF ARC. The company is under discussions with other lenders for restructuring loans, for concessions in interest and repayment terms in line with restructuring by JMF ARC. Pending consideration of the same, the company has not provided for interest thereon. The impact of the non-provision of interest is understatement of finance cost for the year to the extent of ₹ 1,545.20 Lakhs (Previous Year ₹ 1,746.06 Lakhs), and provision for interest is understated by 6,534.01 Lakhs (Previous Year ₹ 4,988.82 Lakhs).
- (d) Managerial Remuneration: The company has paid / provided for remuneration to key managerial personnel as under:

(Amount ₹ in Lakhs)

Sr. No.	Name of Key Management Person	2019-20	2018-19
1	Mr. Ajit A. Kamath	45.98	45.18
2	Mr. Rajendra P. Kaimal	33.53	32.94
3	Mr. Ashish M. Ujagare	49.82	41.04
Total		129.33	119.16

As per Section 196 & 197 of the Companies Act, 2013, since the company has defaulted in repayment of dues to Banks, Debenture Holders & Financial Institutions; the company is not eligible for payment of managerial remuneration.

- (e) Internal Audit: The Company has internal control systems/standard operating practices in place. The Company has not carried out internal audit for the year under review as required by the provisions of Section 138 of The Companies Act, 2013, in view of cost reduction measure and low volume of business for the year.
- (f) The Company is in the process of obtaining the actuarial valuation for the purpose of ascertaining the required provision for gratuity liability, In view of the management the existing gratuity provision will be sufficient to meet the future gratuity liability hence the company has not made any additional provisions for the Gratuity as required by Accounting Standard 15 (Revised) on Employee Benefits.
- (g) Loans to Related Parties: The Company has outstanding loans amounting to ₹ 467.84 Lakhs (Previous Year ₹ 467.84 Lakhs) receivable from M/s Regal Pharma PTE Limited and Guarantee’s given to third parties for M/s Avon Lifesciences Limited amounting to ₹ 5,717.00 Lakhs (Previous Year ₹ 5,717.00 Lakhs) and Regal Pharma PTE Limited ₹ 9,800.70 Lakhs (Previous Year ₹ 8,992.10 Lakhs).
- (h) Impact of Covid - 19: The outbreak of Corona virus (COVID-19) pandemic is one of the biggest social, health and economic impacts, faced by India and the World at large. The Government of India declared a nationwide lockdown in March 2020 and till date we are grappling with the adverse effect it has cast on human lives. As a result of such unexpected, long term effect of the pandemic, most of the businesses are dealing with loss of revenue and disrupted supply chains. The disruption to global supply chains due to factory shutdowns has already exposed the vulnerabilities of many

organizations. However, as the Company operates in the industry that is considered as essential services, the operations were continuing during lockdown by ensuring appropriate safety measures, as per directives of the Government. The company has laid down the roadmap for New Normal with a strong focus on safeguarding the health and safety of its employees, customers and communities it serves. Various initiatives and SOPs have been rolled out by the Government and the Company to safeguard the interests of all concerned. The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, other assets and believes that the pandemic is not likely to have any noteworthy impact on the recoverability of the carrying value of its assets. The Company is closely monitoring the developments and possible effects that may result from the current pandemic on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these Results.

- (i) Previous year's figures have been regrouped, rearranged, reclassified wherever necessary to conform to those of current year's presentation.

As per our report of even date

For **Taori Sandeep & Associates**
Chartered Accountants
Firm Registration No. 007414C

For and on behalf of the board

Atul Jain
Partner
Membership No. 048920

Ajit Kamath
**Chairman & Managing
Director**
DIN: 00032799

Rajendra Kaimal
**Executive Director & Chief
Financial Officer**
DIN: 00032839

Date: 30th November, 2020

Place: Mumbai

Vikas Kedia
Company Secretary

INDEPENDENT AUDITORS' REPORT

To

The Members of

Arch Pharmalabs Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Arch Pharmalabs Limited** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which comprises the Consolidated Balance Sheet as at 31st March, 2020 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated 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 accounting principles generally accepted in India, of the state of affairs of the Group as at 31st March, 2020, its profits / loss and cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the consolidated financial statements section of our report. We are independent of the Group 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 consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules there under, 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 consolidated financial statements.

Basis for Qualified Opinion

- 1) Refer to Note No. 32(c) relating non provision of interest on borrowings amounting ₹ 1,545.20 Lakhs. Due to this loss for the year ended 31st March 2020 were understated by ₹ 1,545.20 Lakhs and other current liabilities were understated by ₹ 6,534.01 Lakhs as at 31st March, 2020.
- 2) Refer to Note No. 32(d) regarding payment of managerial remuneration amounting ₹ 129.33 Lakhs in contravention of the provisions of Section 196 & 197 of The Companies Act, 2013.
- 3) Refer to Note No. 32(e) regarding non conduct of Internal Audit of the Company for the year as required under the provisions of Section 138 of the Companies Act, 2013.
- 4) Refer to Note No. 32(f) regarding non provisioning of Gratuity as required by Accounting Standard 15 (Revised) on Employee Benefits.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, **except for the effects of the matters described in the Basis for Qualified Opinion paragraph above**, the aforesaid consolidated financial statements read together with notes thereon gives the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2020; and
- b) in the case of the Consolidated Statement of Profit and Loss, of the Loss for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

Key Audit Matters

We invite attention of the members to the following material matters:

1) Inventories:

With regards to Note No. 13 relating to inventories; we have relied on the physical verification report certified by the management.

2) Advances, Deposits & Trade Receivables:

With regards to Note No. 12 & 16 in respect of Loans & Advances and Deposits; the Group has given various advances and deposits in the normal course of business over a period of time. However, we cannot comment on the realisability of the same.

Trade receivables as referred to in Note No. 14 are long outstanding; we are unable to comment on the realisability of the same.

3) Going Concern:

The consolidated financial statement indicates that the Group has accumulated losses & its net worth has been eroded, the Group has incurred cash losses during the current & previous year. However the consolidated financial statement of the Group has been prepared on a going concern basis on the premise of the matters as referred to in Note No. 32 (b) to the consolidated financial statement.

4) Loans / Guarantees to Related Party:

The Holding Company has outstanding receivable as referred in Note No. 27 from related parties amounting ₹ 467.84 Lakhs in respect of loans advances and guarantees given by it to third parties on behalf of related parties amounting ₹ 15,517.70 Lakhs prior to commencement of The Companies Act, 2013.

Our opinion is not qualified in respect of above matters.

