



ARCH PHARMALABS LIMITED

29th ANNUAL REPORT
2021-2022

CONTENTS

CONTENTS

1. Corporate Information	02
2. Notice	03
3. Director's Report	16
4. Annexure to Director's Report	22
5. Secretarial Audit Report	23

STANDALONE FINANCIALS

6. Independent Auditor's Report	27
7. Annexure to Independent Auditor's Report	30
8. Balance Sheet	37
9. Statement of Profit and Loss Account	38
10. Cash Flow Statement	39
11. Note to Financial Statement.....	41

CONSOLIDATED FINANCIALS

12. Independent Auditor's Report	66
13. Annexure to Independent Auditor's Report	70
14. Balance Sheet	72
15. Statement of Profit and Loss Account	73
16. Cash Flow Statement	74
17. Note to Financial Statement.....	76

BOARD OF DIRECTORS

Mr. Ajit Kamath

Chairman & Managing Director

Mr. Rajendra Kaimal

Executive Director

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

Jammu & Kashmir Bank

Indian Overseas Bank

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

STATUTORY AUDITORS

M/s. Taori Sandeep & Associates,

Chartered Accountants, Mumbai

REGISTERED OFFICE

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

Website: www.archpharmalabs.com

Email: info@archpharmalabs.com

PLANT LOCATIONS

1. Vitalife Laboratories

Village Pathreri, Bilaspur -Tauru Road,
District Gurgaon – 122 001,
Haryana (Gurgaon Unit)

2. Plot Nos. TS – 21, TS – 22, F – 40,
Phase II, Sagaon, Dombivali (E),
Thane – 421204. Maharashtra (Dombivali Unit)

3. Plot Nos. E-64/E-80/E-81/E-82,
Tarapur Industrial Area, M.I.D.C. Salvad,
Thane District, Maharashtra. (Tarapur Unit-2)

4. Survey No. 323, Gundlamachnur Village,
Hathnoora Mandal, District Medak – 502 296,
Telangana (Merven Unit)

5. Mittapally Village, Siddipet – 502375,
Medak, Telangana (Watsol Unit)

6. Plot Nos. G-3, G-4 & G-5, Kharvai MIDC,
Badlapur, Dist. Thane – 421 503,
Maharashtra (Badlapur Unit)

7. Plot No. G-6, MIDC Taloja, Taloja Industrial
Area, Village Navade, Taluka Panvel,
District Raigad, Maharashtra (Taloja Unit)

NOTICE

Notice is hereby given that the 29th Annual General Meeting of the Members of Arch Pharmalabs Limited will be held on Friday, the 30th day of December, 2022 at 10.00 A.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, 2022, 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, 2022, together with the Auditors report thereon.
2. To appoint a Director in place of Mr. Rajendrakumar Kaimal (DIN: 00032839), who retires by rotation and offers himself for reappointment.
3. **Appointment of Statutory Auditor for a period of 5 (five) years**

To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**.

"RESOLVED THAT pursuant to the Section 139, 142 and applicable provision of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 and other applicable statutory provisions, M/s. Neha C Shah & Associates, Chartered Accountants, Mumbai (Registration No. 147435W) be and is hereby appointed as Statutory Auditor of the Company for a term of five year and to hold office from conclusion of this annual general meeting (AGM) till conclusion of the AGM to be held in the year 2027 and that the Board be and is hereby authorized to determine their remuneration and reimbursement of expenses, as may be incurred, in the performance of Audit."

Special Business

4. **Ratification of remuneration of the Cost Auditor**

To consider and if thought fit, to pass the following resolution as an **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 2023, 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."

5. **Offer, issue and allot Equity Shares on preferential basis by way of conversion of certain financial obligations into Equity Shares of the Company.**

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

"RESOLVED THAT 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 create, issue, offer and allot in one or more tranches, up to 45,57,692 equity shares of the Company of the face value of Rs. 10/- each on preferential allotment/private placement basis, at a price of Rs.328/- including premium of Rs.318/- per equity share aggregating up to Rs. 149,49,04,953/- by way of non-cash consideration, i.e. by conversion of financial obligations of the Company to Nipro Pharmapackaging India Private Limited on such terms and conditions and in such manner as the Board may think fit in its absolute discretion:

S. No.	Name of the proposed allottee	No. of shares proposed to be issued
1.	Nipro Pharmapackaging India Private Limited Plot No. 76, Fitkari Village Meerut-Mawana Road , Meerut - 250401	45,57,692 (Forty Five lakhs Fifty Seven Thousand Six Hundred Ninety Two)

RESOLVED FURTHER THAT

- i. the equity shares as may be issued and allotted in accordance with the terms of the relevant offering, shall rank pari-passu with the then existing equity shares in the Company in all respects, including in respect of dividend;
- ii. for the purpose of giving effect to the foregoing and without being required to seek any further consent or approval of the Members or otherwise to the end and intent that they shall be deemed to have given their approval thereto expressly by the authority of this resolution, the board be and is hereby authorized for and on behalf of the Company:
 - a) to enter into and execute all such agreements/arrangements as the case may be with any authorities / agencies,
 - b) to settle any questions, difficulties, doubts that may arise in regard to the offer, issue and allotment of securities as it may in its absolute discretion deem fit,
 - c) to do all such acts, deeds, matters and things as the board may at its sole discretion deem fit, necessary, desirable for such purpose, including without limitation the drafting, finalization, entering into and execution of any arrangements or agreements with the allottee including but not limited to the shareholders' agreement/s;
 - d) to delegate from time to time, all or any of the powers conferred herein upon the board to any Committee of the board or the Managing director or any other director or any other Officer or Officers of the Company”.

RESOLVED FURTHER THAT Mr. Ajit Kamath, Chairman & Managing Director, Mr. Rajendrakumar Kaimal, Executive Director & Chief Financial Officer and Mr. Vikas Kedia, Company Secretary of the Company be and are hereby severally authorized to sign, execute and file all such forms, deeds and documents with the Registrar of Companies, National Securities Depository Limited, Central Depository Services (India) limited or other Statutory and Regulatory Authorities as may be required and to do all such acts, deeds and things, as they may in their absolute discretion deem necessary, proper or desirable and to settle any questions, difficulties or doubts that may arise in this regard, for the purpose of giving effect to this Resolution.

RESOLVED FURTHER THAT a certified true copy(ies) of this Resolution be provided to all concerned, as and when required, under the hand of a Director, Company Secretary.”

6. Re-appointment of Dr. Sunil Pitroda as Independent Director of the Company

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:-

“RESOLVED THAT pursuant to the provisions of Sections 149 and 152 read with Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Companies (Appointment and Qualification of Directors) Rules, 2014 and the applicable provisions (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), Dr. Sunil Pitroda (DIN: 07028212), who qualifies for being appointed as an Independent Director, be and is hereby appointed

as an Independent Director of the Company, not liable to retire by rotation and to hold office for a term of 5 (five) consecutive years, that is, up to 29th December, 2027.”

RESOLVED FURTHER THAT the Board 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.”

By Order of the Board

For Arch Pharmalabs Limited

Sd/-

Mumbai
1st December, 2022

Vikas Kedia
Company Secretary

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013 FORMING PART OF NOTICE CONVENING THE ANNUAL GENERAL MEETING

Item No. 3

M/s. Taori Sandeep & Associates, Chartered Accountants (Registration No. 007414C), were appointed as statutory auditors of the Company from the conclusion of the twenty-fourth annual general meeting (AGM) of the Company held on 30th July, 2018, till the conclusion of the AGM to be held in the year 2022. In terms of Section 139 of the Companies Act, 2013 (the Act), they cannot be reappointed as statutory auditors.

Accordingly, it is proposed to appoint M/s. Neha C Shah & Associates, Chartered Accountants as a statutory auditor of the Company pursuant to the applicable provision of the Act, in place of retiring auditor, for a term of 5 years as referred in resolution.

As confirmed by the said proposed auditor, they are eligible for their appointment, and their appointment if made would be within the prescribed limits and shall be in accordance with the conditions and criteria as prescribed in section 141 and other applicable provisions of the Act and Rules made thereunder.

Accordingly, the Audit Committee and Board of the Company has considered and recommended for the appointment of M/s. Neha C Shah & Associates, Chartered Accountants, as a statutory auditor of the Company as mentioned in the resolution.

The Board recommends the resolution relating to appointment of auditor as set out in the Notice for your approval by way of passing ordinary resolution.

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. 4

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 2023, 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 Board of Directors of the Company had approached Nipro Pharmapackaging India Private Limited, one of the Creditors of the Company to convert a portion of their receivables into the Equity Shares of the Company.

It proposed to issue up to 45,57,692 equity shares of the face value of Rs. 10/- each on preferential allotment/ private placement basis, at a price of Rs.328/- including premium of Rs.318 /- per equity share aggregating up to Rs. 149,49,04,953/- by way of non-cash consideration, i.e. by conversion of financial obligations of the Company to Nipro Pharmapackaging India Private Limited on such terms and conditions and in such manner as the Board may think fit in its absolute discretion

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

Sr. No.	Particulars	Details			
1.	Particulars of the offer including the date of passing of the Board Resolution	Issue of 45,57,692 equity shares at a price of Rs. 328/- per share (Face Value of Rs. 10/- per share and Premium of Rs. 318/- per share). Date of passing Board Resolution: 1 st December, 2022			
2.	Objects of the Issue	The object of the issue is to restructure the liabilities of the Company by conversion of certain outstanding financial obligations into Equity Shares of the Company.			
3.	Kinds of securities offered and the price at which security is being offered	Issue of 45,57,692 equity shares at a price of Rs. 328/- per share (Face Value of Rs. 10/- per share and Premium of Rs. 318/- per share).			
4.	Total Number of Securities to be Issued	45,57,692 equity shares			
5.	The Price or the Price band at/within which the allotment is proposed	Rs. 328/- per share (Face Value of Rs. 10/- per share and Premium of Rs. 318/- per share).			
6.	Basis on which the price has been arrived at along with report of the registered valuer	Price has been arrived based on negotiations between the parties. Valuation Report has however been obtained from a Registered valuer as per the provisions of the Companies Act.			
7.	The class or classes of person to whom allotment is proposed to be made	The allotment is proposed to be made to M/s. Nipro Pharmapackaging India Private Limited.			
8.	Intention of Promoter, Directors or Key managerial person to subscribe to the offer	None of the promoter, directors or key managerial person of the Company are subscribing to the offer			
9.	The Proposed time within which the allotment shall be completed	The Company shall complete the issue and allotment of equity shares within 1 (one) year from the date of passing of this special resolution.			
10.	Material Terms of raising of such securities	Not Applicable			
11.	The Name of the proposed allottees and the percentage of post preferential Issue capital that may be held by them.				
Sr. No.	Name of the proposed allottees	Present Holding	% of the pre-issue capital	Present Issue	% of post issue capital
1.	Nipro Pharmapackaging India Private Limited	NIL	NIL	45,57,692	2.91%
12.	The change in control, if any, in the company that would occur consequent to the Preferential Issue	There will be no change in the control in the Company consequent to the Preferential Issue.			

13.	The justification for the allotment proposed to be made for consideration other than cash together with valuation report of the registered valuer	Not applicable
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14. The Pre issue and post issue shareholding pattern of the company is as given below.

		Pre-Shareholding		Preferential Offer	Post-Shareholding	
	CATEGORY	No. of Shares	% Holding	No. of Shares	No. of Shares	% Holding
A	PROMOTERS' HOLDINGS					
1	Promoters					
a	Indian Promoters					
	ARCH AGRO INDUSTRIES PVT. LTD	6154754	4.05	0	6154754	4.05
	AMR INVESTMENTS P. LTD.	1976681	1.30	0	1976681	1.30
	ARCH PHARMACHEM LTD	21181000	13.94	0	21181000	13.94
	ARCH IMPEX PVT. LTD.	55405664	36.47	0	55405664	36.47
	ARCH HERBALS PVT. LTD	6242076	4.11	0	6242076	4.11
	CATEGORY -WISE TOTAL	90960175	59.87	0	90960175	58.13
b	Foreign Promoters	0	0.00	0	0	0.00
	SUB-TOTAL(A)	90960175	59.87	0	90960175	58.13
B	NON-PROMOTERS' HOLDINGS					
2	INSTITUTIONAL INVESTORS					
a	MUTUAL FUNDS	730	0.00	0	730	0.00
b	BANKS, FINANCIAL INSTITUTIONS, INSURANCE	0	0.00	0	0	0.00
	COMPANIES					
c	FOREIGN INSTITUTIONAL INVESTORS-	112490	0.07	0	112490	0.07
d	VENTURE CAPITAL FUNDS	0	0.00	0	0	0.00

e	ANY OTHER - FOREIGN COMPANIES	1000000	0.66	0	1000000	0.64
	CATEGORY-WISE TOTAL (2)	1113220	0.73	0	1113220	0.71
3	NON-INSTITUTIONS					
a	NRI's/OCB's --	2713394	1.79	0	2713394	1.79
b	PCB's -- Bodies Corporate	54423123	35.82	45,57,692	58980815	37.69
c	INDIAN PUBLIC:	2713164	1.79	0	2713164	1.73
	CATEGORY-WISE TOTAL (3)	59849681	39.39	0	64407373	41.16
	SUB-TOTAL (B)	60962901	40.13	0	65520593	41.87
	GRAND TOTAL [A+B]	151923076	100.00	45,57,692	156480768	100.00

The board believes that the preferential offer to subscribers as mentioned in the above disclosure will be in the best interest of the Company and its Members.

The Directors of the Company accordingly recommend the special resolution as set out at Item No. 5 in the accompanying Notice for members approval by a Postal ballot and e-voting.

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.

Item No. 6

The Board of Directors of the Company are proposing to appoint Dr. Sunil Pitroda, Director of the Company as an Independent Director. Nomination & Remuneration committee of the company recommends his appointment.

