

**Zydus Wellness International DMCC
Dubai Multi Commodities Centre
Dubai, U.A.E.**

**Auditor's Report & Financial Statements
For the period from 28th May, 2019 (inception)
to 31st March, 2020**

Zydus Wellness International DMCC
Dubai Multi Commodities Centre, Dubai, U.A.E.

Auditor's Report & Financial Statements
For the period from 28th May, 2019 (inception) to 31st March, 2020

Content	Page
Independent Auditor's Report	1 – 2
Statement of Financial Position	3
Statement of Profit or Loss and Other Comprehensive Income	4
Statement of Cash Flows	5
Statement of Changes in Equity	6
Notes to the Financial Statements	7 – 12

INDEPENDENT AUDITOR'S REPORT

(Ref No.- Zenith / NC - 2020/ 16335)

The Shareholder,
Zyodus Wellness International DMCC,
Dubai Multi Commodities Centre, Dubai, U.A.E.

Report on the audit of Financial Statements**Opinion**

We have audited the accompanying financial statements of **Zyodus Wellness International DMCC**, which comprise the Statement of Financial Position as at **31st March, 2020**, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Cash Flows and Changes in Equity for the period from **28th May, 2019 (inception) to 31st March, 2020**, including a summary of significant accounting policies and other explanatory notes.

In our opinion, the financial statements give a true and fair view of the financial position of **Zyodus Wellness International DMCC**, as of **31st March, 2020**, and of its financial performance and its cash flows for the period from **28th May, 2019 (inception) to 31st March, 2020**, in accordance with Indian Accounting Standards (IND AS).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board of Accountants Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Indian Accounting Standards (IND AS) and in compliance with the company's Memorandum and Articles of Association and the rules and regulations of the DMCC Entity Regulation No. 1/3 issued in 2003, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

(Continued on page 2)

(Continued from page 1)




- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We communicate with the management 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.
- In our opinion, to the best of information and according to the explanation given to us the company has, in all material respect, an adequate internal financial control system over financial reporting and such internal financial control over financial reporting were operating effectively as at March 31, 2020.

Report on other legal and regulatory requirements




- We have obtained all the information and explanation we considered necessary for our audit.
- The financial statements comply, in all material respect with the applicable rules and regulations of the DMCC Entity Regulation No. 1/3 issued in 2003, and the Articles of Association of the Company.
- The company has maintained proper books of accounts.
- Based on the information and explanation that has been made available to us nothing came to our attention which causes us to believe that the Company has contravened during the financial year ended **31st March, 2020** any of the rules and regulations of the DMCC Entity Regulation No. 1/3 issued in 2003, or the Articles of Association of the Company which would have a material effect on the Company's activities or on its financial position for the year.

For Husain Al Hashmi
Auditing of Accounts
Dubai, United Arab Emirates.
8th June, 2020



Zydus Wellness International DMCC Balance Sheet as at March 31, 2020		
Particulars	Note No.	CURRENCY USD
		As at Mar 31, 2020
ASSETS:		
Non-Current Assets:		
Property, Plant and Equipment	3 [A]	1,303
		1,303
Current Assets:		
Financial Assets:		
Trade Receivables	4	495,969
Cash and Cash Equivalents	5	242,884
Other Current Assets	6	19,454
		758,306
Total		759,609
EQUITY AND LIABILITIES:		
Equity:		
Equity Share Capital	7	68,075
Other Equity	8	268,690
		336,765
Non-Current Liabilities:		
Current Liabilities:		
Financial Liabilities:		
Trade Payables	9	207,715
Other Financial Liabilities	10	205,639
Other Current Liabilities	11	9,491
Current Tax Liabilities [Net]		
		422,845
Total		759,609
Significant Accounting Policies	2	
Notes to the Financial Statements	1 to 45	
As per our report of even date		For and on behalf of the Board
For, Husain Al Hashmi Auditing of Accounts Chartered Accountants Firm Registration Number: 569		
		
General Manager (Partner) Place : U.A.E. Dated : 1st June 2020	Ketankumar Bhut Director	Abhijeet Sahu Director