Responsibility of the Management for the Consolidated Financial Statements

The Holding Company's Board of Directors are responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Generally Accepted Accounting Principles (GAAP) in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

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

We did not audit the financial statements and other financial information in respect of two subsidiaries, whose financial statements / financial information reflect total assets of ₹ 8,286.39 Lakhs as at 31st March, 2020 and total revenues of ₹ Nil for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information are audited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate, is based solely on such audited financial statements / financial information.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the financial statements / financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, based on the comments in the auditors' reports of the Holding company, subsidiary companies and associate companies we enclose in the Annexure, statements on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

As required by section 143(3) of the Act, we report that:

- a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
- b) In our opinion proper books of account as required by law have been kept by the company so far as appears from our examination of those books.
- c) In our opinion, the Consolidated Financial Statements comply with the accounting standards prescribed under Section 133 of the Companies Act, 2013 **except as referred to in Sr. No. 1 & 2 of our Paragraph of "Basis for Qualified Opinion"**.
- d) In our opinion, there are no material discrepancies which can have adverse effect on the Group's functioning.
- 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 director 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 other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - a) In our opinion, the Group has estimated and disclosed impact of pending litigations on its financial position in its Consolidated Financial Statements by way of Contingent Liability as referred to in Note No. 31.
 - b) In our opinion, there are no material foreseeable losses as per accounting standards against long term contract existing on Consolidated Balance Sheet date. Also in our opinion and facts disclosed to us, the Group has not entered into any Derivative contracts during the year.
 - c) In our opinion, there is no amount required to be transferred to the Investor Education and Protection Fund by the Group.

For Taori Sandeep & Associates

Chartered Accountants
Firm Reg. No: 007414C

Atul Jain

Partner
Membership No: 048920

Place: Mumbai

Date: 30th November, 2020

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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

We have audited the internal financial controls over financial reporting of the Group as of 31st March, 2020 in conjunction with our audit of the Consolidated Financial Statements of the Group for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Group's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") 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 Group'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 Act.

Auditors' Responsibility

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

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

Meaning of Internal Financial Controls over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Consolidated 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 Group.
- (2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Consolidated Financial Statements in accordance with generally accepted accounting principles, and those receipts and expenditures of the Group are being made only in accordance with authorizations of management and directors of the Group.
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition,

use, or disposition of the Group's assets that could have a material effect on the Consolidated Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Group has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2020, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Taori Sandeep & Associates

Chartered Accountants

Firm Reg. No: 007414C

Atul Jain

Partner

Membership No: 048920

Place: Mumbai

Date: 30th November, 2020

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2020

(Amount ₹ in Lakhs)

Particulars	Note	As at 31st March, 2020		As at 31st March, 2019	
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	3	15,192.31		15,192.31	
Share Application Money Surplus	4	1,751.17		1,751.17	
		(177,634.59)		(158,274.76)	
Minority Interest			(160,691.11)		(141,331.28)
			339.36		339.36
Non-Current Liabilities					
Long-term borrowings	5	307,083.71		345,114.30	
			307,083.71		345,114.30
Current Liabilities					
Short-term borrowings	6	11,311.56		11,321.56	
Trade payables	7	47,548.26		55,093.60	
Other current liabilities	8	104,825.35		52,021.51	
Short-term provisions	9	520.90		520.90	
			164,206.07		118,957.57
			310,938.03		323,079.95
Total					
ASSETS					
Non-current assets					
Property, plant and equipment	10	97,672.46		103,456.25	
Intangible assets	10	518.27		916.66	
Capital work-in-progress	10	2,163.23		1,777.06	
			100,353.96		106,149.97
Goodwill (On Consolidation)			971.36		971.36
Non-current investments	11	2,238.03		2,242.93	
Long term loans and advances	12	18,472.67		18,490.52	
			20,710.70		20,733.45
Current assets					
Inventories	13	83,257.50		72,970.82	
Trade receivables	14	43,938.98		58,960.78	
Cash and Cash Equivalents	15	276.51		419.26	
Short-term loans and advances	16	61,429.02		62,874.31	
			188,902.01		195,225.17
			310,938.03		323,079.95
Total					
Significant Accounting Policies and Notes on Financial Statements	1 to 32				

As per our report of even date

For Taori Sandeep & Associates

Chartered Accountants

Firm Registration No. 007414C

Atul Jain**Partner**

Membership No. 048920

Date: 30th November, 2020**Place: Mumbai****For and on behalf of the board****Ajit Kamath****Chairman & Managing Director**

DIN: 00032799

Vikas Kedia**Company Secretary****Rajendra Kaimal****Executive Director & Chief Financial Officer**

DIN: 00032839

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount ₹ in Lakhs)

Particulars	Note	2019-20		2018-19	
INCOME					
Revenue from operations	17		63,228.61		47,657.54
Other Income	18		1,921.73		3,820.29
Total Revenue			65,150.34		51,477.83
EXPENDITURE					
Cost of Material Consumed	19		56,307.89		41,685.87
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	20		(8,605.73)		(6,749.54)
Employee Benefits Expenses	21		6,163.20		6,384.97
Finance Costs	22		20,466.52		16,283.51
Depreciation and Amortization Expense	10		3,030.06		3,253.95
Other Expenses	23		5,520.62		4,930.77
Total Expenses			82,882.56		65,789.53
Profit/ (Loss) Before Tax and Exceptional Items			(17,732.22)		(14,311.70)
Exceptional Items	24		1,712.97		1,214.40
Profit/ (Loss) Before Tax after Exceptional Items			(16,019.25)		(13,097.30)
Tax Expense:					
Excess/(Short) provision for tax for earlier years			(69.21)		34.02
Profit / (Loss) for the year			(15,950.04)		(13,131.32)
Earning per equity share of face value of ₹ 10 each	27				
Basic and Diluted			(10.50)		(8.64)
Significant Accounting Policies and Notes on Financial Statements	1 to 32				

As per our report of even date

For Taori Sandeep & Associates
Chartered Accountants
Firm Registration No. 007414C

For and on behalf of the board

Atul Jain
Partner
Membership No. 048920

Ajit Kamath
Chairman & Managing Director
DIN: 00032799

Rajendra Kaimal
Executive Director & Chief Financial Officer
DIN: 00032839

Date: 30th November, 2020

Place: Mumbai

Vikas Kedia
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2020

(Amount ₹ in Lakhs)

Particulars	2019-20		2018-19	
A CASH FLOW FROM OPERATING ACTIVITIES				
Net Profit/(Loss) before tax after Exceptional Items		(16,019.25)		(13,097.30)
Adjustments for:				
Depreciation Written Off during the year	3,030.06		3,253.95	
Interest and Finance Charges	21,082.74		19,736.69	
Interest Written Back	(616.23)		(3,453.18)	
Loan Written Back	-		(3,815.05)	
Loss/(Profit) on sale of assets	132.87		10.80	
Exceptional Items	(1,712.97)		(1,214.40)	
Loss / (Profit) on Sales on Investments	-		(0.80)	
Interest on Deposit & Others	(17.24)		(5.24)	
		21,899.23		14,512.77
Operating profit before working capital change		5,879.98		1,415.47
(Increase)/Decrease in Trade receivables.	15,021.80		(27,746.36)	
(Increase)/Decrease in Inventories.	(10,286.68)		(9,780.86)	
(Increase)/Decrease in Other Current Assets.	1,463.14		(539.55)	
Increase/(Decrease) in Current Liabilities	5,978.43		38,211.58	
		12,176.69		144.81
CASH GENERATED FROM OPERATIONS		18,056.67		1,560.28
Income Tax Paid		69.21		(34.02)
NET CASH FLOW FROM OPERATING ACTIVITIES		18,125.88		1,526.26
B CASH FLOW FROM INVESTING ACTIVITIES				
Purchase of Fixed Assets	(643.85)		(1,636.66)	
Sale of fixed assets	(132.87)		5.30	
Interest on Deposit & Others	17.24		5.24	
Purchase/Sale of Investments	4.90		0.80	
NET CASH FLOW FROM INVESTING ACTIVITIES		(754.58)		(1,625.32)