Dr. Sunil Pitroda has given a declaration to the Board that she meets the criteria of independence as provided under Section 149(6) of the Act. Brief profile of Dr. Sunil Pitroda is given at Annexure to this Notice.

None of the Directors and/or Key Managerial Personnel of the Company or their relatives, except Dr. Sunil Pitroda (whose appointment is proposed in this resolution) is in any way concerned or interested in the resolution.

The Board recommends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the members.

NOTES

1. The statement pursuant to section 102 of the Companies Act, 2013 relating the Notice is annexed hereto.
2. Members desirous of any information or queries on accounts 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.

3. 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.
4. 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. Member may contact secretarial department on 022 4287 1210 for guidance to avail facilities or matters as mentioned in this Notice.
5. 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 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.
6. 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.
7. For the purpose of dispatch of this Notice, shareholders of the Company holding shares in demat / physical form as on 30th June, 2022 has been considered. Any person, who acquire shares of the Company and becomes member of the Company after 30th June, 2022 may obtain the login details by sending a request to CDSL at helpdesk.evoting@cdslindia.com or to the Registrar and share transfer agents of the company.
8. The Members whose name appears in the Register of Members/list of Beneficial Owners as received from Depositories as on Friday, 23rd December, 2022 ("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.
9. 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 authorized on or around 31st December, 2022.

CDSL e-Voting System – For e-voting and Joining Virtual meetings.

1. As you are aware, in view of the situation arising due to COVID-19 global pandemic, the general meetings of the companies shall be conducted as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide Circular No. 14/2020 dated April 8, 2020, Circular No.17/2020 dated April 13, 2020 and Circular No. 20/2020 dated May 05, 2020. The forthcoming AGM will thus be held through video conferencing (VC) or other audio visual means (OAVM). Hence, Members can attend and participate in the ensuing AGM through VC/OAVM.
2. Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and MCA Circulars dated April 08, 2020, April 13, 2020 and May 05, 2020 the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM. For this purpose, the Company has entered into an agreement with Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means, as the authorized e-Voting's agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the AGM will be provided by CDSL.
3. The Members can join the AGM in the VC/OAVM mode 15 minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The

facility of participation at the AGM through VC/OAVM will be made available to atleast 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

4. The attendance of the Members attending the AGM through VC/OAVM will be counted for the purpose of ascertaining the quorum under Section 103 of the Companies Act, 2013.
5. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting.

THE INTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

Step 1 : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) The voting period begins on Tuesday, 27th December, 2022 and ends on Thursday, 29th December, 2022. 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 Friday, 23rd December, 2022 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated 09.12.2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step : Access through Depositories CDSL/NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- (iv) In terms of SEBI circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and email Id in their demat accounts in order to access e-Voting facility.

Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings **for Individual shareholders holding securities in Demat mode CDSL/NSDL** is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL Depository	<p>Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi.</p> <p>After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL/NSDL/KARVY/LINKINTIME, so that the user can visit the e-Voting service providers' website directly.</p> <p>If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration</p> <p>Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.</p>
Individual Shareholders holding securities in demat mode with NSDL Depository	<p>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.</p> <p>If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</p> <p>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting</p>

Individual Shareholders (holding securities in demat mode) login through their Depository Participants (DP)	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.
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Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Step 2 : Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- (i) Login method for e-Voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form.**
 - 1) The shareholders should log on to the e-voting website www.evotingindia.com.
 - 2) Click on “Shareholders” module.
 - 3) 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. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
 - 4) Next enter the Image Verification as displayed and Click on Login.
 - 5) If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.

If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
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 OR Date of Birth (DOB)	<p>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.</p> <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.
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- (ii) After entering these details appropriately, click on “SUBMIT” tab.
- (iii) Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders 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.
- (iv) For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (v) Click on the EVSN for the relevant Arch Pharmalabs Ltd on which you choose to vote.
- (vi) 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.
- (vii) Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- (viii) 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.
- (ix) Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- (x) You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- (xi) If a demat account holder has forgotten the 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.
- (xii) There is also an optional provision to upload BR/POA if any uploaded, which will be made available to scrutinizer for verification.
- (xiii) Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
 - 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 will be mapped automatically & can be delink in case of any wrong mapping.
 - It is Mandatory that, 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 mandatory 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; jignesh.patel@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.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC/OAVM & E-VOTING DURING MEETING ARE AS UNDER:

1. The procedure for attending meeting & e-Voting on the day of the AGM/ EGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.
3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. 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.
7. 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 atleast **5 days prior to meeting** 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 **5 days prior to meeting** mentioning their name, demat account number/folio number, email id, mobile number at jignesh.patel@archpharmalabs.com. These queries will be replied to by the company suitably by email.
8. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting.
9. 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.
10. 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 may be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL/MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY/DEPOSITORIES.

1. 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 **jignesh.patel@archpharmalabs.com**
2. For Demat shareholders -, Please update your email id & mobile no. with your respective **Depository Participant (DP)**
3. **For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.**

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at toll free no. 1800 22 55 33

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. 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 toll free no. 1800 22 55 33.

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

Name	Mr. Rajendra Kaimal	Dr. Sunil Pitroda
Date of Birth	23-06-1973	29-11-1959
Date of Appointment	30-05-2013	02-05-2017
Nationality	Indian	Indian
Category	Promoter	Non-Executive Independent
Designation	Executive Director	Independent Director
Qualification / Expertise in Specific Functional Areas	Mr. Rajendra Kaimal, aged 49 years, holds a Bachelors Degree in Commerce from the University of Mumbai. He has completed his Masters in Management Studies from Narsee Monjee Institute of Management Studies, Mumbai and is a Cost Accountant from the Institute of Cost and Works Accountants of India. He has over 21 years of experience in the pharmaceutical industry.	Dr. Sunil Pitroda, aged 63 years, holds Bachelor of Medicine, Bachelor of Surgery (MBBS) Degree from the University of Mumbai. He has over 36 years of experience in the Medical and surgical field. His experience in the field of Medicines and understanding of the healthcare vertical will help our Company grow further.
Occupation	Service	Profession
Other Directorships/ Directorships held in other companies	1. Samrudh Bharat Social Welfare Foundation 2. Vitalife Pharma Limited 3. Archplus Sales Private Limited 4. Amra Renal Care Limited 5. Arch Agro Industries Private Limited 6. Amra Remedies Limited 7. Arch Pharmachem Ltd 8. Arch Impex Private Limited 9. Arch Herbals Private Limited 10. Arch Life Sciences Limited 11. Kobo Biotech Limited 12. Arch Finechemicals Limited 13. Arch Pharmalabs Fz-LLC (UAE)	1. Kobo Biotech Limited
Shareholding in the Company	NIL	NIL
Relationship between directors inter-se	NIL	NIL

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in presenting their Twenty-Ninth Annual Report on the business and operations of the Company and the Audited Financial Statements for the year ended 31st March, 2022.

FINANCIAL RESULTS

(Rs. in Lakhs)

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Operating Revenue	1,30,898	70,601
Operating Costs	1,13,213	1,39,537
Profit/(Loss) Before Depreciation, Interest, Tax [PBDIT]	18,194	(61,805)
Depreciation	2,506	2,780
Profit/(Loss) Before Tax [PBT]	5,854	(87,669)
Exceptional Item	-	2,74,403
Net Profit /(Loss) for the Year	5,873	1,86,734

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.1,30,898 Lakhs (previous year Rs.70,601 Lakhs). Consequently there was Profit Before Tax of Rs. 5854 lakhs as compared to Loss Before Tax of an amount of Rs. 87669 Lakhs during the previous year. Net Profit during the year was achieved at Rs. 5873 lakhs as compared to Rs. 186734 Lakhs during the previous year, which was more an effect of an exceptional item as depicted above in the tabular presentation.

The financial restructuring with the 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 continued to be scaled up. The increase in operational revenue over past 2 years 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.

India had achieved excellence in Active Pharmaceutical Ingredients (API) manufacturing 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. However due to certain government policies applicable to the Pharmaceuticals sector, it in a way allowed the Chinese to invade the Indian API and Intermediates market, with them dumping a lot of APIs and Intermediates, which disturbed the commercial sense of engaging in API and Intermediates market in India. This meant that end customers in India and elsewhere in the world, found it profitable to import APIs and Intermediates from China vis-à-vis engaging themselves in production activities. 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, during last decade.

However, over the last few years not only Pharma companies but the Heads of State, around the world discovered the potential perils of over-reliance on China as the main source of APIs. An explosive problem soon evolved with respect to imports of APIs and intermediates from China. Multiple instances of suspect drug quality were amply displayed by product recalls on several drugs and the quality of products received from China was put to test.

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 our Company.

The Govt. of India is bringing in various schemes like Production Linked Incentive Scheme (PLI) among others to encourage domestic manufacturing of APIs and Intermediates. This only shows the need and importance of encouraging domestic manufacturing of APIs and Intermediates, which will help India achieve itself-reliance in this very important and critical area of Health Services.

Our business at Arch is a perfect example of how not only India but the whole World can look at India as a reliable partner to de-risk from China for APIs and Intermediates. A perfect "AatmaNirbhar" strategy as envisaged by the Hon'ble Prime Minister, Shri Narendra Modi, himself.

DIVIDEND

Your Directors do not recommend any dividend during the year under review. In order to conserve resources for the working capital needs of the Company.

RESERVES

During the year under review profit of Rs. 5,873.22 Lakhs has been transferred to the Reserves & Surplus forming part of the Balance Sheet.

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, 2022 for its facilities:

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

SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

Following are the Direct Subsidiaries of the Company:

1. Arch Life Sciences Limited
2. Arch Finechemicals Limited
3. Arch Pharmalabs FZ LLC
4. Vitalife Pharma Ltd

Associate Company:

1. Kobo Biotech Limited (44.95% Stake)

All the subsidiaries and Associate Company are non-operational since last few years.

NOTES ON SUBSIDIARIES

The following are the names of the subsidiary companies:

1. Arch Finechemicals Limited
2. Arch Life Sciences Limited
3. Arch Pharmed Labs FZ-LLC
4. Vitalife Pharma Ltd.

All the subsidiaries are non-operational since past few years.

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

Mr. Rajendrakumar Kaimal (DIN: 00032839), Executive Director retires by rotation at the ensuing Annual General Meeting, offers himself for re-appointment.

The Independent Director Dr. Sunil Pitroda has given declaration that they meet the criteria of independence laid down under Section 149 of the Companies Act, 2013

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.

a. Board Meetings

During the year, 7 (Seven) 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 finalized 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. Committees of Directors

The Company has constituted various committees of the Board, namely, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee and Stakeholders Relationship Committee.

c. 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.

d. 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.

AUDITORS

a. Statutory Auditors

M/s. Taori Sandeep & Associates, Chartered Accountants (Registration No. 007414C), were appointed as statutory auditors of the Company from the conclusion of the 24th -twenty-fourth Annual General Meeting (AGM) of the Company held on 30th July, 2018, till the conclusion of the AGM to be held in the year 2022. In terms of Section 139 of the Companies Act, 2013 (the Act), they are not eligible for any further re-appointment. The Report of the Statutory Auditor and comments/ qualifications of the Auditor in their report are self-explanatory.

It is therefore proposed to appoint M/s. Neha C Shah & Associates, Chartered Accountants (Registration No. 147435W) as Statutory Auditor of the Company for a term as mentioned in AGM Notice. The Company has received letter from them to the effect that their appointment if made will be within the prescribed limits and confirming that they are not disqualified for such appointment pursuant to the Companies Act, 2013 and applicable statutory provisions.

Accordingly, the Audit Committee and Board of the Company have considered and recommends to the members for their appointment as Statutory auditor of the Company at the ensuing Annual General Meeting for a period of 5 (five) years.

Reporting of fraud by statutory auditor

The Statutory Auditors have not reported any instance of fraud under Section 143(12) of the Companies Act, 2013.

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 2021-22.

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)

The Company has constituted a Corporate Social Responsibility Committee in compliance with the provisions of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014. The Corporate Social Responsibility Committee has formulated a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company.

However, Section 135(5) of the Companies Act, 2013 and the rules made there under are not applicable to the Company for the Financial Year 2021-22 considering the average net profits of the company made during the three immediately preceding financial years being negative.

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 2022.

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, 2022, 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, 2022 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:

No material changes and commitments which could affect the Company's financial position have occurred between the end of the financial year of the Company and date of this report.

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, 2022.

SECRETARIAL STANDARDS

Your Directors state that the company is in compliance with the applicable secretarial standards as issued by the Institute of Company Secretaries of India and approved by Central Government under Section 118(10) of the Companies Act, 2013.

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/-

29th September, 2022

Mumbai

Ajit Kamath

Chairman & Managing Director

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, 2022 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 out licensed 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)

SN.	Particulars	Year 2021-22	Year 2020-21
a)	Capital	146.45	124.23
b)	Recurring	185.59	149.18
c)	Total expenditure	332.04	273.41
d)	Total expenditure as a % of total turnover	0.25%	0.39%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. In lakhs)

Particular	Year 2021-22	Year 2020-21
Foreign Exchange earned	6,342.37	5,628.00
Foreign Exchange used / outgo	4,174.91	3,272.00

For and on behalf of the board
Arch Pharmalabs Limited

sd/-

Ajit Kamath

Chairman & Managing Director

29th September, 2022
Mumbai

Annexure B**Form No. MR-3****SECRETARIAL AUDIT REPORT****FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022**

[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 (hereinafter called the 'Company'). The 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 the secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2022 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, 2022 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 and defaulted/delayed in repayment of loans/borrowing availed from Bank and various financial institutions.
- 3. Payment of Managerial remuneration is not in compliance with Section 196 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 Directors 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 unable 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:

- 1. 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.
- 2. 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.