Zydus Wellness International DMCC Statement of Profit and Loss for the period ended March 31, 2020		
Particulars	Note No.	CURRENCY USD
		Period/ Year ended Mar 31, 2020
Revenue from Operations	12	1,416,484
Other Income		
Total Income		1,416,484
EXPENSES:		
Cost of Materials Consumed	13	12,430
Purchases of Stock-in-Trade	14	842,090
Employee Benefits Expense	15	114,210
Finance Costs	16	32,425
Depreciation, Amortisation and Impairment expense	17	120
Other Expenses	18	146,519
Total Expenses		1,147,794
Profit before Exceptional items and Tax		268,690
Profit for the period		268,690
OTHER COMPREHENSIVE INCOME [OCI]:		
Items that will not be reclassified to profit or loss:		
Re-measurement losses on post employment defined benefit plans		
Other Comprehensive Income for the period [Net of tax]		-
Total Comprehensive Income for the year [Net of Tax]		268,690
Basic & Diluted Earning per Equity Share [EPS] [in USD]	19	293
Significant Accounting Policies	2	
Notes to the Financial Statements	1 to 10	
As per our report of even date		For and on behalf of the Board
For, Husain Al Hashmi Auditing of Accounts Chartered Accountants Firm Registration Number: 569		
		
General Manager (Partner) Place : U.A.E. Dated : 1st June 2020		Ketankumar Bhut Director
		
		Abhijeet Sahu Director



Zydus Wellness International DMCC
Cash Flow Statement for the period ended March 31, 2020

Particulars	USD	
	Year Ended	
	March 31, 2020	
A Cash flows from operating activities:		
Profit before tax		268,690
Adjustments for:		
Depreciation, Amortisation and Impairment expense	120	
Interest income		
Interest expenses	2,274	
Provisions for employee benefits		
Provisions for probable product expiry claims and return of goods [net of written back]	-	2,394
Total Profit		271,084
Operating profit before working capital changes		
Adjustments for:		
Decrease in trade receivables	(495,969)	
Decrease in Current Asset		
Increase in other assets	(19,454)	
Increase in trade payables	207,715	
Decrease in other liabilities	32,855	
Total		(274,852)
Cash used in operations		(3,769)
Net cash used in operating activities		(3,769)
B Cash flows from investing activities:		
Purchase of property, plant and equipment	(1,423)	
Purchase of non current investments		
Advances to subsidiaries		
Repayment of advances by subsidiary companies/ a joint venture company		
Interest received		
Net cash used in investing activities		(1,423)
C Cash flows from financing activities:		
Proceeds from Issue of Share Capital	68,075	
Proceeds from non current borrowings	182,274	
Repayment of non current borrowings		
Current Borrowings [Net]		
Interest paid	(2,274)	
Net cash from financing activities		248,075
Net Decrease in cash and cash equivalents		242,884
Cash and cash equivalents at the beginning of the year		-
Cash and cash equivalents at the end of the year		242,884

Notes to the Cash Flow Statement


- 1 The above cash flow statement has been prepared under the "Indirect method" as set out in Ind AS-7 "Statement of Cash Flows".
- 2 All figures in brackets are outflows.
- 3 Being first year of operation of the Company, Previous year's figures are not applicable
- 4 Cash and cash equivalents comprise of:

	As at Mar 31 2020
a Cash on Hand	-
b Balances with Banks	242,884
c Investment in Liquid Mutual Funds	-
	242,884


- 5 Change in Liability arising from financing activities:

	Borrowings		Total
	Non-Current	Current	
	[Note-11]	[Note-23]	
As at March 31, 2019	-	182,274	182,274
Cash flow			-
Foreign exchange movement			-
As at March 31, 2020	-	182,274	182,274

As per our report of even date
For, Husain Al Hashmi Auditing of Accounts
Chartered Accountants
Firm Registration Number: 569


General Manager (Partner)
Place : U.A.E.
Dated : 1st June 2020




For and on behalf of the Board


Ketankumar Bhut
Director


Abhijeet Sahu
Director



Zydus Wellness International DMCC
Statement of Change in Equity for the period ended 31st March 2020

		USD
		As at
a Equity Share Capital:		Mar 31, 2020
		No. of Shares
Equity Shares of AED 1000/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2019		-
Issued during the period		250
As at Mar 31, 2020		250
		USD
b Other Equity:		Reserves and Surplus
		Retained Earnings
As at March 31, 2019		-
Add: Profit for the period		268,690
Add [Less]: Other Comprehensive income		-
Other (Credit) / Debit During year Transfer from [to] Reserve		-
Total Comprehensive Income		268,690
As at Mar 31, 2020		268,690
As per our report of even date		For and on behalf of the Board
For, Husain Al Hashmi Auditing of Accounts Chartered Accountants Firm Registration Number: 569		
		
General Manager (Partner) Place : U.A.E. Dated : 1st June 2020		
		Ketankumar Bhut Director
		Abhijeet Sahu Director