(Amount ₹ in Lakhs)

Particulars	2019-20		2018-19	
C CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from Long Term Borrowings (net of repayments)	2,962.45		19,069.90	
Short Term Loan (net of repayments)	(10.00)		(209.94)	
Financial Charges	(20,466.51)		(19,736.69)	
Share Application Money	-		(5.22)	
NET CASH FLOW FROM FINANCING ACTIVITIES		(17,514.04)		(881.95)
NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		(142.75)		(981.01)
Opening Cash & Cash Equivalent		419.26		1,400.27
Closing Cash & Cash Equivalent		276.51		419.26

As per our report of even date

For **Taori Sandeep & Associates**

Chartered Accountants

Firm Registration No. 007414C

Atul Jain**Partner**

Membership No. 048920

Date: 30th November, 2020**Place: Mumbai**

For and on behalf of the board

Ajit Kamath**Chairman & Managing Director**

DIN: 00032799

Vikas Kedia**Company Secretary****Rajendra Kaimal****Executive Director & Chief Financial Officer**

DIN: 00032839

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

1. Corporate Information

The Arch Pharmed Labs Limited (hereinafter referred to as “the Holding Company”) together with its subsidiaries and associates is flagship Company of Arch Group. The Arch Group is in pharmaceutical industry, manufacturing and selling active pharmaceutical ingredients (APIs) and intermediates in India and internationally. The Group offer APIs across various therapeutic segments, such as lipid lowering agents, oncology, anti-platelet agents, anti-asthmatic, anti-retroviral, anti-anginal, calcium channel blockers, anti-hypertensive, anti-histamine, anti diabetic, anti protozoal, anti fungal, anti emetic, proton pump inhibitors, expectorant, anti depressant, decongestant, anti convulsant, psychostimulant, hypnotic, anti parkinsonian, anti gout, analgesic, and others. The Group also provides contract manufacturing, custom synthesis, and contract research services comprising route selection, process development, optimization, analytical development, stability studies, safety studies, scale-up to technology transfer, clinical-trial manufacturing, and commercial manufacture.

2. Basis of preparation of Financial Statements

The consolidated financial statements are prepared under the historical cost convention and accrual basis of accounting and in accordance with Generally Accepted Accounting Principles in India (“Indian GAAP”) and are in conformity with mandatory accounting standards issued by Institute of Chartered Accountants of India, as specified prescribed under the Section 133 of Companies Act, 2013 (Act) read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Act (to the extent notified).

2.1 Significant Accounting Policies

a. Principles of Consolidation

The consolidated financial statements relate to Arch Pharmed Labs Limited (“the Company”) and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

- a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - “Consolidated Financial Statements”
- b) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognized in the financial statements as Goodwill or Capital Reserve as the case may be.
- c) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognized in the consolidated statement of Profit and Loss account being the profit or loss on disposal of investment in subsidiary.
- d) Minority Interest’s share of net profit of consolidated subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the net income attributable to shareholders of the Company.
- e) Minority Interest’s share of net assets of consolidated subsidiaries is identified and presented in the consolidated balance sheet separate from liabilities and the equity of the Company’s shareholders.
- f) In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate at the date of transaction. Branch monetary assets and liabilities are restated at the year end rates.

- g) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company's separate financial statements.

b. Use of Estimates:

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of the assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known/materialized.

c. Revenue Recognition

Revenue is recognised only when risks and rewards incidental to ownership are transferred to the customer, it can be reliably measured and it is reasonable to expect ultimate collection. Revenue from operations includes sale of goods and sales during trial run period, adjusted for discounts (net).

Dividend income is recognised when the right to receive payment is established.

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

d. Property, Plant and Equipment:

Property, Plant and Equipment are stated at original cost of acquisition / installation (net of Input Tax Credit availed, if any) and includes amount added on fair valuation, less accumulated depreciation, amortization and impairment losses, if any. Cost includes acquisition cost and other incidental expenses related to acquisition, trial run expenses (net of revenue) and borrowing cost incurred during pre-operational period till the commencement of commercial operation and adjustments arising from exchange rate variations attributable to the Property, Plant and Equipment are capitalized.

Intangible Fixed Assets

Intangible assets represent "product development expenses", "technology transfer", "software" and "DMF Cost" and Intangible assets are carried at cost less accumulated amortization and impairment losses. These costs are capitalized as intangible assets in the year in which related software is implemented.

Capital Work-in-Progress

The cost of Property, Plant and Equipment which are not ready for its intended use are carried at cost comprising direct cost, related incidental expenses and attributable interest.

e. Depreciation:

Depreciation on Property, Plant and Equipment are provided on the straight line value method based on useful life of the assets as prescribed in Schedule II to the Companies Act, 2013. Intangible assets are amortized over a period of three to five years, except technical knowhow which are amortized over 10 year or such higher period specified in the technical knowhow purchase agreement, being the expected period of use. The leasehold land and leasehold improvements are depreciated over the lease period.

f. Impairment of Assets:

As asset is treated as impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the Profit and Loss Account in the year in which an asset is

identified as impaired. The impairment loss recognized in prior accounting period is reversed if there has been change in the estimate of recoverable amount.

g. Investments:

Long-term investments are valued at cost. Provision for diminution in value of investments is made, if the diminution is of a nature other than temporary. Current investments are valued at the lower of cost and market value.

Investments other than in subsidiaries and associates have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments"

h. Inventory:

Inventories are measured at lower of cost and net realizable value after providing for obsolescence, if any. Cost includes cost of purchase, cost of conversion and other costs incurred in bringing them to their respective present location and condition. Cost of raw materials, process chemicals, stores and spares, packing materials, trading and other products are determined on weighted average basis. By-products are valued at net realisable value.

i. Research and Development Expenses:

Revenue expenditure on research and development is expensed out under the respective heads of account in the year in which it is incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised, if the cost can be reliably measured, the product or process is technically and commercially feasible and the Group has sufficient resources to complete the development and to use and sell the asset. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads that are directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in the statement of Profit and Loss as an expense when incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses. Fixed assets used for research and development are depreciated in accordance with the Group's policy. Materials identified for use in research and development process are carried as inventories and charged to the statement of Profit and Loss on issuance of such materials for research and development activities.

j. Leases

Finance lease

Assets taken on finance lease are accounted for as fixed assets at the lower of the fair value or the present value of minimum lease payments at the inception of the lease. Lease payments are apportioned between finance charge and reduction of outstanding liability.