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 Board of Directors of the Company is not duly constituted as company has not appointed required number of independent directors and women director.
5. 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.
6. 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

Place: Mumbai

Issue Date: 1st December, 2022

Riddhi Shah

C P No.:17035

UDIN: A020168D002653238

UDIN Dated: 08/12/2022

INDEPENDENT AUDITORS' REPORT

To

The Members of

Arch Pharmalabs Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying Standalone Financial Statements of **Arch Pharmalabs Limited** ("the Company"), which comprises the Balance Sheet as at 31st March, 2022 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, 2022, its profits / losses 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 Rs.1,531.80 Lacs. Due to this, profit for the year ended 31st March 2022 were overstated by Rs. 1,531.80 Lacs and accumulated provision for interest is understated by Rs.8,831.97 Lacs as at 31st March 2022.
- 2) Refer to Note No.32(d) regarding payment of managerial remuneration amounting Rs.129.33 Lacs in contravention of the provisions of Section 196 & 197 of The Companies Act, 2013.

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, 2022; 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) Loans / Guarantees to Related Party:

The Company has outstanding receivable as referred in Note No. 27 from related parties amounting Rs.467.84 Lacs in respect of loans advances and guarantees given by it to third parties on behalf of related parties amounting Rs.15,571.92 Lacs 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.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

Our objective is 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, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the attached Annexure "A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
- 2) As required by section 143(3) of the Act, 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 Standalone Balance Sheet, Standalone Statement of Profit and Loss and Standalone 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 and 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, 2022, taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164 (2) of the Act.
 - g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
 - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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.
 - d) (a) The Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 32(g)(h) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether

recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

- (b) The Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 32(g)(h) to the standalone financial statements, no funds (which are material either individually or in the aggregate) have been received by the Company from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations sub-clause (d) (a) and (d) (b) contain any material mis-statement.
- (i) The Company has not declared or paid any dividends during the year and accordingly reporting on the compliance with section 123 of the Companies Act, 2013 is not applicable for the year under consideration.

For Taori Sandeep & Associates

Chartered Accountants

Firm Reg. No: 007414C

Atul Jain

Partner

Membership No: 048920

Place: Mumbai

Date: 29th September, 2022

Annexure A to the Independent Auditors' Report

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory requirements' section of our report of even date)

With reference to the Annexure referred to in the Independent Auditor's Report to the members of the Company on the financial statements for the year ended 31 March 2022, we report the following:

- (i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment and Capital work-in-progress.
- (B) The Company has maintained proper records showing full particulars of intangible assets and intangible assets under development.
- (b) The Company has a program of verification of Property, Plant and Equipment to cover all the items in a phased manner over a period of which, in our opinion, is reasonable having regard to size of the Company and nature of its assets. In accordance with the program, Property, Plant and Equipment were physically verified by the Management. According to information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the standalone financial statements are held in the name of the Company.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued any of its property, plant and equipment and intangible assets during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of

the records of the Company, there are no proceedings have been initiated during the year or are pending against the Company as at 31 March 2022 for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (as amended in 2016) and rules made thereunder.

- (ii) (a) The inventories were physically verified during the year by the Management at reasonable intervals. In our opinion and according to the information and explanations given to us, the coverage and procedure of such verification by the Management is appropriate having regard to the size of the Company and the nature of its operations. No discrepancies of 10% or more in the aggregate for each class of inventories were noticed on such physical verification of inventories when compared with books of account.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.
- (iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any security or granted any advances in the nature of loans, secured or unsecured to companies, limited liability partnership and other parties during the year. The Company has not made any investments in firms, Companies or any other parties during the year. The Company has not provided any guarantee and granted any loans, secured or unsecured, to companies, limited liability partnership or any other parties during the year.
- (a) (A) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has provided loans and stood guarantee to subsidiaries as below:

Particulars	Guarantees	Loans
Aggregate amount during the year – Subsidiaries	Nil	Nil
Balance outstanding as at balance sheet date – Subsidiaries	3,790.36 Lacs	Nil

- (B) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has not provided loans and stood guarantee to a party other than subsidiaries / associates.
- (b) According to the information and explanations given to us and based on the audit procedures performed by us, we are of the opinion that the investments made, and the terms and conditions of the grant of all loans and guarantees provided to the wholly owned subsidiaries of the Company are not prejudicial to the Company's interest.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the schedule of repayment of principal and payment of interest has not been stipulated, as loans are in the nature of loans repayable on demand. Thus, there has been no default on the part of the party to whom the money has been lent. Further, the Company has not given any advance in the nature of loan to any party during the year.
- (d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year.
- (e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to same parties.
- (f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment to its related parties as defined in Clause (76) of Section 2 of the Companies Act, 2013 ("the Act"):

Particulars	Related Parties
- Repayable on demand as at Balance Sheet Date (A)	468.06 Lacs
- Agreement does not specify any terms or period of Repayment as at Balance Sheet Date (B)	Nil
Total (A+B)	468.06 Lacs
Percentage of loans to the total loans	100%

- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not given any loans, or provided any guarantee or security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of the Act have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) According to records of the company, there are instances of the delay in depositing undisputed statutory dues including provident fund, Employees' State Insurance, Tax Deducted at Source 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 March 31, 2022 for a period of more than six months from the date they became payable:

Nature of Dues	Amount (Rs. In Lacs)
Tax Deducted / Collected at Source	1266.44
Provident Fund	784.13
ESIC	38.77
Profession Tax	111.41
Sales Tax	16.64
Labour Welfare Fund	1.33
Total	2218.72

- (b) The disputed statutory dues amounting to Rs.1051.97 Lacs, that have not been deposited on account of matters pending before appropriate authorities are as under:

Name of the Statute	Amount (Rs. In Lacs)
Goods and Service Tax	93.52
Provident Fund	958.45

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.
- (ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we are of the opinion that the Company has

defaulted/delayed repayment of loans and borrowing to financial institutions, banks as per the following:

Particulars	Amount (Rs. in Lacs)
Term Loan	7,841.98
Other Short Term Loans	4,148.61
Total	11,990.59

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.
- (c) In our opinion and according to the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (d) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (e) According to the information and explanations given to us and on an overall examination of the Financial Statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures during the year as defined under the Act.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, associates or joint ventures (as defined under the Act).
- (x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable to the Company.
- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable to the Company.
- (xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, considering the principles of materiality outlined in Standards on Auditing, we report that no fraud by the Company or on the Company has been noticed or reported during the course of the audit. Accordingly, paragraph 3 (xi) (a) of the Order is not applicable.
- (b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government during the year and upto the date of this report.
- (c) We have taken into consideration the whistle blower complaints received by the Company during the year while determining the nature, timing and extent of our audit procedures.
- (xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.
- (xiv) (a) Based on information and explanations provided to us and our audit procedures, in our opinion, the Company has and internal audit system commensurate with the size and nature of its business.

- (b) We have considered the internal audit reports of the Company issued till date for the period under audit.
- (xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.
- (xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.
- (b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.
- (d) The Company is not part of any group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016 as amended). Accordingly, the requirements of clause 3(xvi)(d) are not applicable.
- (xvii) The Company has not incurred cash losses in the current and in the immediately preceding financial year.
- (xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.
- (xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due. Also refer to the Other Information paragraph of our main audit report which explains that the other information comprising of Management Reports such as Board's Report, Management Discussion and Analysis, Corporate Governance Report and Business Responsibility Report which we obtained prior to the date of this Auditor's report and the remaining sections of the Company's Annual Report are expected to be made available to us after the date of this auditor's report.
- (xx) (a) In our opinion and according to the information and explanations given to us, there is no unspent amount under subsection (5) of Section 135 of the Act pursuant to any project. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For Taori Sandeep & Associates

Chartered Accountants
Firm Reg. No: 007414C

Atul Jain

Partner
Membership No: 048920
Place: Mumbai
Date: 29th September, 2022

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, 2022 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 31 March 2022, 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: 29th September, 2022

BALANCE SHEET AS AT 31ST MARCH, 2022

(Amount Rs. in Lacs)

Particulars	Note	As at 31st March, 2022	As at 31st March, 2021
EQUITY AND LIABILITIES			
Shareholder's Funds			
Share Capital	3	15,192.31	15,192.31
Reserves and Surplus	4	43,714.71	5,458.30
		58,907.02	20,650.61
Non-Current Liabilities			
Long-term Borrowings	5	66,898.11	1,04,945.22
Long-term Provisions	9 (a)	1,344.45	1,381.83
		68,242.56	1,06,327.05
Current Liabilities			
Short-term Borrowings	6	14,527.43	12,791.54
Trade Payables			
(i) Total Outstanding Dues of Micro and Small Enterprises	7	234.05	123.37
(ii) Total Outstanding Dues of Creditors other than Micro and Small Enterprises	7	33,468.52	45,487.34
Other Current Liabilities	8	51,662.41	45,486.92
Short-term Provisions	9 (b)	222.56	85.66
		1,00,114.97	1,03,974.83
Total		2,27,264.55	2,30,952.49
ASSETS			
Non-Current Assets			
Property, Plant and Equipment and Intangible Assets			
Property, Plant and Equipment	10 (a)	87,627.19	92,354.09
Intangible Assets	10 (b)	264.79	296.19
Capital work-in-progress	10 (c)	851.71	437.94
Intangibles Assets under Development	10 (d)	1,784.27	1,796.03
		90,527.96	94,884.25
Non-current Investments	11	4,243.00	4,235.90
Long-term Loans and Advances	12	4,192.96	3,972.27
		8,435.96	8,208.17
Current Assets			
Inventories	13	69,890.50	77,204.23
Trade Receivables	14	25,316.30	21,567.42
Cash and Cash Equivalents	15	268.39	326.98
Short-term Loans and Advances	16	32,825.44	28,761.44
		1,28,300.63	1,27,860.07
Total		2,27,264.55	2,30,952.49
Significant Accounting Policies and Notes on Financial Statements			

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

Ajit Kamath
 Chairman &
 Managing Director
 DIN: 00032799

Rajendra Kaimal
 Executive Director &
 Chief Financial Officer
 DIN: 00032839

Membership No. 048920
 Date: 29th September, 2022
 Place: Mumbai

Vikas Kedia
 Company Secretary

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2022

(Amount Rs. in Lacs)

Particulars	Note	2021-22	2020-21
INCOME			
Revenue from operations	17		70,601.12
		1,30,897.73	
Other Income	18	509.09	7,131.42
Total Income		1,31,406.82	77,732.54
Expenses			
Cost of Material Consumed	19	1,05,230.58	44,446.85
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	20	(6,822.45)	2,113.62
Employee Benefits Expenses	21	7,487.90	7,411.73
Finance Costs	22	9,833.30	23,083.50
Depreciation and Amortization Expense	10	2,506.38	2,780.22
Other Expenses	23	7,316.79	85,565.20
Total Expenses		1,25,552.50	1,65,401.12
Profit/ (Loss) Before Tax and Exceptional Items		5,854.32	(87,668.58)
Exceptional Items	24	-	
Profit/ (Loss) Before Tax after Exceptional Items		5,854.32	2,74,403.47
			1,86,734.89
Tax Expense:			
Income Tax			
Short / Excess Provision for Tax		(18.90)	-
Profit / (Loss) for the year		5,873.22	1,86,734.89
Earning per equity share of face value of Rs. 10 each	28		
Basic and Diluted		3.87	122.91
Significant Accounting Policies and Notes on Financial Statements			

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

Ajit Kamath
Chairman &
Managing Director
DIN: 00032799

Rajendra Kaimal
Executive Director &
Chief Financial Officer
DIN: 00032839

Membership No. 048920
Date: 29th September, 2022
Place: Mumbai

Vikas Kedia
Company Secretary

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(Amount Rs. in Lacs)

Particulars		2021-22	2020-21
A	CASH FLOW FROM OPERATING ACTIVITIES		
	Net Profit/(Loss) before Tax and Exceptional Items	5,854.32	(87,668.58)
	Adjustments for:		
	Depreciation Written Off during the year	2,506.38	2,780.22
	Interest and Finance Charges	9,833.30	23,083.50
	Bad Debts Written Off	-	82,532.15
	Provision for Doubtful Debts	373.89	(65,063.90)
	Advances / Deposits Written Off	-	54,595.17
	Stock Written Off	-	3,056.24
	Loss / (Profit) on sale of assets	0.40	19.72
	Interest on Deposit & Others	(501.25)	(17.73)
		12,212.72	1,00,985.37
	Operating profit before working capital change	18,067.04	13,316.79
	(Increase)/Decrease in Trade receivables	(4,122.77)	(945.07)
	(Increase)/Decrease in Inventories	7,313.73	2,997.02
	(Increase)/Decrease in Other Current Assets	(4,284.69)	(10,681.32)
	Increase/(Decrease) in Current Liabilities	(5,461.24)	23,016.02
		(6,554.97)	14,386.65
	CASH GENERATED FROM OPERATIONS	11,512.07	27,703.44
	Income Tax Paid	18.90	-
	NET CASH FLOW FROM OPERATING ACTIVITIES	11,530.97	27,703.44
B	CASH FLOW FROM INVESTING ACTIVITIES		
	Purchase of Fixed Assets	(1,566.92)	(786.75)
	Loss / (Profit) on sale of assets	(0.40)	(19.72)
	Interest on Deposit & Others	501.25	17.73
	Purchase/Sale of Investments	(7.10)	-
	NET CASH FLOW FROM INVESTING ACTIVITIES	(1,073.17)	(788.74)

Particulars		2021-22		2020-21	
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Proceeds from Long Term Borrowings (net of repayments)	(232.62)		(2,933.05)	
	Short Term Loan (net of repayments)	(450.47)		(778.00)	
	Financial Charges	(9,833.30)		(23,083.50)	
	NET CASH FLOW FROM FINANCING ACTIVITIES		(10,516.39)		(26,794.55)
	NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		(58.59)		120.15
	Opening Cash & Cash Equivalent		326.98		206.83
	Closing Cash & Cash Equivalent		268.39		326.98

