

INDEPENDENT AUDITORS' REPORT

**THE SHAREHOLDERS,
ZYDUS DISCOVERY DMCC,
DMCC, DUBAI - UNITED ARAB EMIRATES.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial **ZYDUS DISCOVERY DMCC, DMCC, DUBAI - UNITED ARAB EMIRATES**, the Company), which comprise the Statement of Financial Position as at 31st March 2021, and the Statement of Comprehensive Income, the Statement of Changes in equity and the statement of Cash Flows for the year then ended and Notes to the Financial Statements including a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st March 2021, and its financial performance and its cash flows for the year then ended in accordance with Indian Accountant standard (IND-AS).

BASIS FOR 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 ethical requirements that are relevant to our audit of the financial statements in the 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 these financial statements in accordance with Indian Accountant standard (IND-AS) 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guaranteed that an audit conducted in accordance with ISAs 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 ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risk 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 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 the management.

- Conclude on the appropriateness of the 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 auditor's report to the related disclosures in the financial statements or, if such disclosure is 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.

Opinion: 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 31,2021.

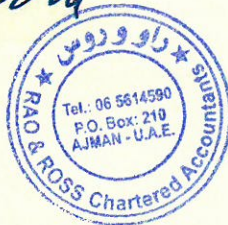
REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We are not aware of any contraventions during the period of applicable law which may have a material effect on the financial position of the company and the results of its operations for the year then ended.

For RAO & ROSS
Chartered Accountants
Firm registration number:106



C. R. RAO
Partner
Authorized Signatory
Dated: 20th April, 2021.




ZYDUS DISCOVERY DMCC
Balance Sheet as at Mar 31,2021

Particulars	Note No.	USD	
		As at	
		Mar 31,2021	Mar 31,2020
ASSETS:			
Non-Current Assets:			
Property, Plant and Equipment	3 [A]	415,761	429,476
Other Intangible Assets	3 [B]	16,600,000	16,600,000
		-	-
		17,015,761	17,029,476
Current Assets:			
Trade Receivables:	4	-	6,671
Cash and Cash Equivalents	5	2,890,669	215,884
Other Current Assets	6	46,926	41,288
		2,937,595	263,843
Total		19,953,356	17,293,319
EQUITY AND LIABILITIES:			
Equity:			
Equity Share Capital	7	64,013,623	8,013,623
Other Equity	8	(44,303,027)	(32,785,413)
		19,710,596	(24,771,790)
Non-Current Liabilities:			
Financial Liabilities:			
Borrowings	9	-	39,534,000
Provisions	10	-	41,243
		-	39,575,243
Current Liabilities:			
Financial Liabilities:			
Trade Payables	11	242,759	1,050,509
Other Financial Liabilities	12	-	1,439,356
		242,759	2,489,865
Total		19,953,356	17,293,319
Significant Accounting Policies	2		
Notes to the Financial Statements	1 to 19		

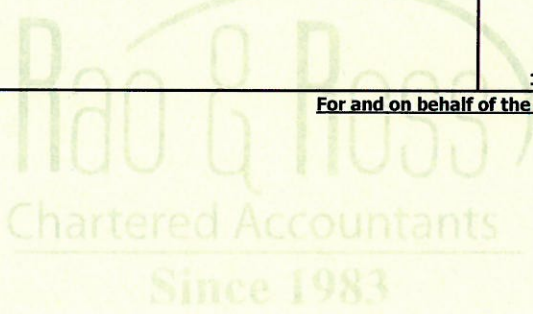
As per our report of even date
For Rao & Ross
Chartered Accountants
Firm Registration Number: 106

For and on behalf of the Board


Partner
Place : Dubai
Dated: 20th April 2021

Dr Deven Parmar
Director


Ketankumar Bhut
Director



ZYDUS DISCOVERY DMCC
Statement of Profit and Loss for the year ended Mar 31,2021

Particulars	Note No.	USD	
		Year Ended	
		Mar 31,2021	Mar 31,2020
Employee Benefits Expense	13	489,114	413,863
Finance Costs	14	863,040	1,241,454
Depreciation and Amortisation expense	15	16,992	16,446
Other Expenses	16	10,148,462	8,531,679
Total Expenses		11,517,608	10,203,443
Loss before Exceptional items and Tax		(11,517,608)	(10,203,443)
Less : Exceptional Items		-	-
Loss for the year		(11,517,608)	(10,203,443)
OTHER COMPREHENSIVE INCOME [OCI]:		-	-
Other Comprehensive Income for the year		-	-
Total Comprehensive Income for the year		(11,517,608)	(10,203,443)
Basic / Diluted Earning per Equity Share [EPS]	17	(384.3)	(346.9)