Operating lease

Assets taken on lease under which all risks and rewards of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under operating leases are recognised as expenses on accrual basis in accordance with the respective lease agreements.

k. Employee Retirement Benefits:

Short term employee benefits are recognised as an expense at the undiscounted amount in the statement of Profit and loss of the year in which the related service is rendered.

Post employment and other long term employee benefits are recognised as an expense in the statement of profit and loss for the year in which the employee has rendered services. The expense is recognised at the present value of the amounts payable determined using actuarial

valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

l. Borrowing Cost:

Borrowing costs attributable to acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Profit and Loss Account.

m. Earnings per Share

Basic earnings per share is computed and disclosed using the weighted average number of common shares outstanding during the year. Dilutive earnings per share is computed and disclosed using the weighted average number of common and dilutive common equivalent shares outstanding during the year, except when the results would be anti-dilutive.

n. Foreign Currency Transactions:

- a. Transactions denominated in foreign currencies are recorded at spot rates / average rates.
- b. Monetary items denominated in foreign currencies at the year end are restated at year end rates.
- c. Non monetary foreign currency items are carried at cost.
- d. In respect of branches, which are integral foreign operations, all transactions are translated at rates prevailing on the date of transaction or that approximates the actual rate on the date of transaction. Branch monetary assets and liabilities are restated at the year end rates.
- e. Any income or expense on account of exchange difference either on settlement or on translation is recognized in the Statement of Profit and loss except in case of long term liabilities, where they relate to acquisition of fixed assets, in which case they are adjusted to the carrying cost of such assets.

o. Accounting for taxes on Income:

Provision for current tax is made after taking into consideration benefits admissible under the provisions of the Income-tax Act, 1961. Deferred tax on timing differences between taxable income and accounting income is accounted for, using the tax rates and the tax laws enacted or substantially enacted as on the balance sheet date. Deferred tax assets is recognized and carried forward only to the extent that there is a virtual certainty that the asset will be realized in future.

p. Provision, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2020

3. SHARE CAPITAL

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Authorised:		
100,00,00,000 (Previous Year 100,00,00,000) equity shares of ₹10 each.	100,000.00	100,000.00
200,00,00,000 (Previous Year 200,00,00,000) Preference shares of ₹10 each.	200,000.00	200,000.00
	300,000.00	300,000.00
Issued, Subscribed and Paid up:		
151,923,076 (Previous Year 151,923,076) equity shares of ₹ 10 each fully paid up.	15,192.31	15,192.31
Total	15,192.31	15,192.31

3.1 Reconciliation of the no. of shares outstanding at the beginning and at the end of the year:

Particulars	As at 31st March, 2020 No of shares	As at 31st March, 2019 No of shares
No. of Equity Shares outstanding at the beginning of the year	151,923,076	151,923,076
Add: Additional Equity Shares issued during the year	-	
No of Equity Shares outstanding at the end of the year	151,923,076	151,923,076

3.2 Terms/Rights attached to equity shares

The company has one class of equity shares having a par value of ₹ 10/-each .Each shareholder is eligible for one vote per share held.

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

3.3 Number of Equity Shares held by each shareholder holding more than 5% shares in the company are as follows:

Name of Shareholder	Number of shares as at 31st March, 2020	%	Number of shares as at 31st March, 2019	%
Arch Impex Pvt. Ltd	57,005,664	37.52	57,005,664	37.52
JM Financial Asset Reconstruction Company Ltd	39,500,000	26.00	39,500,000	26.00
Arch Pharmachem Ltd	21,181,000	13.94	21,181,000	13.94

4. SURPLUS

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
Capital Reserves				
(a) Capital Reduction Reserve				
As per last Balance Sheet		9.49		9.49
(b) State Investment Subsidy		20.00		20.00
(c) Revaluation Reserve				
As per last Balance Sheet	66,156.95		71,192.61	
Add: Addition / Deletion on revaluations during the year	69.03		(51.87)	
Add: Depreciation on Disposals	-		16.25	
Less: Utilized for set off against depreciation	3,478.82		5,000.04	
		62,747.16		66,156.95
Securities Premium				
As per last Balance Sheet	52,601.69		52,601.69	
Add :during the year	-		-	
		52,601.69		52,601.69
Foreign Exchange Revaluation		(38.74)		(38.74)
General Reserve:				
As per last Balance Sheet		410.34		410.34
Surplus \ (Deficit) i.e. Balance in Profit and Loss statement				
As per last Balance Sheet	(277,434.49)		(264,303.92)	
Add: Profit/(Loss) for the year	(15,950.04)		(13,131.32)	
Subsidy Profit/(Loss) Included In Reserve & surplus	-		0.75	
		(293,384.53)		(277434.49)
		(177,634.59)		(158,274.76)

5. LONG TERM BORROWINGS

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Current	Non Current	Current	Non Current
Secured Loan				
Term Loans from Banks	6,316.52	3,661.67	5,681.08	6,090.08
Other Term Loans	46,524.92	297,201.18	6,345.63	332,745.70
Vehicle Loans from Banks	10.39	-	10.39	-
Other Loan	81.93	-	81.93	-
	52,933.76	300,862.85	12,119.03	338,835.78
Unsecured Loan				
Other Term Loans	288.69	6,193.92	45.28	6,242.33
Deferred Sales Tax Liability	28.23	26.94	93.33	36.19
	316.92	6,220.86	138.61	6,278.52
Total	53,250.68	307,083.71	12,257.64	345,114.30

5.1 Maturity Profile

(Amount ₹ in Lakhs)

Particulars	Term Loan from Banks	Other Term Loans	Other Term Loans - Unsecured	Other Loan	Vehicle Loan	Deferred Sales Tax Liability
2 to 5 Years	3,661.67	122,874.56	2,760.73	-	-	26.94
Above 5 Years	-	174,326.62	3,433.19	-	-	-
Total	3,661.67	297,201.18	6,193.92	-	-	26.94
Current Portion	6,316.52	46,524.92	288.69	81.93	10.39	28.23
Total	6,316.52	46,524.92	288.69	81.93	10.39	28.23

5.2 Term Loan from Banks comprise of:

- ₹ 9,978.19 Lakhs (Previous Year ₹ 11,771.16 Lakhs) secured by residual charge on the entire fixed assets and current assets of the Company and personal guarantee of the Company's Promoter Directors

5.3 Other Term Loan comprise of:

- ₹ 90,781.11 Lakhs (Previous Year ₹ 90,877.00 Lakhs) secured/ to be secured by way of first pari-passu the fixed assets, second pari-passu charge on current assets of the Company and personal guarantee of the Company's Promoter Directors.
- ₹ 208,641.46 Lakhs (Previous Year ₹ 203,709.04 Lakhs) secured / to be secured by way of first pari-passu charge on current assets, second pari-passu charge on fixed assets of the Company and personal guarantee of the Company's Promoter Directors.
- ₹ 2,005.41 Lakhs (Previous Year ₹ 1,945.09 Lakhs) secured / to be secured by way of Second pari-passu charge on current assets, second pari-passu charge on fixed assets of the Company and personal guarantee of the Company's Promoter Directors.
- ₹ 22,553.21 Lakhs (Previous Year ₹ 22,815.30 Lakhs) secured by residual charge on the entire fixed assets and current assets of the Company and personal guarantee of the Company's Promoter Directors

- e) ₹ 19,744.90 Lakhs (Previous Year ₹ 19,744.90 Lakhs) secured by a senior first charge on the entire fixed assets, intangible assets and current assets of the Company and personal guarantee of the Company's Promoter Directors

5.4 Unsecured - Other Term Loan :

Company Promoter Directors have given personal guarantee in respect of unsecured term loans.