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
Date: 29th September, 2022
Place: Mumbai

Ajit Kamath
Chairman &
Managing Director
DIN: 00032799

Rajendra Kaimal
Executive Director &
Chief Financial Officer
DIN: 00032839

Vikas Kedia
Company Secretary

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

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 years 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 respective 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, 2022

3. SHARE CAPITAL

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Authorised:		
100,00,00,000 (Previous Year 1,00,00,000) equity shares of Rs.10 each.	100,000.00	100,000.00
200,00,00,000 (Previous Year 2,00,00,000) Preference shares of Rs.10 each.	200,000.00	200,000.00
	300,000.00	300,000.00
Issued, Subscribed and Paid up:		
151,923,076 (Previous Year 151,923,976) equity shares of Rs 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, 2022 No of Shares	As at 31st March, 2021 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 Rs 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, 2022	%	Number of shares as at 31st March, 2021	%
Arch Impex Pvt. Ltd	5,54,05,664	36.47	5,54,05,664	36.47
JM Financial Asset Reconstruction Co Pvt Ltd	39,500,000	26.00	3,95,00,000	26.00
Arch Pharmachem Ltd	21,181,000	13.94	2,11,81,000	13.94

3.4 Shares held by promoters at the end of the year

Sr. No.	Promoter Name	Number of shares as at 31st March, 2022	Number of shares as at 31st March, 2021	% of Total Shares held as at 31st March,2022	% of Change during the Year
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Note to Financial Statements

1	Arch Impex Pvt. Ltd.	5,54,05,664	5,54,05,664	36.47	-
2	Arch Pharmachem Ltd.	2,11,81,000	2,11,81,000	13.94	-
3	Arch Herbals Pvt. Ltd.	62,42,076	62,42,076	4.11	-
4	Arch Agro Industries Pvt. Ltd	61,54,754	61,54,754	4.05	-
5	Amr Investments Pvt. Ltd.	19,76,681	19,76,681	1.30	-
	Total	9,09,60,175	9,09,60,175	59.87	

4. RESERVES AND SURPLUS

(Amount Rs. in Lacs)

4. Reserves and Surplus	As at		As at	
	31st March, 2022		31st March, 2021	
Capital Reserves				
(a) Capital Reduction Reserve				
As per last Balance Sheet		9.49		9.49
(b) Revaluation Reserve				
As per last Balance Sheet	59,270.91		62,747.16	
Add: (Short / Excess) Depreciation on Revaluation Reserve	-		-	
Less: Utilized for set off against depreciation	3,416.83	55,854.08	3,476.25	59,270.91
Securities Premium Account				
As per last Balance Sheet	52,601.69		52,601.69	
		52,601.69		52,601.69
Debenture Redemption Reserve				
As per last Balance Sheet	-		-	
Add:- Transferred from Surplus	80.00		-	
		80.00		-
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	(1,06,834.13)		(2,93,569.02)	
Add: Profit/(Loss) for the year	5,873.22		1,86,734.89	
Add: Debt Restructuring - Refer Note 32(b)	35,800.00		-	
Less: Appropriations				
Debenture Redemption Reserve	80.00		-	
		(65,240.89)		(1,06,834.13)
Total		43,714.71		5,458.30

5. LONG TERM BORROWINGS

(Amount Rs. in Lacs)

	As at		As at	
	31st March, 2022		31st March, 2021	
	Current	Non Current	Current	Non Current
Secured Loan				
Non Convertible Debentures		3,200.00	-	-
Term Loans from Banks	9,858.19	-	7,841.98	2,016.20
Other Term Loans	-	63,698.11	-	1,02,929.02
Other Loan	81.93	-	81.93	-
	9,940.12	66,898.11	7,923.91	1,04,945.22
Unsecured Loan				
Other Term Loans	-	-	-	-
Deferred Sales Tax Liability	0.60	-	26.94	-
	0.60	-	26.94	-
Total	9,940.72	66,898.11	7,950.85	1,04,945.22

5.1 Maturity Profile

	Term Loan from Banks	Other Term Loans	Non Convertible Debentures	Other Loan	Deferred Sales Tax Liability
2 to 5 Years	-	63,698.11	3,200.00	-	-
Above 5 Years	-	-	-	-	-
Total	-	63,698.11	3,200.00	-	-
	-	-	-	-	-
Current Portion	9,858.19	-	-	81.93	0.60
Total	9,858.19	-	-	81.93	0.60

5.2 Non convertible debentures

Rs.3,200.00 Lacs (Previous Year Rs. Nil) are secured by Senior first pari-passu charge on the entire fixed assets, intangible assets and current assets of the Company and personal guarantee of the Company's Promoter Directors.

5.3 Term Loan from Banks comprise of:

Rs.9,858.19 Lacs (Previous Year Rs 9,858.19 Lacs) secured by residual pari-passu charge on the entire fixed assets and current assets of the Company and personal guarantee of the Company's Promoter Directors.

5.4 Other Term Loan comprise of:

- Rs.14,498.11 Lacs (Previous Year Rs.17,929.02 Lacs) secured by Super Priority senior first pari-passu charge on the entire fixed assets, intangible assets and current assets of the Company and personal guarantee of the Company's Promoter Directors.
- Rs.49,200.00 Lacs (Previous Year Rs. 85,000.00 Lacs) secured/ to be secured by way of First / Second / Residual pari-passu charge on fixed assets and current assets of the Company and personal guarantee of the Company's Promoter Directors.

5.5 Other Loan

Rs. 81.93 Lacs (Previous Year 81.93 Lacs) is secured by hypothecation of respective assets purchased under such financing.

5.6: Defaults / Delays in Loans

	Term Loan from Banks
From 01-04-2013 to 31-03-2022	7,841.98
Total	7,841.98

6. SHORT TERM BORROWINGS

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Current maturities of debt (Refer Note No. 5)	9,940.72	7,950.86
Unsecured Loan		
- From Related Parties (Refer Note No. 27)	151.10	228.57
- Other Short Term Loan	4,435.61	4,612.11
Total	14,527.43	12,791.54

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	
	Other Short Term Loans
From 01-04-2013 to 31-03-2022	4,148.61
Total	4,148.61

7. TRADE PAYABLES

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Total Outstanding Dues of Micro and Small Enterprises	234.05	123.37
Total outstanding dues of creditors other than Micro and Small Enterprises* [Refer Note No.27]	33,468.52	45,487.34
Total	33,702.57	45,610.71

7.1 Trade Payable includes Rs.(1,869.27) Lacs (Previous year Rs.5,176.01 Lacs) payable to related parties.

As at March 31, 2022

Particulars	Micro and Small Enterprises	Other than Micro and Small Enterprises	Total
Unbilled	-	987.49	987.49
Note Due	1.48	4,180.52	4,181.99
Outstanding for following periods from due date of payment			
Less than 1 year	140.56	900.99	1,041.55
1-2 Years	12.92	1,031.33	1,044.25
2-3 Years	10.69	9,076.29	9,086.98
> 3 Years	68.40	17,291.90	17,360.31
Total	234.05	33,468.52	33,702.57

As at March 31, 2021

Particulars	Micro and Small Enterprises	Other than Micro and Small Enterprises	Total
Unbilled	-	836.25	836.25
Note Due	-	939.69	939.69
Outstanding for following periods from due date of payment			
Less than 1 year	38.18	9,005.54	9,043.72
1-2 Years	16.19	12,681.60	12,697.79
2-3 Years	54.60	3,336.72	3,391.32
> 3 Years	14.40	18,687.54	18,701.94
Total	123.37	45,487.34	45,610.71

8. OTHER CURRENT LIABILITIES

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Interest Accrued	5,412.00	780.55
Advances received from Customers	38,336.76	37,068.76
Employees Dues & Other Payables	2,291.07	2,028.28
Creditors for Capital Items* [Refer Note No.27]	1,436.72	1,463.95
Statutory Dues	4,185.86	4,145.38
Total	51,662.41	45,486.92

* Includes Related Party Creditors for capital items Rs. 1,434.18 Lacs (Previous Year Rs. 1,436.40 Lacs)

9. SHORT TERM PROVISIONS

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provision for Gratuity		
(a) Non-Current	1,344.45	1,381.83
(b) Current	222.56	85.66
Total	1,567.01	1,467.49

10. Property, Plant and Equipment and Intangible Assets:

(Amount Rs. in Laos)

Description of Assets	As at 01.04.2021	Additions during the year	Disposals during the year	As at 31.03.2022	As at 01.04.2021	For the year - On Original Cost	On Revaluation Reserve	Depreciation On Disposals	As at 31.03.2022	Net Block As at 31.03.2021	Net Block As at 31.03.2022
Property, Plant & Equipment (a)											
Land Freehold	19,948.65	-	-	19,948.65	-	-	-	-	-	19,948.65	19,948.65
Land Leasehold	4,732.13	-	-	4,732.13	527.25	10.98	54.63	-	592.87	4,204.87	4,139.26
Buildings	28,120.05	-	-	28,120.05	9,662.39	492.00	464.07	-	10,618.47	18,457.66	17,501.58
Plant & Machinery	1,10,371.38	995.31	62.74	1,11,303.95	61,982.96	1,514.75	2,896.05	57.20	66,336.56	48,388.43	44,967.39
Electrical Installation	7,415.30	13.62	-	7,428.92	6,319.60	297.94	0.39	-	6,617.93	1,095.70	810.99
Office Equipment	570.14	4.32	-	574.45	519.46	8.24	-	-	527.70	50.68	46.75
Computers	867.98	22.04	12.58	877.45	820.89	13.20	1.68	12.16	823.62	47.09	53.83
Furniture & Fixtures	1,914.74	26.48	-	1,941.22	1,767.49	28.16	-	-	1,795.65	147.25	145.57
Vehicles	334.59	-	11.79	322.79	320.83	-	-	11.20	309.63	13.76	13.17
Sub Total (a)	1,74,274.96	1,061.77	87.11	1,75,249.61	81,920.87	2,365.28	3,416.83	80.56	87,622.42	92,354.09	87,627.19
Intangible Assets (b)											
Computer Software	1,486.80	6.74	-	1,493.54	1,432.73	55.19	-	-	1,487.92	54.07	5.62
Technology Transfer	3,313.96	102.95	-	3,416.91	3,158.51	66.94	-	-	3,225.46	155.44	191.45
Product Development Expenses	3,475.65	-	-	3,475.65	3,388.98	18.96	-	-	3,407.93	86.67	67.72
Sub Total (b)	8,276.40	109.70	-	8,386.10	7,980.21	141.09	-	-	8,121.31	296.19	264.79
Total (a + b)	1,82,551.36	1,171.47	87.11	1,83,635.71	89,901.09	2,506.38	3,416.83	80.56	95,743.73	92,650.27	87,891.98
Capital Work-In-Progress (c)	437.94	1,475.53	1,061.77	851.71						437.94	851.71
Intangible Assets Under Development (d)	1,796.03	97.93	109.70	1,784.27						1,796.03	1,784.27

10 (c) (i). Capital work in progress ageing schedule:

CWIP for a period of	Projects in progress	
	As at March 31, 2021	As at March 31, 2022
Less than 1 year	396.66	788.88
1-2 years	41.28	62.83
2-3 years	-	-
More than 3 years	-	-
Total	437.94	851.71

There are no capital work-in-process whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2021 and as at March 31, 2022.

10 (d) (i). Intangible assets under development ageing schedule:

Intangible assets under development for a period of	Projects in progress	
	As at March 31, 2021	As at March 31, 2022
Less than 1 year	109.27	109.27
1-2 years	543.54	492.05
2-3 years	768.39	91.19
More than 3 years	374.83	1,091.76
Total	1,796.03	1,784.27

There are no intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2021 and as at March 31, 2022.