Zydus Wellness International DMCC

Notes to the Financial Statements

Note: 3 : (A) Property, Plant & Equipment

[A] Property, Plant and Equipment:

	Office Equipment	Total
Gross Block:		-
Additions	1,423	1,423
As at March 31, 2020	1,423	1,423
Depreciation and Impairment:		
Depreciation for the period	120	120
As at March 31, 2020	120	120
Net Block:		
As at March 31, 2020	1,303	1,303

Zydu Wellness International DMCC	
Notes to the Financial Statements	
	USD
	As at
	Mar 31, 2020
Note: 4-Trade Receivables:	
Unsecured - Considered good	495,969
Total	495,969
Note: 5-Cash and Cash Equivalents:	
Balances with Banks	242,884
Cash on Hand	-
Total	242,884
Note: 6-Other Current Assets:	
Balances with Statutory Authorities	9,029
Prepaid Expense	10,424
Total	19,454
Note: 7-Equity Share Capital:	
Authorised:	
250 Equity Shares Equity Shares of 1000 AED /- each	68,075
	68,075
Issued, Subscribed and Paid-up:	
250 Equity Shares Equity Shares of 1000 AED /- each	68,075
Total	68,075
A The reconciliation in number of shares is as under:	
Number of shares at the beginning of the period	-
Add: Issued during the period	250
Number of shares at the end of the period	250
B The Company has only one class of equity shares having a par value of AED 1000 /- per share. Each holder of equity share is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the Annual General Meeting, except in the case of interim dividend. In the event of liquidation of the Company, the equity shareholders shall be entitled to proportionate share of their holding in the assets remaining after distribution of all preferential amounts.	
Note: 8-Other Equity:	
Retained Earnings:	
Balance as per last Balance Sheet	-
Add: Profit for the period	268,690
	268,690
Less: Items of other Comprehensive income recognised directly in Retained Earnings:	
Re-measurement gains/ [losses] on defined benefit plans [net of tax]	-
Balance as at the end of the period	268,690
Total	268,690
Note: 9-Trade Payables	
Trade Payable	207,715
Total	207,715
Note: General Manager (Partner)	
Current Maturity of Long term borrowing	180,000
Interest accrued but not due on borrowing	2,274
Accrued Expenses	23,365
Total	205,639
The above amount includes:	
Zydu Wellness Limited	
The loan is bearing interest of 6 month USD libor plus Spread 150 BPS. The tenure of the loan shall be 1 year from the disbursement date, which can be further renewed on yearly basis however the total tenure of the loan shall not exceed 5 years from the date of first disbursement.	
Total	205,639
Note: 11-Other Current Liabilities:	
Payable to Statutory Authorities	9,491
Total	9,491
Note: -Contingent Liabilities & Commitments (to the extent not provided for)	
Contingent Liabilities & Commitments (to the extent not provided for)	-
Note: 12-Revenue from Operations:	
Sale of Products	1,416,484
Total	1,416,484
Note: 13-Cost of Materials Consumed:	
Materials consumed	12,430
Total	12,430
Note: 14-Purchases of Stock-in-Trade:	
Purchases of Stock-in-Trade	842,090
Total	842,090