5.5 Vehicle Loans

₹ 10.39 Lakhs (Previous Year ₹ 10.39 Lakhs) is secured by hypothecation of respective vehicles purchased under such financing.

5.6 Other Loan

₹ 81.93 Lakhs (Previous Year ₹ 81.93 Lakhs) is secured by hypothecation of respective software purchased under such financing.

5.7 Defaults / Delays in Loans (Amount ₹ in Lakhs)

Particulars	Term Loans From Banks	Other Term Loans	Other Term Loans Unsecured
From 01-04-2013 to 31-03-2020	4,788.73	1,172.82	22.64
Total	4,788.73	1,172.82	22.64

5.8 Defaults / Delays in Repayment of Interest is ₹ 9,606.08 Lakhs

6. SHORT TERM BORROWINGS (Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Secured Loan		
From Banks		
- Working Capital Loan	5,690.14	5,690.14
Unsecured Loan		
- From Related Parties (Refer Note No. 27)	228.57	228.57
- Other Short Term Loan	5,392.85	5,402.85
Total	11,311.56	11,321.56

6.1 Working Capital Loans

₹ 5,690.14 Lakhs (Previous Year ₹ 5,690.14 Lakhs) referred above are secured by first pari passu charge on the current assets and second pari-passu charge on the fixed assets and personal guarantee of the Company's Promoter Directors.

6.2 Unsecured - Related Parties

Company Promoter Directors have given personal guarantee in respect of unsecured short term loans.

6.3 Unsecured - Other Loans

Company Promoter Directors have given personal guarantee in respect of unsecured short term loans.

6.4 Defaults / Delays in Loans

(Amount ₹ in Lakhs)

Particulars	Working Capital Loans	Other Short Term Loans
From 01-04-2013 to 31-03-2020	5,690.14	3,792.11
Total	5,690.14	3,792.11

6.5 Defaults / Delays in Repayment of Interest is ₹ 1,671.40 Lakhs
7. TRADE PAYABLES

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade payables (Refer Note No. 27)	47,219.06	54,943.48
Amount due to Micro and Small enterprises	329.20	150.12
Total	47,548.26	55,093.60

7.1 Trade Payable includes ₹ 4,596.23 Lakhs (Previous year ₹ 1,154.20 Lakhs) payable to related parties.

8. OTHER CURRENT LIABILITIES

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Current maturities of debt (Refer Note No. 5)	53,250.68	12,257.64
Interest accrued and due on borrowings	11,277.48	2,488.22
Advances received from Customers	34,699.92	32,386.63
Employees Dues & Other Payables	2,224.70	2,206.71
Creditors for Capital Items	15.99	14.72
Statutory Dues	3,356.58	2,667.59
Total	104,825.35	52,021.51

9. SHORT TERM PROVISIONS

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Provision for Gratuity	516.54	516.54
Provision Leave Encashment	4.36	4.36
Total	520.90	520.90

10. Property, Plant & Equipment and Intangible Assets:

(Amount ₹ in Lakhs)

Description of Assets	Gross Block				Depreciation				Net Block		
	As at 01.04.2019	Additions during the year	Disposals during the year	As at 31.03.2020	As at 01.04.2019	For the year - On Original Cost	On Revaluation Reserve	Depreciation On Disposals	(Short / Excess) Depreciation on Revaluation Reserve	As at 31.03.2020	Net Block As at 31.03.2020
Owned Assets											
Land Freehold	19,948.65	-	-	19,948.65	-	-	-	-	-	-	19,948.65
Land Leasehold	4,732.13	-	-	4,732.13	396.02	10.98	54.63	-	-	461.63	4,336.11
Buildings	28,108.70	2.63	-	28,111.33	7,749.88	491.68	464.53	-	-	8,706.09	20,358.82
Plant & Machinery	111,007.17	163.00	996.17	110,174.00	54,147.59	1,597.28	2,957.96	853.54	0.00	57,849.29	19,405.24
Electrical Installation	7,164.98	219.33	4.77	7,379.54	5,648.11	392.09	0.59	4.53	56.07	5,980.19	52,324.71
Office Equipment	560.40	3.66	-	564.06	510.65	6.23	-	-	1.76	515.12	48.94
Furniture & Fixtures	1,895.85	8.06	-	1,903.91	1,587.31	110.39	-	-	-	1,697.70	206.21
Computers	849.50	3.35	-	852.85	786.83	19.49	1.10	-	8.98	798.44	62.67
Vehicles	348.00	-	-	348.00	332.75	3.01	-	-	2.21	333.55	15.25
Sub Total (A)	174,615.38	400.03	1,000.94	174,014.47	71,159.13	2,631.15	3,478.82	858.07	69.03	76,342.00	97,672.46
Intangible Assets											
Computer Software	1,486.26	0.53	-	1,486.79	1,146.29	143.44	-	-	-	1,289.73	339.97
Technology Transfer	3,313.96	-	-	3,313.96	2,737.27	255.48	-	-	-	2,992.75	576.69
Product Development Expenses	3,380.87	-	-	3,380.87	3,380.87	-	-	-	-	3,380.87	-
Sub Total (B)	8,181.09	0.53	-	8,181.62	7,264.43	398.92	-	-	-	7,663.35	518.27
Total (A + B)	182,796.47	400.56	1,000.94	182,196.09	78,423.56	3,030.06	3,478.82	858.07	69.03	84,005.35	98,190.73
Previous year	182,431.12	1,156.67	791.32	182,796.47	70,909.16	3,253.95	723.35	5,000.04	16.25	78,423.56	104,372.91
Capital Work in Progress											2,163.23

11. NON-CURRENT INVESTMENTS

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
Trade, Quoted				
Equity Share Fully paid Up				
10,709,100 Equity Shares of ₹ 10 each in Avon Lifesciences Limited (10,709,100)	2,204.13		2,204.13	
366 Equity Shares of ₹ 10 each in Nyssa Corperation Limited (366)	0.22		0.22	
10,915 Equity Shares of ₹ 10 each in Risa International Limited (10,915)	16.25		16.25	
		2,220.60		2,220.60
Trade, Unquoted				
Equity Share Fully paid Up				
400 Equity Shares of ₹ 25/- each of The Greater Bombay Co-op Bank Ltd (20,000)	0.10		5.00	
20,000 Equity Shares of ₹ 25/- each of The Kalyan Janata Sahakari Bank Ltd (20,000)	5.00		5.00	
In Patancheru Envirotech Ltd. as Equity Contribution	10.33		10.33	
		15.43		20.33
Others				
- In Government Securities as 6 year National Savings Certificate	2.00		2.00	
		2.00		2.00
		2,238.03		2,242.93