11. NON-CURRENT INVESTMENTS

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
In Equity Share Subsidiary Companies				
Unquoted -Fully paid Up				
2,280,000 Equity Shares of Rs.10 each in Arch Life Sciences Limited (22,80,000)	1,473.68		1,473.68	
7,452,850 Equity Shares of Rs.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	
50,000 Equity Shares of Rs.10 each in Vitalife Pharma Limited	5.00		-	
		2,002.87		1,997.87
Trade, Quoted				
Equity Share Fully paid Up				
10,709,100 Equity Shares of Rs.10 each in Kobo Biotech Limited	2,204.13		2,204.13	

(10,709,100)				
366 Equity Shares of Rs.10 each in Nyssa Corporation Limited (366)	0.22		0.22	
10,915 Equity Shares of Rs.10 each in Risa International Limited (10,915)	16.25		16.25	
Trade, Unquoted				
Equity Share Fully paid Up				
400 Equity Shares of Rs. 25/- each of The Greater Bombay Bank Ltd (400)	0.10		0.10	
20,000 Equity Shares of Rs. 25/- each of The Kalyan Janata Sahakari Bank Ltd (20,000)	5.00		5.00	
In Enviro - Tech Limited as Equity Contribution	10.33		10.33	
In Tarapur Environment Protection Society as Equity Contribution	2.10		-	
		2238.13		2236.03
- In Government Securities as 6 year National Savings Certificate	2.00		2.00	
		2.00		2.00
Total		4,243.00		4,235.90
Aggregate value of:	Book Value	Market Value	Book Value	Market Value
Quoted Investments	2,220.60	589.14	2,220.60	792.48
Unquoted Investments	2,022.40	NA	2,015.30	NA

12. LONG TERM LOANS AND ADVANCES

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured and considered good)		
Capital Advances	366.51	137.41
Deposits (Including Security & EMD Deposits)	3,826.45	3,834.86
Total	4,192.96	3,972.27

Includes Deposit given to Related parties Rs. 3,171.40 Lacs (Rs. 3,171.40 Lacs) - [Refer Note No.27]

13. INVENTORIES

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Finished Goods	14,463.73	8,127.92
Work in Progress	16,333.96	15,847.32
Raw Material	38,495.43	52,598.24
Stores, Spares and Packing Material	597.38	630.75
Total	69,890.50	77,204.23

Note to Financial Statements

14. TRADE RECEIVABLES

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
Trade receivables considered good - Unsecured		25,316.30		21,567.42
Trade receivables - credit impaired		373.89		-
		25,690.19		21,567.42
Provision for Doubtful Debts		(373.89)		-
Total		25,316.30		21,567.42

Includes Related Party Debtors Rs. 705.24 Lacs (Previous Year Rs. 588.37 Lacs) - [Refer Note No.27]

Trade receivables Ageing Schedule:

As at March 31, 2022

	Undisputed Considered Good	Undisputed Trade receivables - credit impaired	Total
Unbilled			-
Note Due	2,743.04		2,743.04
Outstanding for following periods from due date of payment			
less than 6 months	20,544.71		20,544.71
6 months - 1 year	360.11	373.89	734.00
1-2 Years	181.99		181.99
2-3 Years	897.57		897.57
> 3 Years	588.88		588.88
Total	25,316.30	373.89	25,690.19

As at March 31, 2021

	Undisputed Considered Good	Undisputed Trade receivables - credit impaired	Total
Unbilled			-
Note Due	2,175.48		2,175.48
Outstanding for following periods from due date of payment			
less than 6 months	9,056.12		9,056.12
6 months - 1 year	2,549.88		2,549.88
1-2 Years	907.92		907.92
2-3 Years	367.94		367.94
> 3 Years	6,510.08		6,510.08
Total	21,567.42	-	21,567.42

15. CASH AND BANK BALANCES

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balances with banks	82.51	130.63
Cash on hand	6.63	14.48
Other Bank Balance		
Fixed Deposits with Banks (Pledged with bank as margin)	179.25	181.87
Total	268.39	326.98

16. SHORT TERM LOANS AND ADVANCES

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured and considered good)		
Loans and Advances to Related Party [Refer Note No. 27]	468.06	467.84
Balance with Statutory Authorities	3,272.93	1,018.77
Others (including Advances against supplies and services, Staff Advances, etc)	29,084.45	27,274.83
Total	32,825.44	28,761.44

17. REVENUE FROM OPERATIONS

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
a) Sale of Products	1,30,335.01	69,314.07
b) Other Operating Revenue	562.72	1,287.05
Total	1,30,897.73	70,601.12

17.1 Broad Particulars of Sale of Product

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
API /Intermediate	1,26,097.78	68,331.24
Others	4,799.95	2,269.88
Total	1,30,897.73	70,601.12

18. OTHER INCOME

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
Interest Income on Others	501.25	17.73
Other Non Operating Income	7.84	7,113.69
Total	509.09	7,131.42

19. COST OF MATERIALS CONSUMED

(Amount Rs. in Lacs)

Particulars	2021-22		2020-21	
	Value	in %	Value	in %
Imported	7,096.39	6.74%	7,644.45	17.20%
Indigenous	98,134.19	93.26%	36,802.40	82.80%
Total	1,05,230.58	100.00%	44,446.85	100.00%

19.1 Broad category of material consumed

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
Chemicals	1,01,819.49	40,299.08
Solvents	3,411.09	4,147.77
Total	1,05,230.58	44,446.85

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

(Amount Rs. in Lacs)

Particulars	2021-22		2020-21	
Inventories (at commencement)				
Finished Goods and Stock in Trade	8,127.92	23,975.24	9,006.47	26,088.86
Work in Progress	15,847.32		17,082.39	
Inventories (at close)				
Finished Goods and Stock in Trade	14,463.73	30,797.69	8,127.92	23,975.24
Work in Progress	16,333.96		15,847.32	
Total		(6,822.45)		2,113.62

21. EMPLOYEE BENEFIT EXPENSES

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
Salaries and wages	6,513.24	5,677.04
Gratuity	245.15	1,019.45
Contribution to provident and other funds	398.88	333.03
Staff welfare expenses	330.63	382.21
Total	7,487.90	7,411.73

22. FINANCE COSTS

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
Interest Expense	9,214.65	23,066.72
Other Borrowing Costs	618.65	16.78
Total	9,833.30	23,083.50

23. OTHER EXPENSES

(Amount Rs. in Lacs)

Particulars	2021-22		2020-21	
Packing Material, Stores and Spares and Consumables	580.53	4,623.98	769.64	8,653.65
Clearing, Forwarding and Transportation	375.08		323.56	
Power and Fuel	2,565.38		2,539.15	
Repairs and Maintenance				
-Plant & Machinery	233.42		272.15	
-Building	119.15		49.30	
Research and Development Expenses and Analytical Charges	185.59		149.18	
Other Manufacturing Expenses	198.92		132.26	
Exchange Rate Fluctuation (Net)	365.91		4,418.41	
Sales and Distribution Expenses				

Sales Promotion Expenses	25.95		4.68	
Distribution Expenses	340.37		241.89	
Commission	1.74		2.89	
		368.06		249.46
Establishment Expenses				
Insurance Charges	205.57		199.37	
Legal and Professional Charges	481.85		371.51	
Rent, Rates and Taxes	188.14		215.60	
Travelling and Conveyance Expenses	189.93		148.33	
Provision for Doubtful Debts	373.89		(65,063.90)	
Bad Debts Written Off	-		82,532.15	
Advances / Deposits Written Off	-		54,595.17	
Stock Written Off	-		3,056.24	
Profit / Loss on Sales of Assets	0.40		19.72	
Payment to Auditors	2.50		2.25	
Security Expenses	158.17		157.01	
		2,324.75		76,662.09
Total		7,316.79		85,565.20

23.1 VALUE OF STORES, CHEMICALS AND PACKING MATERIALS CONSUMED

(Amount Rs. in Lacs)

Particulars	2021-22		2020-21	
	Amount	% of Consumption	Amount	% of Consumption
Imported	-	0.00%	-	0.00%
Indigenous	580.53	100.00%	769.64	100.00%
Total	580.53	100.00%	769.64	100.00%

23.2 VALUE OF IMPORTS ON CIF BASIS IN RESPECT OF

(Amount Rs. in Lacs)

Particulars	2021-22		2020-21	
Raw Materials		3,547.17		2,946.05
Others		447.25		27.87
Total		3,994.42		2,973.92

23.3 PAYMENT TO AUDITORS AS

(Amount Rs. in Lacs)

Particulars	2021-22		2020-21	
(i) Auditor				
Statutory Audit Fees	2.50		2.25	
Others Matters	0.50		0.50	
Certification Charges	0.56		0.20	
Total		3.56		2.95

23.4 EXPENDITURE IN FOREIGN CURRENCY

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
(i) Technical Fees	56.19	109.27
(ii) Professional and Consultancy Fees	38.89	9.62
(iii) Filing Fees	85.41	179.02
Total	180.49	297.91

24. Exceptional Items

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
Loan / Interest Written Back	-	2,74,403.47
Total	-	2,74,403.47

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:

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
Employer's Contribution to Provident Fund	350.88	289.14

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.

1. Changes in Present Value of Obligations during the year	2021-22	2020-21
Present value of Defined benefit obligation at the beginning of the year	1,467.49	516.54
Interest Cost	129.04	28.20
Current Service Cost	77.79	122.36
Benefits Paid	-	(65.19)
Actuarial (gain)/ loss	(72.32)	865.58
Present value of Defined benefit obligation at the end of the year	1,601.99	1,467.49
2. Changes in fair value of plan assets during the year		
Fair value of plan assets at the beginning of the year	32.64	-
Adjustment to opening balance	-	12.51
Expected return on plan assets	2.55	2.77
Contributions	-	15.33
Benefits Paid	-	-
Actuarial (Gain) / Loss on plan assets	(0.20)	2.03
Fair value of plan assets as at the end of the year	34.99	32.64

3. Net Liability recognized in the balance sheet		
Present value of Defined benefit obligation at the beginning of the year	1,601.99	1,467.49
Fair Value of Plan Assets at end of period	34.98617	32.64
Funded Status	(1,567.01)	(1,434.85)
Net Asset / (Liability) recognized in the balance sheet	(1,567.01)	(1,434.85)
Expenses recognised in Statement of Profit and Loss during the year		
Current Service Cost	129.04	122.36
Interest Cost	77.79	28.20
Expected return on plan asset	(2.55)	(2.77)
Net Actuarial (gain)/loss recognised for the period	(72.12)	863.55
Expenses recognised in the statement of Profit and Loss A/c	132.15	1,011.34
Actuarial Assumption		
Interest / Discount Rate	5.64%	5.46%
Salary Escalation	7.00%	7.00%
Rate of Return (Expected) on plan Assets	5.00%	5.00%

The expected rate of return on plan assets is determined considering several applicable factors, mainly the composition of plan assets held, assessed risks, historical results of return on plan assets and the Company's policy for plan assets management.

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.

(Amount Rs. in Lacs)

Particulars	For the Year ended 31st March, 2022		For the Year ended 31st March, 2021	
	India	Rest of World	India	Rest of World
Sales	1,24,555.36	6,342.37	64,973.26	5,627.86

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	Vitalife Pharma Limited	
5	Mr Ajit A. Kamath	Key Managerial Personnel
6	Mr. Rajendra P. Kaimal	
7	Ashish M. Ujagare	
8	Vikas B. Kedia	
9	Arch Impex Private Limited	Enterprises over which Key Managerial Personnel are able to exercise significant influence
10	Arch Pharmachem Limited	
11	AMR Investments Private Limited	
12	Arch Agro Industries Pvt Ltd	
13	Kobo Biotech Limited	
14	Regal Pharma PTE Limited	
15	Arch Herbals Pvt Ltd	
16	Amra Renal Care Limited	
17	Archplus Sales Private Limited	

b) Transactions during the year with related parties :

(Amount Rs. in Lacs)

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	Received / Paid / Transfer	(2.22)	-	(7,239.83)	(7,242.05)
		32.63	-	503.37	536.00
2	Investment in Equity Shares	5.00	-	-	5.00
		-	-	-	-
3	Payment / Provision for Remuneration to Key Managerial Person	-	173.60	-	173.60
		-	165.27	-	165.27

Balance as at 31st March, 2022

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	-	-	151.10	151.10
		-	-	228.57	228.57
2	Trade Payable	-	-	(1,869.27)	(1,869.27)
		-	-	5,176.01	5,176.01
3	Creditors for Capex	1,434.18	-	-	1,434.18
		1,436.40	-	-	1,436.40
4	Deposits	-	-	3,171.40	3,171.40
		-	-	3,171.40	3,171.40
5	Non Current Investments	2,002.86	-	2,204.13	4,206.99
		1,997.86	-	2,204.13	4,201.99
6	Trade Receivables	-	-	705.24	705.24
		-	-	588.37	588.37
7	Short Term Loan & Advances	-	-	468.06	468.06
		-	-	467.84	467.84
8	Gaurantee given	3,790.36	-	15,571.92	19,362.28
		3,675.00	-	15,272.00	18,947.00

Note : The Figures in Italics are for the Previous year

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

- Received from Arch Pharmachem Ltd Rs.(813.81) Lacs (Previous Year Rs.3.00 Lacs) , Arch Impex Pvt Ltd Rs. (6,308.94) Lacs (Previous Year Rs. 861.58 Lacs), Arch Herbals Pvt Ltd Rs. Nil (Previous Year Rs. (284.81) Lacs), Kobo Biotech Limited Rs. (116.87) Lacs (Previous year Rs. (76.40) Lacs), Arch Life Sciences Limited Rs. (2.06) Lacs (Previous Year Rs. 32.63 Lacs), Arch Finechemicals Limited Rs. (0.16) Lacs (Previous Year Rs. Nil), Amra Renal Care Limited Rs. (0.11) Lacs (Previous Year Rs. Nil) & Archplus Sales Private Limited Rs. (0.11) Lacs (Previous Year Rs. Nil)
- Investment in Equity Shares of Vitalife Pharma Limited Rs. 5.00 Lacs (Previous Year Rs. Nil)
- Payment to key managerial personnel - Mr. Ajit A. Kamath Rs. 45.98 Lacs (Previous year Rs.45.98 Lacs) & Mr. Rajendra P. Kaimal Rs. 33.53 Lacs (Previous year Rs.33.53 Lacs), Mr Ashish M. Ujagare Rs.49.82 Lacs (Previous year Rs.49.82 Lacs) & Mr Vikas B Kedia Rs. 44.27 Lacs (Previous year Rs.35.94 lacs)

28. EARNING PER SHARE

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
(i) Net Profit After Tax as per Statement of Profit and Loss attributable to equity shareholders	5,873.22	1,86,734.89
(ii) Weighted Average number of equity shares used as denominator for calculating EPS	15,19,23,076	15,19,23,076
Weighted average number of Equity Shares (Diluted)	1,519.23	1,519.23
(iii) Basic and Diluted Earnings per share	3.87	122.91
Diluted Earning Per Share (EPS)	3.87	122.91
(iv) Face Value Per Equity Share	10.00	10.00

29. EARNINGS IN FOREIGN EXCHANGE

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
FOB value of exports	3,195.57	3,462.88
Others	3,077.87	2,056.60
Total	6,273.44	5,519.48

30. FINANCIAL AND DERIVATIVE INSTRUMENTS

(Amount Rs. in Lacs)

i) Foreign currency exposure that are not hedged as on March, 2022 on account of:

Particulars	As at 31st March, 2022	As at 31st March, 2021
Trade Receivables (Net of Advances)	(18,468.21)	(14,722.90)
Trade Payables (Net of Advances)	(1,165.60)	(2,792.43)
	(19,633.81)	(17,515.33)

31. CONTINGENT LIABILITIES AND COMMITMENTS

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
a) Corporate Guarantees given for loan / Pollution Control Board	19,422.28	18,992.00
b) Compensation payable in lieu of bank sacrifice	3,19,025.06	2,81,878.88
c) Claims against the company / disputed liabilities not acknowledged as debts	11,202.36	18,143.84
Total	3,49,649.70	3,19,014.72

32. - Other Notes:

- From 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 Lenders.
- Subsequent to JM Financial Asset Reconstruction Company Ltd. (JMFARC) acquiring majority of the Company's debt, a Restructuring Agreement was executed in December 2017 between the Company and JMFARC. Although the company was empowered to reflect the Restructuring Agreement in the Books, the company, of its own volition, deferred to recognize the restructuring agreement and its effect in the books of Accounts, till such time, when 100% of the debts are assigned and restructured.