Zydu Wellness International DMCC Notes to the Financial Statements		USD
		As at
		Mar 31, 2020
Note: 15-Employee Benefits Expense:		
Salaries and wages		114,210
Total		114,210
Note: 16-Finance Cost:		
Interest expense [*]		2,274
Net Loss on foreign currency transactions and translation		26,490
Bank commission & charges		3,662
Total		32,425
[*] The break up of interest expense into major heads is given below:		
On term loans		2,274
On working capital loans		-
Others		-
Total		2,274
Note: 17-Depreciation		
Depreciation, Amortisation and Impairment expenses:		
Depreciation		120
Total		120
Note: 18-Other Expenses:		
Analytical Expenses		2,253
Insurance		9,809
Rates and Taxes [excluding taxes on income]		15,355
Traveling Expenses		15,009
Legal and Professional Fees		18,536
Freight and forwarding on sales		38,679
Other marketing expenses		38,484
Miscellaneous Expenses		8,395
Total		146,519
Note: 19-Calculation of Earnings per Equity Share [EPS]:		
The numerators and denominators used to calculate the basic and diluted EPS are as follows:		
A Profit attributable to Shareholders	USD	268,690
B Basic and weighted average number of Equity shares outstanding during the year	Numbers	250
C Nominal value of equity share	AED	1,000
D Basic & Diluted EPS	USD	293
Note: 20-Segment Information:		
The Chief operating decision maker [CODM] reviews the Company as a single segment namely "Fast Moving Consumer Goods" Therefore the segment reporting is not required.		
Note: 21-Related Party Transactions:		
A Name of the Related Parties and Nature of the Related Party Relationship:		
a Holding Company :		Zydu Wellness Limited
b Fellow Subsidiaries :		
Zydu Pharmaceuticals (USA) Inc. [USA]		Zydu Healthcare Limited [India]
Zydu International Private Limited [Ireland]		Zydu Pharmaceuticals Limited [India]
Zydu Noveltech Inc. [USA]		(formerly known as Alidac Healthcare Limited)
Zydu Healthcare (USA) LLC [USA]		Dialforhealth Greencross Limited [India]
Zydu Lanka (Private) Limited [Sri Lanka]		Zydu Animal Health and Investments Limited [India]
Zydu Healthcare Philippines Inc. [Philippines]		Violio Healthcare Limited [USA]
Nesher Pharmaceuticals (USA) LLC [USA]		German Remedies Pharmaceuticals Private Limited [India]
Zydu Pharmaceuticals Mexico SA De CV [Mexico]		Dialforhealth Unity Limited [India]
Zydu Pharmaceuticals Mexico Services Company SA De C.V. [Mexico]		Zydu Wellness Limited [India]
Laboratorios Combix S.L. [Spain]		Liva Nutritions Limited [India]
Zydu Nikkho Farmaceutica Ltda. [Brazil]		Liva Investment Limited [India]
Simayla Pharmaceuticals (Pty) Ltd [South Africa]		Zydu Foundation [India]
Script Management Services (Pty) Ltd [South Africa]		Zydu Wellness Products limited [India]
Hercon Pharmaceuticals LLC [USA]		Windlas Healthcare Private Limited [India]
Sentynl Therapeutics Inc. [USA]		Biochem Pharmaceuticals Private Limited [India]
Viona Pharmaceuticals Inc. [USA]		Zydu Discovery DMCC [Dubai]
Windlas Inc [USA]		Zydu Netherlands B.V. [the Netherlands]
US Pharma Windlas LLC, [USA] *		Zydu France, SAS [France]
Zyvet Animal health Inc [USA]		Alidac Healthcare (Myanmar) Limited [Myanmar]
		Zydu Healthcare S.A. (Pty) Ltd [South Africa]
		Etna Biotech S.R.L. [Italy]
c Directors :		
Ketankumar Bhut		Pradeep Agnihotri
Abhijeet Sahu		Aditya Nawab

Zydus Wellness International DMCC
Notes to the Financial Statements

B Transactions with Related Parties:

The following transactions were carried out with the related parties in the ordinary course of business :

a Details relating to parties referred to in Note 21-[a, b & c]

USD

As at

Mar 31, 2020

Nature of Transactions

Purchases:

Goods:

ZYDUS WELLNESS LTD	116,075
ZYDUS WELLNESS PRODUCTS LTD	257,726

Services:

Royalty - ZYDUS WELLNESS PRODUCTS LTD	37,392
Freight & Insurance - ZYDUS WELLNESS PRODUCTS LTD	38,679

Sales:

Goods:

ZYDUS HEALTHCARE SA (PTY) LTD	313,897
-------------------------------	---------

Finance: - Share Capital Subscription

ZYDUS WELLNESS LTD	68,075
--------------------	--------

Finance:

Inter Corporate Loans given/(Received)

ZYDUS WELLNESS LTD	(180,000)
--------------------	-----------

Finance:

Inter Corporate Loans (repaid):

Interest Received / (Paid):

ZYDUS WELLNESS LTD	(2,274)
--------------------	---------

Outstanding:

Payable: (Loan Outstanding)

ZYDUS WELLNESS LTD	180,000
--------------------	---------

Payable: (Interest Outstanding)

ZYDUS WELLNESS LTD	2,274
--------------------	-------

Payable: (Other)

ZYDUS WELLNESS PRODUCTS LTD - For Goods	137,799
ZYDUS WELLNESS PRODUCTS LTD - For Royalty	37,392

Receivable:

ZYDUS HEALTHCARE SA (PTY) LTD	229,809
ZYDUS WELLNESS LTD	12,715

I-Company overview:**Description of Business:**

Zydus Wellness International DMCC is formed as a company with Limited Liability and under the provisions of law no. (4) Of 2001 in respect of establishing Dubai Multi Commodities Center (DMCC), Dubai (U.A.E.) vide Registration no. DMCC-170723 , with Limited Liability. The company is licensed to perform activities such as - Food Supplements Trading, Confectionery & Chocolate Trading, Para-Pharmaceutical Products Trading, Dairy Products Trading, and Ghee & Vegetable Oil Trading as per the licenses granted by DMCC vide License No. DMCC – 701956

The Company registered on 28th May 2019 and started its operation from 11th June 2019. Fincial year 2019-20, being the first year of the operation of the company, Previous year figures are not provided

II-Significant Accounting Policies:

A The following note provides list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented unless otherwise stated.