Aggregate value of	Book Value	Market Value	Book Value	Market Value
Quoted Investments	2,220.60	309.55	2,220.60	492.68
Unquoted Investments	17.43	NA	22.33	NA

12. LONG TERM LOANS AND ADVANCES

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured and considered good)		
Capital Advances	158.37	124.34
Deposits (Including Security & EMD Deposits) - Refer Note No.27	18,314.30	18,366.18
Total	18,472.67	18,490.52

*Including Deposit given to Related parties amounting to ₹ 3,171.40 Lakhs (₹ 3,171.40 Lakhs)

13. INVENTORIES

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Finished Goods	9,006.47	9,806.76
Work in Progress	17,082.39	7,676.37
Raw Material	56,549.93	54,873.68
Stores, Spares and Packing Material	618.71	614.01
Total	83,257.50	72,970.82

14. TRADE RECEIVABLES

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
(Unsecured and considered good)				
Over Six Month		28,615.38		28,864.32
Others		15,323.60		30,096.46
(Refer Note No. 27)*				
Unsecured, credit impaired	65,063.90		65,063.90	
Less: Impairment loss allowance	65,063.90	-	65,063.90	-
Total		43,938.98		58,960.78

* Includes Related Party Debtors ₹ 511.97 Lakhs (Previous Year ₹ 380.57 Lakhs)

15. CASH AND BANK BALANCES

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balances with banks	100.33	223.88
Cash on hand	10.05	23.17
Other Bank Balance		
Fixed Deposits with Banks (Pledged with bank as margin)	166.13	172.21
Total	276.51	419.26

16. SHORT TERM LOANS AND ADVANCES

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(Unsecured and considered good)		
Loans and Advances to Related Party (Refer Note No. 27)	467.84	467.84
Balance with Customs, Goods and Service Tax & Sales Tax Authorities	581.15	1,552.80
Others	-	
Others (including Advances against supplies and services, Staff Advances, etc)	60,380.03	60,853.67
Total	61,429.02	62,874.31

17. REVENUE FROM OPERATIONS

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
a) Sale of Products	63,228.61	47,657.54
Total	63,228.61	47,657.54

17.1 Broad Particulars of Sale of Product

Particulars	2019-20	2018-19
API /Intermediate	62,986.78	47,323.43
Others	241.83	334.11
Total	63,228.61	47,657.54

18. OTHER INCOME

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
Interest Income on Others	17.24	5.24
Loan Written Back	-	3,815.05
Other Non Operating Income	1,904.49	-
Total	1,921.73	3,820.29

19. COST OF MATERIALS CONSUMED

(Amount ₹ in Lakhs)

Particulars	2019-20		2018-19	
	Value	in %	Value	in %
Imported	8,005.43	14.22%	7,937.32	19.04%
Indigenous	48,302.46	85.78%	33,748.55	80.96%
Total	56,307.89	100.00%	41,685.87	100.00%

19.1 Broad category of material consumed

(Amount ₹ in Lakhs)

Particular	2019-20	2018-19
Chemicals	53,764.34	39,935.94
Solvents	2,543.55	1,749.93
Total	56,307.89	41,685.87

20. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-PROCESS AND STOCK-IN-TRADE

(Amount ₹ in Lakhs)

Particulars	2019-20		2018-19	
	Inventories (at commencement)			
Finished Goods and Stock in Trade	9,806.76	17,483.13	4,915.22	10,733.59
Work in Progress	7,676.37		5,818.37	
Inventories (at close)				
Finished Goods and Stock in Trade	9,006.47	26,088.86	9,806.76	17,483.13
Work in Progress	17,082.39		7,676.37	
Total		(8,605.73)		(6,749.54)

21. EMPLOYEE BENEFIT EXPENSES

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
Salaries and wages	5,543.64	5,718.33
Contribution to provident and other funds	339.74	379.05
Staff welfare expenses	279.82	287.59
Total	6,163.20	6,384.97

22. FINANCE COSTS

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
Interest Expense	21,076.00	19,428.59
Interest Written Back	(616.23)	(3,453.18)
Other Borrowing Costs	6.75	308.10
Total	20,466.52	16,283.51

* The company has executed Restructuring Agreement with Asset Reconstruction Company (JMF ARC). JMF ARC has been assigned credit exposure of 96% in value terms of all the lenders to the Company. For a viable restructuring package with other lenders, with certain concessions in interest and repayment terms and pending consideration of the same, has classified the debt as Non-current Liability in the Balance Sheet and has not provided for interest thereon. The impact of the non-provision of interest is understatement of finance cost for the year to the extent of ₹ 1,545.20 Lakhs (Previous Year ₹ 1,746.06 Lakhs)

23. OTHER EXPENSES

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
Packing Material, Stores and Spares and Consumables	477.98	828.91
Clearing, Forwarding and Transportation	282.58	286.40
Power and Fuel	2,188.23	2,163.61
Repairs and Maintenance		
-Plant & Machinery	162.35	534.22
-Building	41.41	228.62
Research and Development Expenses	101.82	186.85
Other Manufacturing Expenses	114.24	147.66
Exchange Rate Fluctuation (Net)	311.42	(1,338.37)
	3,680.03	3,037.90
Sales and Distribution Expenses		
Sales Promotion Expenses	10.18	39.38
Distribution Expenses	281.49	256.88
Commission	45.36	5.88
	337.03	302.14
Establishment Expenses		
Insurance Charges	204.15	118.55
Legal and Professional Charges	378.99	542.65
Rent, Rates and Taxes	152.59	138.75
Travelling and Conveyance Expenses	114.38	204.15
Profit / Loss on Sales of Assets	132.87	10.80
Payment to Auditors	2.15	3.45
Security Expenses	150.56	200.63
Profit / Loss on Sale of Investments	-	(0.80)
General expenses	367.87	372.55
	1,503.56	1,590.73
Total	5,520.62	4,930.77

24. Exceptional Items

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
Loan Written Back	1,712.97	1,214.40
Total	1,712.97	1,214.40

25. Disclosure as per Accounting Standard 15 (Revised) “Employee Benefits” notified by The Companies (Accounting Standard) Rules, 2014 are as under:

25.1 Defined Contribution Plan

Contribution to Defined Contribution Plan recognised as expense for the year are as under:

Particulars	2019-20	2018-19
Employer's Contribution to Provident Fund	289.43	293.79

25.2 Defined Benefit Plan

Gratuity paid by the company is a defined benefit plan. The present value of obligation is determined based on actuarial valuation using the projected unit credit method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

26. SEGMENT REPORTING

The disclosures as per Accounting Standard (AS)17 on “Segment Reporting” as notified by Companies (Accounting Standard) Rules ,2014 segment information is given as under:

a. Primary segment information:

The company is engaged solely in the business of ‘Pharmaceuticals,API’s and Intermediates’. The entire operation are governed by the same set of risk and returns and hence the same has been considered as representing a single primary segment.

b. Secondary segment information:

The Company’s operating divisions are managed from india.The principal geographic segments in which the Company operates based on location of customers are India and Rest of World.