Due to various macro and micro factors, the company's business plans could not be scaled-up as was planned. The operations of the company have been EBITDA positive since FY 2019-20. The API and Intermediates manufacturing segment in the Pharmaceutical sector has been re-rated,

given various macro global tailwinds favoring the segment, in particular and the sector in general. The company, despite having world class manufacturing sites, has not been able to enter into long term contracts with customers & vendors or attract Investors to raise capital, given its weak Net worth position since past few years.

Further, majority of the lenders have either assigned the debts to JMFARC or their dues have been settled under bilateral OTS Schemes. Accordingly, the company, in discussion with JMFARC has mutually agreed for further restructuring of its loans to sustainable levels. This write back of Rs. 35800 Lacs has been adjusted under the head Reserves and Surplus.

- (c) The company has executed Restructuring Agreement with Asset Reconstruction Company (JMF ARC). As on March 31, 2022, majority of the lenders have either assigned the debts to JMFARC or their dues have been settled under bilateral OTS Schemes. The company is under discussions with the remaining few Lenders for restructuring of loans, for concessions in interest and repayment terms, in line with the agreement reached with majority of Lenders. 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 Rs. 1,531.80 Lacs (Previous Year Rs. 1,538.17 Lacs), and accumulated provision for interest is understated by Rs. 8,831.97 Lacs (Previous Year Rs. 7,300.17 Lacs).
- (d) Managerial Remuneration: The company has paid / provided for remuneration to key managerial personnel as under:

(Amount Rs. in Lacs)

Sr. No.	Name of Key Management Person	2021-22	2020-21
1	Mr. Ajit A. Kamath	45.98	45.98
2	Mr. Rajendra P. Kaimal	33.53	33.53
3	Mr. Ashish M. Ujagare	49.82	49.82
Total		129.33	129.33

As per Section 196 & 197 of the Companies Act, 2013, since the company has defaulted in repayment of dues to Banks & Financial Institutions; the company is required to seek prior approval from such Banks & Financial Institutions before any payment is made towards managerial remuneration, which has not been obtained.

- (e) Loans to Related Parties: The Company has outstanding loans amounting to Rs. 467.84 Lacs (Previous Year Rs.467.84 Lacs) receivable from M/s Regal Pharma PTE Limited and Guarantee's given to third parties for M/s Kobo Biotech Limited amounting to Rs. 5,717.00 Lacs (Previous Year Rs.5,717.00 Lacs) and Regal Pharma PTE Limited Rs.9,854.92 Lacs (Previous Year Rs. 9,555.00 Lacs).
- (f) Ratio Analysis:

Sr.No	Particulars	Numerator	Denominator	As at March 31, 2022	As at March 31, 2021	% Of Variation	Reason for Variance
1	Current ratio	Current Assets	Current Liabilities	1.28	1.23	4.21%	NA
2	Debt-Equity ratio	Total Debt	Shareholder's Equity	1.38	5.70	-75.76%	This Ratio has changed due to decrease in debt on account of restructuring of Long term borrowings.
3	Debt Service Coverage ratio	EBITDA	Debt service = Interest & Lease Payments + Principal Repayments	1.75	0.40	341.98%	This Ratio has improved due to decrease in debt On account of restructuring of Long term borrowings and increase in EBITDA.

Note to Financial Statements

4	Return on Equity ratio	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	14.76%	-	-	This Ratio is not calculated for Previous year, as the average shareholder's equity value during previous year is negative.
5	Inventory turnover ratio	Cost of goods sold	Average Inventory	1.34	0.58	130.56%	This Ratio has improved due to higher sales during the year and decrease in average inventory.
6	Trade receivables turnover ratio	Revenue	Average Trade Receivable	5.58	2.37	135.92%	This Ratio has improved due to higher sales during the year and decrease in average trade receivables.
7	Trade payables turnover ratio	Purchases	Average Trade Payables	2.46	1.09	126.21%	This Ratio has increased on account of increased purchases and decrease in average trade payables.
8	Net capital turnover ratio	Net sales (Total sales - sales return)	Average Working capital (Current assets – Current liabilities)	4.04	1.96	105.97%	This Ratio has increased on account of higher sales.
9	Net profit ratio	Net Profits after taxes (Excluding Exceptional Items)	Net sales (Total sales - sales return)	4.49%	-124.17%	103.61%	This Ratio has improved due to higher sales and increase in profitability during the year and Net Loss due to an exceptional item (non-operational) during the previous year.
10	Return on capital employed (ROCE)	Earnings before interest and taxes (Excluding Exceptional Items)	Capital Employed = Tangible Net Worth (Total equity - Intangibles assets) + Total Borrowings - Deferred Tax Asset	10.90%	-47.40%	122.99%	This Ratio has improved due to higher sales and increase in profitability during the year and Net Loss due to an exceptional item (non-operational) during the previous year.
11	Return on investment (ROI)	Interest income on deposits + Net gain on mutual funds	Average Investment in deposits and mutual funds	3.15%	2.65%	19.04%	NA

(g) Other Statutory Information:

- The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988).
- The Company has borrowings from banks on the basis of security of current assets, the quarterly returns or statements of current assets has been filed by the Company with banks are in agreement with the books of accounts.
- The Company has not been declared willful defaulter by any bank or financial Institution or other lender.
- The Company does not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year..
- The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

- (f) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (g) There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
- (h) (A) The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
- (B) The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:
 - (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (i) Impact of Covid -19: In March 2020, the World Health Organization declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption.
 The Company has considered internal and external information while finalizing various estimates in relation to its financial statement captions upto the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.
- (j) 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**

Atul Jain
Partner

Membership No. 048920
Date: 29th September, 2022
Place: Mumbai

For and on behalf of the board

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

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

Vikas Kedia
Company Secretary

CONSOLIDATED BALANCE SHEET

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, 2022 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, 2022, its profits / losses 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 Rs.1,531.80 Lacs. Due to this, profit for the year ended 31st March 2022 were overstated by Rs. 1,531.80 Lacs and accumulated provision for interest is understated by Rs.8,831.97 Lacs as at 31st March 2022.
- 2) Refer to Note No.32(d) regarding payment of managerial remuneration amounting Rs.129.33 Lacs in contravention of the provisions of Section 196 & 197 of The Companies Act, 2013.

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, 2022; 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) Loans / Guarantees to Related Party:

The Holding Company has outstanding receivable as referred in Note No. 27 from related parties amounting Rs. 467.84 Lacs in respect of loans advances and guarantees given by it to third parties on behalf of related parties amounting Rs. 15,571.92 Lacs 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.

That 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 three subsidiaries, whose financial statements / financial information reflect total assets of Rs. 5,384.41 Lacs as at 31st March, 2022 and total revenues of Rs. 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

- 1) As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, 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.
- 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 Group 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 and 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, 2022, taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2022, 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.
- d) (a) The Group's Management has represented that, to the best of its knowledge and belief, as disclosed in the Note 32(f)(h) to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Group to or in any other person or entity, including foreign entity ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
(b) The Group's Management has represented, that, to the best of its knowledge and belief, as disclosed in the Note 32(f)(h) to the consolidated financial statements, no funds (which are material either individually or in the aggregate) have been received by the Group from any person or entity, including foreign entity ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Group shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
(c) Based on the audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations sub-clause (d) (a) and (d) (b) contain any material mis-statement.
- (i) The Group has not declared or paid any dividends during the year and accordingly reporting on the compliance with section 123 of the Companies Act, 2013 is not applicable for the year under consideration.

For Taori Sandeep & Associates

Chartered Accountants
Firm Reg. No: 007414C

Atul Jain

Partner
Membership No: 048920
Place: Mumbai
Date: 30th November, 2022

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, 2022 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 2022, 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, 2022

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2022

(Amount Rs. in Lacs)

Particulars	Note	As at 31st March, 2022		As at 31st March, 2021	
EQUITY AND LIABILITIES					
Shareholder's Funds					
Share Capital	3	15,192.31		15,192.31	
Share Application Money		1,918.95		1,849.59	
Reserves and Surplus	4	43,267.97		5,878.69	
			60,379.23		22,920.59
			292.93		339.12
Minority Interest					
Non-Current Liabilities					
Long-term borrowings	5	66,898.11		1,04,945.22	
Long-term Provisions	9 (a)	1,344.45		1,381.83	
			68,242.56		1,06,327.05
Current Liabilities					
Short-term borrowings	6	18,747.14		16,858.75	
Trade payables					
(i) Total Outstanding Dues of Micro and Small Enterprises	7	234.05		123.37	
(ii) Total Outstanding Dues of Creditors other than Micro and Small Enterprises	7	33,468.55		45,487.35	
Other current liabilities	8	50,231.84		44,087.67	
Short-term provisions	9 (b)	222.56		85.66	
			1,02,904.14		1,06,642.80
Total			2,31,818.86		2,36,229.56
ASSETS					
Non-Current Assets					
Property, Plant and Equipment and Intangible Assets					
Property, Plant and Equipment	10 (a)	87,627.19		92,354.09	
Intangible Assets	10 (b)	264.79		296.19	
Capital work-in-progress	10 (c)	851.71		2,233.97	
Intangibles Assets under Development	10 (d)	1,784.27		-	
			90,527.96		94,884.25
Goodwill (On Consolidation)			741.94		971.36
Non-current investments	11	1,555.74		2,238.03	
Long term loans and advances	12	4,195.03		3,974.27	
			5,757.77		6,212.30
Current Assets					
Inventories	13	69,890.50		77,204.23	
Trade receivables	14	31,403.31		27,434.42	
Cash and Cash Equivalents	15	276.78		327.63	
Short-term loans and advances	16	33,227.60		29,195.37	
			1,34,798.19		1,34,161.65
Total			2,31,818.86		2,36,229.56

Significant Accounting Policies and Notes on Consolidated Financial Statements

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

Ajit Kamath
Chairman &
Managing Director
DIN: 00032799

Rajendra Kaimal
Executive Director &
Chief Financial Officer
DIN: 00032839

Membership No. 048920
Date: 30th November, 2022
Place: Mumbai

Vikas Kedia
Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

(Amount Rs. in Lacs)

Particulars	Note	2021-22	2020-21
INCOME			
Revenue from operations	17	1,30,897.73	70,601.12
Other Income	18	510.83	9,256.82
Total Revenue		1,31,408.56	79,857.94
EXPENDITURE			
Cost of Material Consumed	19	1,05,230.58	44,446.85
Changes in Inventories of Finished Goods, Stock-in-Process and Stock-in-Trade	20	(6,822.45)	2,113.62
Employee Benefits Expenses	21	7,487.90	7,411.73
Finance Costs	22	9,833.31	23,083.52
Depreciation and Amortization Expense	10	2,506.38	2,780.22
Other Expenses	23	7,320.30	89,167.32
Total Expenses		1,25,556.02	1,69,003.26
Profit before share of profit/(loss) in associate and exceptional items		5,852.54	(89,145.32)
Share in loss of associates		684.39	-
Profit/ (Loss) Before Exceptional Items and Tax		5,168.15	(89,145.32)
Exceptional Items	24	-	2,76,089.34
Profit/ (Loss) after Exceptional Items (Before Tax and adjustment for Minority Interest)		5,168.15	1,86,944.02
Tax Expense:			
Excess/(Short) provision for Income tax for earlier years		(18.90)	-
Profit/ (Loss) after Tax and before adjustment for Minority Interest		5,187.05	1,86,944.02
Minority Interest		0.41	-
Profit / (Loss) for the year		5,186.64	1,86,944.02
Earning per equity share of face value of Rs. 10 each	27		
Basic and Diluted		3.41	123.05
Significant Accounting Policies and Notes on Consolidated Financial Statements			

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

Ajit Kamath
Chairman &
Managing Director
DIN: 00032799

Rajendra Kaimal
Executive Director &
Chief Financial Officer
DIN: 00032839

Membership No. 048920
Date: 30th November, 2022
Place: Mumbai

Vikas Kedia
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

(Amount Rs. in Lacs)