1 Basis of Accounting:

A The financial statements of the Company are prepared under the historical cost convention on the "Accrual Concept" of accountancy in accordance with Indian Accounting Standards [Ind AS]

B The financial statements have been prepared on historical cost basis

2 Use of Estimates:

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of income and expenses during the period. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments are provided below. Accounting estimates could change from period to period. critical accounting estimates involving complex and subjective judgments are provided below. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statement in the period in which changes are made and if material, their effects are disclosed in the notes to the consolidated financial statements.

a Property Plant & Equipment

Property, plant and equipment represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Management reviews the residual values, useful lives and methods of depreciation of property, plant and equipment at each reporting period end and any revision to these is recognised prospectively in current and future periods. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

3 Property Plant & Equipment

a Property Plant & Equipment are stated at historical cost less accumulated depreciation.

b Cost of each asset is depreciated over the estimated useful lives on straight line method, based on useful lives as below:

Assets	Useful life
Office Equipment	5 Years

c Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives as compared to principal item of the asset, they are recognised separately as independent items and are depreciated over their estimated economic useful lives.

d Tangible fixed assets are depreciated over the estimated useful life which is periodically reviewed to ensure that the method and the period of depreciation are consistent with the expected pattern of economic benefit

e Repairs and renewals are recognised in profit or loss when the expenditure incurred.

4 Revenue recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and is shown net of returns, trade allowances, rebates, value added taxes and volume discounts. The specific recognition criteria described below must also be met before revenue is recognised.

a Sale of Goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. The goods are often sold with volume discounts/pricing incentives and customers have a right to return damaged or expired products. Revenue from sales is based on the price in the sales contracts/MRP, net of discounts. Historical experience is used to estimate and provide for damage or expiry claims. No element of financing is deemed present as the sales are made with the normal credit terms as per prevalent trade practice and credit policy followed by the Company.

b Other Income:

Other income is recognised when no significant uncertainty as to its determination or realisation exists.

al Manager (Partner)

5 Foreign Currency [Currency other than companys functional currency] Transactions:

Foreign currency transactions are recorded in USD at rate of exchange prevailing on the date of transactions. Foreign currency balances of monetary assets and liabilities are translated to USD at the rate of exchange prevailing at the date of the reporting date. Gains or losses on exchange are recognised in statement of profit and loss.

6 Provisions, Contingent Liabilities and Contingent Assets:

a Provision is recognised when the Company has a present obligation as a result of past events and it is probable that the outflow of resources will be required to settle the obligation and in respect of which reliable estimates can be made. A disclosure for contingent liability is made when there is a possible obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision/ disclosure is made. Provisions and contingencies are reviewed at each balance sheet date and adjusted to reflect the correct management estimates. Contingent assets are not recognised in the financial statements.

b If the effect of the time of money is material, provisions are discounted using a current pre-tax rate that reflects , when appropriate, the risks specific to the liability

7 Borrowing Cost:

a Borrowing costs consists of Interest and other borrowing cost that are incurred in connection with the borrowing of the funds. Other borrowing costs include ancillary charges at the time of acquisition of a financial liability, which is recognised as per EIR method. Borrowing costs also include exchange differences, if any, to the extent as an adjustment to the borrowing costs.

b Borrowing costs that are directly attributable to the acquisition/ construction of a qualifying asset are capitalised as part of the cost of such assets, up to the date the assets are ready for their intended use.

8 Cash and Cash Equivalents:

Cash and Cash equivalents for the purpose of Cash Flow Statement comprise cash and cheques in hand, bank balances, demand deposits with banks where the original maturity is three months or less and other short term highly liquid investments.

9 Going Concern:

The Financial Statements have been prepared on a going concern basis. The management made a review of the going concern assessment and considered the same. The management believes that, on the date of report, establishment has sufficient financial resources to meet the committed financial liabilities and therefore the financial statements for the current reporting period are prepared on a going concern basis.

10 Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss [excluding other comprehensive income] for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events such as bonus issue, bonus element in a right issue, shares split and reserve share splits [consolidation of shares] that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss [excluding other comprehensive income] for the year attributable to equity share holders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.