Particulars	For the Year ended 31st March,2020		For the Year ended 31st March,2019	
	India	Rest of World	India	Rest of World
Sales	61,051.02	2,177.59	44,248.73	3,408.81

27. As per the Accounting Standard (AS) 18, the disclosure of transactions with the related parties as defined in the accounting standards, are given below:

- (a) List of the related parties where control exist and related parties with whom transactions have taken place and relationship.

Sr. No.	Name of the Related Party	Relationship
1	Mr Ajit A. Kamath	Key Managerial Personnel
2	Mr. Rajendra P. Kaimal	
3	Mr. Ashish M.Ujagare	
4	Vikas B. Kedia	
5	Arch Impex Private Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence
6	Arch Pharmachem Limited	
7	AMR Investments Private Limited	
8	Arch Agro Industries Pvt Ltd	
9	Avon Lifesciences Limited	
10	Regal Pharma PTE Limited	
11	Arch Herbals Pvt Ltd	

- b) Transactions during the year with related parties :

(Amount ₹ in Lakhs)

Sr. No.	Nature of Transaction (Excluding reimbursements)	Key Managerial Personnel	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Total
1	Share Application Money Repaid	-	-	-
		-	5.22	5.22
2	Received / Paid as Trade Advance	-	3,310.63	3,310.63
		-	211.96	211.96
3	Payment / Provision for Remuneration to Key Managerial Person	163.82	-	163.82
		153.04	-	153.04

Balance as at 31st March, 2020

Sr. No.	Nature of Transaction (Excluding reimbursements)	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Total
1	Loan Received - Short Term	228.57	228.57
		<i>228.57</i>	<i>228.57</i>
2	Trade Payable	4,596.23	4,596.23
		<i>1,154.20</i>	<i>1,154.20</i>
3	Deposits	3,171.40	3,171.40
		<i>3,171.40</i>	<i>3,171.40</i>
4	Non Current Investments	2,204.13	2,204.13
		<i>2,204.13</i>	<i>2,204.13</i>
5	Trade Receivables	511.97	511.97
		<i>380.57</i>	<i>380.57</i>
6	Short Term Loan & Advances	467.84	467.84
		<i>467.84</i>	<i>467.84</i>
7	Gaurantee given	15,517.70	15,517.70
		<i>14,709.10</i>	<i>14,709.10</i>

Note : The Figures in Italics are for the Previous year

Disclosure in respect of significant related party transaction during the year.

- Share Application Money repaid to Arch Herbals Pvt Ltd ₹ Nil (Previous Year ₹ 5.22)
- Received from Arch Pharmachem Ltd ₹ 0.17 Lakhs (Previous Year ₹ 2.69 Lakhs), Arch Impex Pvt Ltd ₹ 3,410.34 Lakhs (Previous Year ₹ 356.25 Lakhs), Arch Herbals Pvt Ltd ₹ 31.86 Lakhs (Previous Year ₹ 3.68 Lakhs) & Avon Lifesciences Limited ₹ (131.40) Lakhs (Previous year ₹ (150.66) Lakhs)
- Payment to key managerial personnel - Mr. Ajit A. Kamath ₹ 45.98 Lakhs (Previous year ₹ 45.18 Lakhs) & Mr. Rajendra P. Kaimal ₹ 33.53 Lakhs (Previous year ₹ 32.94 Lakhs), Mr Ashish M. Ujagare ₹ 49.82 Lakhs (Previous year ₹ 41.04 Lakhs) & Mr Vikas B Kedia ₹ 34.49 Lakhs (Previous year ₹ 33.88 Lakhs)

28. EARNING PER SHARE

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
(i) Net Profit After Tax as per Statement of Profit and Loss attributable to equity shareholders	(15,950.04)	(13,131.32)
(ii) Weighted Average number of equity shares used as denominator for calculating EPS	151,923,076	151,923,076
Weighted average number of Equity Shares (Diluted)	1,519.23	1,519.23
(iii) Basic and Diluted Earnings per share	(10.50)	(8.64)
Diluted Earning Per Share (EPS)	(10.50)	(8.64)
(iv) Face Value Per Equity Share	10.00	10.00

29. EARNINGS IN FOREIGN EXCHANGE

(Amount ₹ in Lakhs)

Particulars	2019-20	2018-19
FOB value of exports	2,047.72	3,344.15
Total	2,047.72	3,344.15

30. FINANCIAL AND DERIVATIVE INSTRUMENTS

(Amount ₹ in Lakhs)

i) Foreign currency exposure that are not hedged as on 31st March, 2020 on account of;

Particulars	As at 31st March, 2020	As at 31st March, 2019
Trade Receivables (Net of Advances)	(2,952.73)	(4,280.43)
Trade Payables (Net of Advances)	10,027.84	2,854.38
	7,075.11	(1,426.05)

31. CONTINGENT LIABILITIES AND COMMITMENTS

(Amount ₹ in Lakhs)

Particulars	As at 31st March, 2020	As at 31st March, 2019
a) Corporate Guarantees given for loan taken by Related Parties	15,517.70	14,709.10
b) Compensation payable in lieu of bank sacrifice	27,034.01	25,488.82
c) Claim against the company/ disputed liabilities not acknowledge as debts	18,457.49	18,784.08
Total	61,009.20	58,982.00

32. - Other Notes:

- (a) The Holding Company was referred to the Corporate Debt Restructuring (CDR) cell during Financial Year 2013-14 as part of its financial restructuring and updates on the same were reported in the previous Annual Reports of the Holding Company from 2014-15 to 2018-19. The CDR scheme however did not yield the desired results due to various factors. Subsequently, during March 2016 and thereafter, J. M. Financial Asset Reconstruction Company Limited (JMF ARC) as per the mutual agreement entered between the Lenders of the Holding Company and JMF ARC has been aggregating debt from the other lenders and as of latest data made available, JMF ARC has been assigned credit exposure 40 lenders i.e. banks/financial institutions as of 31.03.2020 which constitute approx. 96% in value terms of all the lenders to the Holding Company.

The Holding Company has during December 2017, executed Restructuring Agreement & Additional Financing Agreement with JMF ARC acting for themselves and few other lenders and has been able to restart its manufacturing facilities. The Holding Company is confident of scaling up operations in the ensuing period. Debt consolidation via the Asset Reconstruction Company (ARC) mechanism will also assist in raising future needs of Holding Company's working capital. Various Customers and Vendors have also expressed their support for doing business with the Holding Company.

- (b) During the year under review revenue from operations has increased to ₹ 63,229 Lakhs as compared to ₹ 47,658 Lakhs in the previous year (FY 2018-19) registering an increase of 33% YOY. Earnings Before Interest Depreciation and Taxes (EBITDA) has also increased to ₹ 3,843 Lakhs from ₹ 1,426 Lakhs in previous year (FY 2018-19) registering an increase of 169% YOY. As of 31st March 2020, the Holding Company employs 1058 persons under direct employment and many others indirectly by way of contract labour and other support functions.