Particulars		2021-22		2020-21	
A	CASH FLOW FROM OPERATING ACTIVITIES				
	Net Profit/(Loss) before Tax and Exceptional Items		5,168.50		(89,145.32)
	Adjustments for:				
	Depreciation Written Off during the year	2,506.38		2,780.22	
	Interest and Finance Charges	9,833.31		23,083.52	
	Bad Debts Written Off	-		83,022.80	
	Provision for Doubtful Debts	373.89		(65,063.90)	
	Advances / Deposits Written Off	-		57,689.49	
	Stock Written Off	-		3,056.24	
	Share in Loss of Associates	684.39		-	
	Loss/(Profit) on sale of assets	0.40		19.72	
	Interest on Deposit & Others	(501.88)		(17.73)	
			12,896.49		1,04,570.36
	Operating profit before working capital change		18,064.64		15,425.04
	(Increase)/Decrease in Trade receivables.	(4,342.78)		(1,195.39)	
	(Increase)/Decrease in Inventories.	7,313.73		2,997.02	
	(Increase)/Decrease in Other Current Assets.	(4,252.99)		(10,957.43)	
	Increase/(Decrease) in Current Liabilities	(5,230.67)		21,563.95	
			(6,512.71)		12,408.15
	CASH GENERATED FROM OPERATIONS		11,551.93		27,833.19
	Income Tax Paid		(18.90)		-
	NET CASH FLOW FROM OPERATING ACTIVITIES		11,533.03		27,833.19
B	CASH FLOW FROM INVESTING ACTIVITIES				
	Purchase of Fixed Assets	(1,566.92)		(786.75)	
	Loss / (Profit) on sale of assets	(0.40)		(19.72)	
	Interest on Deposit & Others	501.88		17.73	
	Purchase/Sale of Investments	(2.09)		-	
	NET CASH FLOW FROM INVESTING ACTIVITIES		(1,067.53)		(788.74)

Consolidated Profit and Loss

Particulars		2021-22		2020-21	
C	CASH FLOW FROM FINANCING ACTIVITIES				
	Proceeds from Long Term Borrowings (net of repayments)	(232.62)		(2,933.05)	
	Short Term Loan (net of repayments)	(450.42)		(976.76)	
	Financial Charges	(9,833.31)		(23,083.52)	
	NET CASH FLOW FROM FINANCING ACTIVITIES		(10,516.35)		(26,993.33)
	NET INCREASE/(DECREASE) IN CASH & CASH EQUIVALENTS (A+B+C)		(50.85)		51.12
	Opening Cash & Cash Equivalent		327.63		276.51
	Closing Cash & Cash Equivalent		276.78		327.63

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
Date: 30th November, 2022
Place: Mumbai

Ajit Kamath
Chairman &
Managing Director
DIN: 00032799

Rajendra Kaimal
Executive Director &
Chief Financial Officer
DIN: 00032839
Vikas Kedia
Company Secretary

NOTES ON CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

1. Corporate Information

The Arch Pharmalabs 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 Pharmalabs 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 years 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 respective 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 realizable 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 capitalized, 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 capitalized includes the cost of materials, direct labor 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 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 recognized as expenses on accrual basis in accordance with the respective lease agreements.

k. 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.

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, 2022

3. SHARE CAPITAL

(Amount Rs. in Lacs)

Particulars	As at 31st March 2022	As at 31st March 2021
Authorised:		
100,00,00,000 (Previous Year 100,00,00,000) equity shares of Rs.10 each.	100,000.00	100,000.00
200,00,00,000 (Previous Year 200,00,00,000) Preference shares of Rs.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 Rs 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, 2022	As at 31st March, 2021
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 Rs 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:

Particulars	Number of shares as at 31st March, 2022	%	Number of shares as at 31st March, 2021	%
Arch Impex Pvt. Ltd	55,405,664	36.47	55,405,664	36.47
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

Note on Consolidated Financial Statements

3.4 Shares held by promoters at the end of the year

Sr. No.	Promoter Name	Number of shares as at 31st March, 2022	Number of shares as at 31st March, 2021	% of Total Shares held as at 31st March, 2022	% of Change during the Year
1	Arch Impex Pvt. Ltd.	55,405,664	55,405,664	36.47	-
2	Arch Pharmachem Ltd.	21,181,000	21,181,000	13.94	-
3	Arch Herbals Pvt. Ltd.	6,242,076	6,242,076	4.11	-
4	Arch Agro Industries Pvt. Ltd	6,154,754	6,154,754	4.05	-
5	Amr Investments Pvt. Ltd.	1,976,681	1,976,681	1.30	-
	Total	90,960,175	90,960,175	59.87	

4. RESERVES AND SURPLUS

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
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 Less: Utilized for set off against depreciation	59,270.91 3,416.83		62,747.16 3,476.25	
Securities Premium As per last Balance Sheet		55,854.08		59,270.91
	52,601.69		52,601.69	
		52,601.69		52,601.69
Debenture Redemption Reserve As per last Balance Sheet Add:- Transferred from Surplus	- 80.00		- -	
		80.00		-
Foreign Exchange Revaluation		(174.00)		6.53
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 Add: Profit/(Loss) for the year Add: Debt Restructuring - Refer Note 32(b) Less: Appropriations Debenture Redemption Reserve Subsidy Profit/(Loss) Included In Reserve & surplus	(106,440.27) 5,186.64 35,800.00 80.00 -		(293,384.53) 186,944.02 - - 0.24	
		(65,533.63)		(106,440.27)
Total		43,267.97		5,878.69

5. LONG TERM BORROWINGS

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	Current	Non Current	Current	Non Current
Secured Loan				
Non Convertible Debentures	-	3,200.00		
Term Loans from Banks	9,858.19	-	7,841.98	2,016.20
Other Term Loans	-	63,698.11	-	102,929.02
Other Loan	81.93	-	81.93	-
	9,940.12	66,898.11	7,923.91	104,945.22
Unsecured Loan				
Deferred Sales Tax Liability	0.60	-	26.94	-
	0.60	-	26.94	-
Total	9,940.72	66,898.11	7,950.85	104,945.22

5.1 Maturity Profile

	Term Loan from Banks	Other Term Loans	Non Convertible Debentures	Other Loan	Deferred Sales Tax Liability
2 to 5 Years	-	63,698.11	3,200.00	-	-
Total	-	63,698.11	3,200.00	-	-
Current Portion	9,858.19	-	-	81.93	0.60
Total	9,858.19	-	-	81.93	0.60

5.2 Non convertible debentures

Rs.3,200.00 Lacs (Previous Year Rs. Nil) are secured by Senior first pari-passu charge on the entire fixed assets, intangible assets and current assets of the Company and personal guarantee of the Company's Promoter Directors.

5.3 Term Loan from Banks comprise of:

Rs.9,858.19 Lacs (Previous Year Rs 9,858.19 Lacs) secured by residual pari-passu charge on the entire fixed assets and current assets of the Company and personal guarantee of the Company's Promoter Directors.

5.4 Other Term Loan comprise of:

- Rs.14,498.11 Lacs (Previous Year Rs.17,929.02 Lacs) secured by Super Priority senior first pari-passu charge on the entire fixed assets, intangible assets and current assets of the Company and personal guarantee of the Company's Promoter Directors.
- Rs.49,200.00 Lacs (Previous Year Rs. 85,000.00 Lacs) secured/ to be secured by way of First / Second / Residual pari-passu charge on fixed assets and current assets of the Company and personal guarantee of the Company's Promoter Directors.

5.5 Other Loan

Rs. 81.93 Lacs (Previous Year 81.93 Lacs) is secured by hypothecation of respective assets purchased under such financing.

	Term Loan from Banks
From 01-04-2013 to 31-03-2022	7,841.98
Total	7,841.98

Note on Consolidated Financial Statements

6. SHORT TERM BORROWINGS

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Secured Loan		
From Banks		
- Working Capital Loan	4,217.56	4,065.12
- Current maturities of debt (Refer Note No. 5)	9,940.72	7,950.86
Unsecured Loan		
- From Related Parties (Refer Note No. 27)	153.25	228.57
- Other Short Term Loan	4,435.61	4,614.20
Total	18,747.14	16,858.75

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

	Working Capital Loans	Other Short Term Loans
From 01-04-2013 to 31-03-2022	4,217.56	4,148.61
Total	4,217.56	4,148.61

7. TRADE PAYABLES

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Total Outstanding Dues of Micro and Small Enterprises	234.05	123.37
Total outstanding dues of creditors other than Micro and Small Enterprises* [Refer Note No.27]	33,468.55	45,487.35
Total	33,702.60	45,610.72

7.1 Trade Payable includes Rs.(1,869.27) Lacs (Previous year Rs..5,176.01 Lacs) payable to related parties.

8. OTHER CURRENT LIABILITIES

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Interest accrued and due on borrowings	5,412.00	780.55
Advances received from Customers	38,336.76	37,068.76
Employees Dues & Other Payables	2,294.69	2,032.80
Creditors for Capital Items	2.53	60.18
Statutory Dues	4,185.86	4,145.38
Total	50,231.84	44,087.67

9. PROVISIONS

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Provision for Gratuity		
(a) Non-Current	1,344.45	1,381.83
(b) Current	222.56	85.66
Total	1,567.01	1,467.49

10. Property, Plant and Equipment and Intangible Assets:

Description of Assets	As at 01.04.2021	Additions during the year	Disposals during the year	As at 31.03.2022	As at 01.04.2021	For the year - On Original Cost	On Revaluation Reserve	Depreciation On Disposals	As at 31.03.2022	Net Block As at 31.03.2021	Net Block As at 31.03.2022
Property, Plant & Equipment (a)											
Land Freehold	19,948.65	-	-	19,948.65	-	-	-	-	-	19,948.65	19,948.65
Land Leasehold	4,732.13	-	-	4,732.13	527.25	10.98	54.63	-	592.87	4,204.87	4,139.26
Buildings	28,120.05	-	-	28,120.05	9,662.39	492.00	464.07	-	10,618.47	18,457.66	17,501.58
Plant & Machinery	110,371.38	995.31	62.74	111,303.95	61,982.96	1,514.75	2,896.05	57.20	66,336.56	48,388.43	44,967.39
Electrical Installaion	7,415.30	13.62	-	7,428.92	6,319.60	297.94	0.39	-	6,617.93	1,095.70	810.99
Office Equipment	570.14	4.32	-	574.45	519.46	8.24	-	-	527.70	50.68	46.75
Computers	867.98	22.04	12.58	877.45	820.89	13.20	1.68	12.16	823.62	47.09	53.83
Furniture & Fixtures	1,914.74	26.48	-	1,941.22	1,767.49	28.16	-	-	1,795.65	147.25	145.57
Vehicles	334.59	-	11.79	322.79	320.83	-	-	11.20	309.63	13.76	13.17
Sub Total (a)	174,274.96	1,061.77	87.11	175,249.61	81,920.87	2,365.28	3,416.83	80.56	87,622.42	92,354.09	87,627.19
Intangible Assets (b)											
Computer Software	1,486.80	6.74	-	1,493.54	1,432.73	55.19	-	-	1,487.92	54.07	5.62
Technology Transfer	3,313.96	102.95	-	3,416.91	3,158.51	66.94	-	-	3,225.46	155.44	191.45
Product Development Expenses	3,475.65	-	-	3,475.65	3,388.98	18.96	-	-	3,407.93	86.67	67.72
Sub Total (b)	8,276.40	109.70	-	8,386.10	7,980.21	141.09	-	-	8,121.31	296.19	264.79
Total (a + b)	182,551.36	1,171.47	87.11	183,635.71	89,901.09	2,506.38	3,416.83	80.56	95,743.73	92,650.27	87,891.98
Capital Work-In-Progress (c)											
Capital Work-In-Progress (c)	437.94	1,475.53	1,061.77	851.71						437.94	851.71
Intangible Assets Under Development (d)											
Intangible Assets Under Development (d)	1,796.03	97.93	109.70	1,784.27						1,796.03	1,784.27

10 (c) (i). Capital work in progress ageing schedule:

CWIP for a period of	Projects in progress	
	As at March 31, 2021	As at March 31, 2022
Less than 1 year	396.66	788.88
1-2 years	41.28	62.83
2-3 years	-	-
More than 3 years	-	-
Total	437.94	851.71

There are no capital work-in-process whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2021 and as at March 31, 2022.

10 (d) (i). Intangible assets under development ageing schedule:

Intangible assets under development for a period of	Projects in progress	
	As at March 31, 2021	As at March 31, 2022
Less than 1 year	109.27	109.27
1-2 years	543.54	492.05
2-3 years	768.39	91.19
More than 3 years	374.83	1,091.76
Total	1,796.03	1,784.27

There are no intangible assets under development whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2021 and as at March 31, 2022.

11. NON-CURRENT INVESTMENTS

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022		As at 31st March, 2021	
Trade, Quoted				
Equity Share Fully paid Up				
10,709,100 Equity Shares of Rs.10 each in Kobo Biotech Limited (10,709,100)	2,204.13	1,519.73	2,204.13	2,204.13
Less: Share in Loss of Associates	684.40		-	
366 Equity Shares of Rs.10 each in Nyssa Corporation Limited (366)	0.22		0.22	
10,915 Equity Shares of Rs.10 each in Risa International Limited (10,915)	16.25		16.25	
		16.48		16.48
Trade, Unquoted				
Equity Share Fully paid Up				
400 Equity Shares of Rs. 25/- each of The Greater Bombay Co-op Bank Ltd (400)	0.10		0.10	

Note on Consolidated Financial Statements

20,000 Equity Shares of Rs. 25/- each of The Kalyan Janata Sahakari Bank Ltd (20,000)	5.00		5.00	
In Enviro - Tech Limited as Equity Contribution	10.33		10.33	
In Tarapur Environment Protection Society as Equity Contribution	2.10		-	
Others		17.53		15.43
- In Government Securities as 6 year National Savings Certificate	2.00		2.00	
		2.00		2.00
Total		1,555.74		2,238.03

Aggregate value of:	Book Value	Market Value	Book Value	Market Value
Quoted Investments	1,536.21	589.14	2,220.60	792.48
Unquoted Investments	19.53	NA	17.43	NA

12. LONG TERM LOANS AND ADVANCES

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured and considered good)		
Capital Advances	366.51	137.41
Deposits (Including Security & EMD Deposits)*	3,828.52	3,836.86
Total	4,195.03	3,974.27

*Includes Deposit given to Related parties Rs. 3,171.40 Lacs (Rs. 3,171.40 Lacs) - [Refer Note No.27]

13. INVENTORIES

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Finished Goods	14,463.73	8,127.92
Work in Progress	16,333.96	15,847.32
Raw Material	38,495.43	52,598.24
Stores, Spares and Packing Material	597.38	630.75
Total	69,890.50	77,204.23

14. TRADE RECEIVABLES

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Trade receivables considered good - Unsecured*	31,403.31	27,434.42
Trade receivables - credit impaired	373.89	-
	31,777.20	27,434.42
Provision for Doubtful Debts	(373.89)	-
Total	31,403.31	27,434.42

* Includes Related Party Debtors Rs. 705.24Lacs (Previous Year Rs. 588.37 Lacs)

15. CASH AND BANK BALANCES

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
Balances with banks	89.09	131.28
Cash on hand	6.63	14.48
Other Bank Balance		
Fixed Deposits with Banks (Pledged with bank as margin)	181.06	181.87
Total	276.78	327.63

16. SHORT TERM LOANS AND ADVANCES

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
(Unsecured and considered good)		
Loans and Advances to Related Party [Refer Note No. 27]	503.03	535.58
Balance with Statutory Authorities	3,272.93	1,018.77
Others (including Advances against supplies and services, Staff Advances, etc)	29,451.64	27,641.02
Total	33,227.60	29,195.37

17. REVENUE FROM OPERATIONS

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
a) Sale of Products	130,335.01	69,314.07
b) Other Operating Revenue	562.72	1,287.05
Total	130,897.73	70,601.12

17.1 Broad Particulars of Sale of Product

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
API /Intermediate	126,097.78	68,331.24
Others	4,799.95	2,269.88
Total	130,897.73	70,601.12

18. OTHER INCOME

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
Interest Income on Others	501.88	17.73
Other Non Operating Income	8.95	9,239.09
Total	510.83	9,256.82

19. COST OF MATERIALS CONSUMED

(Amount Rs. in Lacs)

Particulars	2021-22		2020-21	
	Amount	% of Consumption	Amount	% of Consumption
Imported	7,096.39	6.74%	7,644.45	17.20%
Indigenous	98,134.19	93.26%	36,802.40	82.80%
Total	105,230.58	100.00%	44,446.85	100.00%

Note on Consolidated Financial Statements

19.1 Broad category of material consumed

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
Chemicals	101,819.49	40,299.08
Solvents	3,411.09	4,147.77
Total	105,230.58	44,446.85

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

(Amount Rs. in Lacs)

Particulars	2021-22		2020-21	
Inventories (at commencement)				
Finished Goods and Stock in Trade	8,127.92		9,006.47	
Work in Progress	15,847.32	23,975.24	17,082.39	26,088.86
Inventories (at close)				
Finished Goods and Stock in Trade	14,463.73		8,127.92	
Work in Progress	16,333.96		15,847.32	
		30,797.69		23,975.24
Total		(6,822.45)		2,113.62

21. EMPLOYEE BENEFIT EXPENSES

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
Salaries and wages	6,513.24	5,677.04
Gratuity	245.15	1,019.45
Contribution to provident and other funds	398.88	333.03
Staff welfare expenses	330.63	382.21
Total	7,487.90	7,411.73

22. FINANCE COSTS

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
Interest Expense	9,214.65	23,066.72
Other Borrowing Costs	618.66	16.80
Total	9,833.31	23,083.52

23. OTHER EXPENSES

(Amount Rs. in Lacs)

Particulars	2021-22		2020-21	
Packing Material, Stores and Spares and Consumables	580.53		769.64	
Clearing, Forwarding and Transportation	375.08		323.56	
Power and Fuel	2,565.38		2,539.15	
Repairs and Maintenance				
-Plant & Machinery	233.42		272.15	
-Building	119.15		49.30	
Research and Development Expenses and Analytical Charges	185.59		149.18	
Other Manufacturing Expenses	198.92		132.26	
Exchange Rate Fluctuation (Net)	368.89		4,434.68	
		4,626.96		8,669.92

Sales and Distribution Expenses				
Sales Promotion Expenses	25.95		4.68	
Distribution Expenses	340.37		241.89	
Commission	1.74		2.89	
		368.06		249.46
Establishment Expenses				
Insurance Charges	205.57		199.37	
Legal and Professional Charges	482.01		371.55	
Rent, Rates and Taxes	188.14		215.60	
Travelling and Conveyance Expenses	189.93		148.33	
Provision for Doubtful Debts	373.89		(65,063.90)	
Bad Debts Written Off	-		83,022.80	
Advances / Deposits Written Off	-		57,689.49	
Stock Written Off	-		3,056.24	
Profit / Loss on Sales of Assets	0.40		19.72	
Payment to Auditors	2.74		2.41	
Security Expenses	158.17		157.01	
General expenses	724.43	2,325.38	429.32	80,247.94
Total		7,320.30		89,167.32

24. Exceptional Items (Amount Rs. in Lacs)

Particulars	2021-22	2020-21
Loan / Interest Written Back	-	276,089.34
Total	-	276,089.34

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:

	(Amount Rs. in Lacs)	
Particulars	2021-22	2020-21
Employer's Contribution to Provident Fund	350.88	289.14

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.

(Amount Rs. in Lacs)

	For the Year ended 31st March, 2022		For the Year ended 31st March, 2021	
	India	Rest of World	India	Rest of World
Sales	64,973.26	5,627.86	64,973.26	5,627.86

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 Kamath	Key Managerial Personnels
2	Mr. Rajendra Kaimal	
3	Mr. Ashish Ujagare	
4	Mr. Vikas 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	Kobo Biotech Limited	
10	Regal Pharma PTE Limited	
11	Arch Herbals Pvt Ltd	
12	Amra Renal Care Limited	
13	Archplus Sales Private Limited	

b) Transactions during the year with related parties :

(Amount Rs. in Lacs)

Sr. No.	Nature of Transaction (Excluding reimbursements)	Key Managerial Personnel	Enterprises over which Key Managerial Personnel are able to exercise significant influence	Total
1	Received / Paid / Transfer	-	(7,239.83)	(7,239.83)
		-	503.37	503.37
2	Payment / Provision for Remuneration to Key Managerial Person	173.60	-	173.60
		165.27	-	165.27

Balance as at 31st March, 2022

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	151.10 228.57	151.10 228.57
2	Trade Payable	(1,869.27) 5,176.01	(1,869.27) 5,176.01
3	Deposits	3,171.40 3,171.40	3,171.40 3,171.40
4	Non Current Investments	2,204.13 2,204.13	2,204.13 2,204.13
5	Trade Receivables	705.24 588.37	705.24 588.37
6	Short Term Loan & Advances	468.06 467.84	468.06 467.84
7	Gaurantee given	15,571.92 15,272.00	15,571.92 15,272.00

Note : The Figures in Italics are for the Previous year

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

- Received from Arch Pharmachem Ltd Rs.(813.81) Lacs (Previous Year Rs.3.00 Lacs) , Arch Impex Pvt Ltd Rs. (6,308.94) Lacs (Previous Year Rs. 861.58 Lacs), Arch Herbals Pvt Ltd Rs. Nil (Previous Year Rs. (284.81) Lacs), Kobo Biotech Limited Rs. (116.87) Lacs (Previous year Rs. (76.40) Lacs),
Amra Renal Care Limited Rs. (0.11) Lacs (Previous Year Rs. Nil) & Archplus Sales Private Limited Rs. (0.11) Lacs (Previous Year Rs. Nil)
- Payment to key managerial personnel - Mr. Ajit A. Kamath Rs. 45.98 Lacs (Previous year Rs.45.98 Lacs) & Mr. Rajendra P. Kaimal Rs. 33.53 Lacs (Previous year Rs.33.53 Lacs), Mr Ashish M. Ujagare Rs.49.82 Lacs (Previous year Rs.49.82 Lacs) & Mr Vikas B Kedia Rs. 44.27 Lacs (Previous year Rs.35.94 lacs)

28. EARNING PER SHARE

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
(i) Net Profit After Tax as per Statement of Profit and Loss attributable to equity shareholders"	5,187.05	186,944.02
(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	3.41	123.05
Diluted Earning Per Share (EPS)	3.41	123.05
(iv) Face Value Per Equity Share	10.00	10.00

29. EARNINGS IN FOREIGN EXCHANGE

(Amount Rs. in Lacs)

Particulars	2021-22	2020-21
FOB value of exports	3,195.57	3,462.88
Others	3,077.87	2,056.60
Total	6,273.44	5,519.48

30. FINANCIAL AND DERIVATIVE INSTRUMENTS

(Amount Rs. in Lacs)

i) Foreign currency exposure that are not hedged as on 31st March, 2022 on account of

Particulars	As at 31st March, 2022	As at 31st March, 2021
Trade Receivables (Net of Advances)	(18,468.21)	(14,722.90)
Trade Payables (Net of Advances)	(1,165.60)	(2,792.43)
Total	(19,633.81)	(17,515.33)

31. CONTINGENT LIABILITIES AND COMMITMENTS

(Amount Rs. in Lacs)

Particulars	As at 31st March, 2022	As at 31st March, 2021
a) Corporate Guarantees given for loan / Pollution Control Board	15,631.92	15,317.00
b) Compensation payable in lieu of bank sacrifice	319,025.06	281,878.88
c) Claim against the company/ disputed liabilities not acknowledge as debts	11,202.36	18,143.84
Total	345,859.34	315,339.72

32. - Other Notes:

(a) From 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 Lenders.

(b) Subsequent to JM Financial Asset Reconstruction Company Ltd. (JMFARC) acquiring majority of the Holding Company's debt, a Restructuring Agreement was executed in December 2017 between the Holding Company and JMFARC. Although the Holding company was empowered to reflect the Restructuring Agreement in the Books, the Holding company, of its own volition, deferred to recognize the restructuring agreement and its effect in the books of Accounts, till such time, when 100% of the debts are assigned and restructured.

Due to various macro and micro factors, the Holding Company's business plans could not be scaled-up as was planned. The operations of the Holding Company have been EBITDA positive since FY 2019-20. The API and Intermediates manufacturing segment in the Pharmaceutical sector has been re-rated, given various macro global tailwinds favoring the segment, in particular and the sector in general. The Holding company, despite having world class manufacturing sites, has not been able to enter into long term contracts with customers & vendors or attract Investors to raise capital, given its weak Net worth position since past few years.

Further, majority of the lenders have either assigned the debts to JMFARC or their dues have been settled under bilateral OTS Schemes. Accordingly, the Holding Company, in discussion with JMFARC has mutually agreed for further restructuring of its loans to sustainable levels. This write back of Rs. 35800 Lacs has been adjusted under the head Reserves and Surplus.

(c) The Holding Company has executed Restructuring Agreement with Asset Reconstruction Company (JMF ARC). As on March 31, 2022, majority of the lenders have either assigned the debts to JMFARC or their dues have been settled under bilateral OTS Schemes. The Holding Company is under discussions with the remaining few Lenders for restructuring of loans, for concessions in interest and repayment terms, in line with the agreement reached with majority of Lenders. 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 Rs.1,531.80 Lacs (Previous Year Rs. 1,538.17 Lacs), and accumulated provision for interest is understated by Rs. 8,831.97 Lacs (Previous Year Rs. 7,300.17 Lacs).

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

(Amount Rs. in Lacs)

Sr. No.	Name of Key Management Person	2021-22	2020-21
1	Mr. Ajit A. Kamath	45.98	45.98
2	Mr. Rajendra P. Kaimal	33.53	33.53
3	Mr. Ashish M. Ujagare	49.82	49.82
Total		129.33	129.33

As per Section 196 & 197 of the Companies Act, 2013, since the Holding Company has defaulted in repayment of dues to Banks & Financial Institutions; the Holding Company is required to seek prior approval from such Banks & Financial Institutions before any payment is made towards managerial remuneration, which has not been obtained.

- (e) Loans to Related Parties: The Holding Company has outstanding loans amounting to Rs. 467.84 Lacs (Previous Year Rs.467.84 Lacs) receivable from M/s Regal Pharma PTE Limited and Guarantee's given to third parties for M/s Kobo Biotech Limited amounting to Rs. 5,717.00 Lacs (Previous Year Rs.5,717.00 Lacs) and Regal Pharma PTE Limited Rs.9,854.92 Lacs (Previous Year Rs. 9,555.00 Lacs).
- (f) Other Statutory Information:
- The Group does not have any Benami property, where any proceeding has been initiated or pending against the Group for holding any Benami property under Benami Transactions (Prohibition) Act, 1988 (45 of 1988).
 - The Group has borrowings from banks on the basis of security of current assets, the quarterly returns or statements of current assets has been filed by the Group with banks are in agreement with the books of accounts.
 - The Group has not been declared willful defaulter by any bank or financial Institution or other lender.
 - The Group does not have any material transactions with companies struck off under Section 248 of the Companies Act, 2013 or Section 560 of Companies Act, 1956 during the financial year..
 - The Group does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.
 - The Group has not traded or invested in Crypto currency or Virtual Currency during the financial year.
 - There were no transactions relating to previously unrecorded income that were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 (43 of 1961) during the year.
 - (A) The Group has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Group (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries
 - (B) The Group has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Group shall:
 - directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
 - provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
 - Impact of Covid -19: In March 2020, the World Health Organization declared COVID-19 to be a pandemic. The Group has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption.

The Group has considered internal and external information while finalizing various estimates in

Consolidated Cash Flow Statement

relation to its financial statement captions upto the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Group will continue to closely monitor any material changes to future economic conditions.

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

(i) 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
Vitalife Pharma Limited	India	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

Ajit Kamath
Chairman &
Managing Director
DIN: 00032799

Rajendra Kaimal
Executive Director &
Chief Financial Officer
DIN: 00032839

Membership No. 048920
Date: 30th November, 2022
Place: Mumbai

Vikas Kedia
Company Secretary

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