During the year under review, the Merven Manufacturing unit of the Holding Company at Telangana was successfully inspected by USFDA and another unit at Gurgaon i.e. Vitalife, was also successfully inspected by USFDA, thus proving robust Quality Systems in place and strict compliance to GMP standards being followed by the Holding Company, across sites. The Holding Company has 8 Manufacturing units across India out of which 3 are USFDA inspected.

India had achieved excellence in **API (Active Pharmaceutical Ingredients)** manufacturing between the late '80s and '90s and not only became largely self-sufficient for its API requirements, but also made inroads to the highly regulated US, EU and Japanese markets as well as other overseas markets in Asia, Russia, Middle East, Africa and Latin America. But absence of strong government policies in India in the Pharma sector, allowed the Chinese to invade the Indian API and Intermediates market. This meant that end-customers in India and elsewhere in the world, found it profitable to import APIs and Intermediates from China. Moreover, the rising interest rates in India, falling rupee (as compared to China, which had a fixed exchange rate regime until recently) and other hostile macro factors meant that the stand-alone **API industry in India started crumbling, one by one, between 2012 and 2015.**

However, over the last few years Pharma companies around the world discovered the perils of over-reliance on China as the main source of APIs. An explosive problem soon evolved with respect to imports of APIs and its intermediates from China. Multiple instances of suspect drug quality were amply displayed by product recalls on several drugs.

The **COVID-19 Pandemic** has also exposed the perils of over-dependence on China, when Indian importers of Chinese APIs and Intermediates faced severe supply disruption earlier this year and still continue to do so in many products. Moreover, in the recent months, China's strategy of raising prices of APIs and Intermediates, where they don't have much competition from India has shown their true intent.

With all the challenges of sourcing APIs and Intermediates from China, the idea of bringing back API and Intermediates manufacturing to India and EU has thus started gaining ground. Obviously, India is in a much better position as compared to EU, when it comes to costs and hence the renewed interest in **Indian API manufacturers, like Arch Pharmed Ltd.**

The Govt. of India is bringing in various schemes to encourage domestic manufacturing of APIs and Intermediates. In fact the Govt. has recently announced Production Linked Incentive Scheme for API and Intermediate manufacturers in India. This only shows **the need and importance of encouraging domestic manufacturing of APIs and Intermediates.** Our

business is a perfect example of how India can de-risk from China for APIs and Intermediates. **A perfect "AatmaNirbhar" strategy as envisaged by the Hon'ble Prime Minister, Shri Narendra Modi, himself.**

- (c) The Holding Company has executed Restructuring Agreement with Asset Reconstruction Company (JMF ARC). As on 31st March, 2020, 40 banks/financial institutions have assigned their loans to JMF ARC. The company is under discussions with other lenders for restructuring loans, for concessions in interest and repayment terms in line with restructuring by JMF ARC. Pending consideration of the same, the Holding Company has not provided for interest thereon. The impact of the non-provision of interest is understatement of finance cost for the year to the extent of ₹ 1,545.20 Lakhs (Previous Year ₹ 1,746.06 Lakhs), and provision for interest is understated by 6,534.01 Lakhs (Previous Year ₹ 4,988.82 Lakhs).

- (d) Managerial Remuneration: The Holding Company has paid / provided for remuneration to key managerial personnel as under:

Sr. No.	Name of Key Management Person	2019-20	2018-19
1	Mr. Ajit A. Kamath	45.98	45.18
2	Mr. Rajendra P. Kaimal	33.53	32.94
3	Mr. Ashish M. Ujagare	49.82	41.04
Total		129.33	119.16

As per Section 196 & 197 of the Companies Act, 2013, since the Holding Company has defaulted in repayment of dues to Banks, Debenture Holders & Financial Institutions; the Holding Company is not eligible for payment of managerial remuneration.

- (e) Internal Audit: The Holding Company has internal control systems /standard operating practices in place. The Holding Company has not carried out internal audit for the year under review as required by the provisions of Section 138 of The Companies Act, 2013, in view of cost reduction measure and low volume of business for the year.
- (f) The Holding Company is in the process of obtaining the actuarial valuation for the purpose of ascertaining the required provision for gratuity liability, In view of the management the existing gratuity provision will be sufficient to meet the future gratuity liability hence the Holding Company has not made any additional provisions for the Gratuity as required by Accounting Standard 15 (Revised) on Employee Benefits.
- (g) Loans to Related Parties: The Holding Company has outstanding loans amounting to ₹ 467.84 Lakhs (Previous Year ₹ 467.84 Lakhs) receivable from M/s Regal Pharma PTE Limited and Guarantee's given to third parties for M/s Avon Lifesciences Limited amounting to ₹ 5,717.00 Lakhs (Previous Year ₹ 5,717.00 Lakhs) and Regal Pharma PTE Limited ₹ 9,800.70 Lakhs (Previous Year ₹ 8,992.10 Lakhs).
- (h) Impact of Covid - 19: The outbreak of Corona virus (COVID-19) pandemic is one of the biggest social, health and economic impacts, faced by India and the World at large. The Government of India declared a nationwide lockdown in March 2020 and till date we are grappling with the adverse effect it has cast on human lives. As a result of such unexpected, long term effect of the pandemic, most of the businesses are dealing with loss of revenue and disrupted supply chains. The disruption to global supply chains due to factory shutdowns has already exposed the vulnerabilities of many organizations. However, as the Group operates in the industry that is considered as essential services, the operations were continuing during lockdown by ensuring appropriate safety measures, as per directives of the Government. The group has laid down the roadmap for New Normal with a strong focus on safeguarding the health and safety of its employees, customers and communities it serves. Various initiatives and SOPs have been rolled out by the Government and the Group to safeguard the interests of all concerned. The Group considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, other assets and believes that the pandemic is not likely to have any substantial impact on the recoverability of the carrying value of its assets. The Group is closely monitoring the developments and possible effects that may result from the current pandemic on its financial condition, liquidity and operations and is actively working to minimize the impact of this unprecedented situation. As the situation is continuously evolving, the eventual impact may be different from the estimates made as of the date of approval of these Results.
- (i) Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classifications / disclosures.

(j) The Subsidiary companies considered in the consolidated financial statements are:

Name of the Subsidiary Company	Country of Incorporation	Ownership Interest (%)
Arch Life Sciences Limited	India	58.46
Arch Fine Chemicals Limited	India	88.95
Arch Pharmalabs FZ LLC	Dubai	100.00

As per our report of even date

For **Taori Sandeep & Associates**

Chartered Accountants

Firm Registration No. 007414C

For and on behalf of the board

Atul Jain

Partner

Membership No. 048920

Ajit Kamath

**Chairman & Managing
Director**

DIN: 00032799

Rajendra Kaimal

**Executive Director & Chief
Financial Officer**

DIN: 00032839

Date: 30th November,2020

Place: Mumbai

Vikas Kedia

Company Secretary