As per our report of even date

For Rao & Ross
Chartered Accountants
Firm Registration Number: 106

For and on behalf of the Board



Partner
Place : Dubai
Dated: 20th April 2021



Dr Deven Parmar
Director

Ketankumar Bhut
Director



Rao & Ross
Chartered Accountants
Since 1983

ZYDUS DISCOVERY DMCC

Statement of Change in Equity for the period ended March 31, 2021

a Equity Share Capital:	No. of Shares	USD
Equity Shares of AED 1000/- each, Issued, Subscribed and Fully Paid-up:		
As at March 31, 2019	29,410	8,013,623
Issued during the year	-	-
As at March 31, 2020	29,410	8,013,623
Issued during the year	205,660	56,000,000
As at Mar 31,2021	235,070	64,013,623
b Other Equity:	USD	
	Reserves and Surplus	
	Retained Earnings	
As at March 31, 2019	(22,581,970)	
Add: Loss for the year	(10,203,443)	
As at March 31, 2020	(32,785,413)	
Add: Loss for the year	(11,517,608)	
As at Mar 31,2021	(44,303,021)	

As per our report of even date

For and on behalf of the Board

For Rao & Ross

Chartered Accountants

Firm Registration Number: 106



Partner

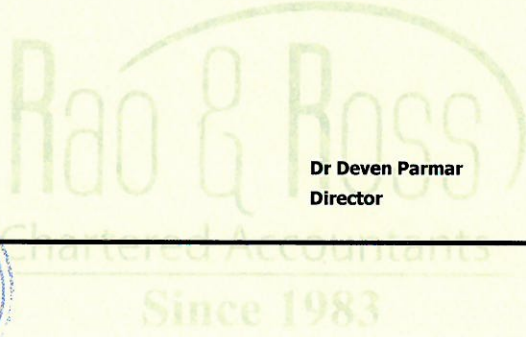
Place : Dubai

Dated: 20th April 2021



Ketankumar Bhut

Director



ZYDUS DISCOVERY DMCC
Cash Flow Statement for the year ended 31st March 2021

Particulars	USD	
	Year Ended	
	March 31, 2021	March 31, 2020
A Cash flows from operating activities:		
Loss before tax	(11,517,608)	(10,203,443)
Adjustments for:		
Depreciation and Amortisation expenses	16,992	16,446
Other Adjustments	(6)	5,606
Interest expenses	857,859	1,231,764
Total Loss	874,845	1,253,816
Operating profit before working capital changes	(10,642,763)	(8,949,627)
Adjustments for:		
Decrease in trade receivables	6,671	(2,671)
Increase in other assets	(5,638)	(669)
Decrease in trade payables	(807,750)	(977,719)
Decrease in other liabilities	(44,520)	(5,165)
Total	(851,237)	(986,224)
Net cash used in operating activities	(11,494,000)	(9,935,851)
B Cash flows from investing activities:		
Purchase of property, plant and equipment	(3,277)	(7,534)
Net cash used in investing activities	(3,277)	(7,534)
C Cash flows from financing activities:		
Proceeds from non-current borrowings	28,566,000	10,459,000
Repayment of non-current borrowings	(12,100,000)	-
Interest paid	(2,293,939)	(313,296)
Net cash from financing activities	14,172,061	10,145,704
Net decrease in cash and cash equivalents	2,674,784	202,319
Cash and cash equivalents at the beginning of the year	215,885	13,565
Cash and cash equivalents at the end of the year	2,890,669	215,885

Notes to the Cash Flow Statement

- 1 All figures in brackets are outflows.
- 2 Previous year's figures have been regrouped wherever necessary.
- 3 Cash and cash equivalents comprise of:

	As at	
	Mar 31 2020	Mar 31 2019
a Cash on Hand	-	1,487
b Balances with Banks	2,890,669	214,398
	2,890,669	215,884

As per our report of even date

For Rao & Ross

Chartered Accountants

Firm Registration Number: 106

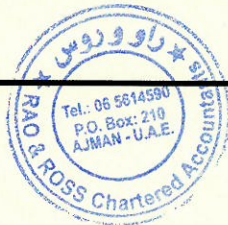
For and on behalf of the Board



Partner

Place : Dubai

Dated: 20th April 2021



Dr Deven Parmar
Director

Ketankumar Bhut
Director



ZYDUS DISCOVERY DMCC

Notes to the Financial Statements

Note: 3[A]-Property, Plant & Equipment & [B] Intangible Assets

[A] Property, Plant and Equipment:	USD				
	Buildings	Plant and Equipment	Furniture and Fixtures	Office Equipment	Total
Gross Block:					
As at March 1, 2019	417,143	10,234	68,302	11,386	507,065
Additions		5,163	2,371	-	7,534
As at March 31, 2020	417,143	15,397	70,673	11,386	514,599
Additions			1,239	2,038	3,277
As at Mar 31,2021	417,143	15,397	71,912	13,424	517,876
Depreciation and Amortisation:					
As at March 1, 2019	33,101	7,391	16,865	7,774	65,131
Depreciation for the year	6,966	2,534	6,946	3,546	19,992
As at March 31, 2020	40,067	9,925	23,811	11,320	85,123
Depreciation for the year	6,966	2,706	7,160	160	16,992
As at Mar 31,2021	47,033	12,630	30,972	11,480	102,115
Net Block:					
As at March 31, 2019	384,042	2,843	51,437	3,347	441,669
As at March 31, 2020	377,076	5,472	46,862	66	429,476
As at Mar 31,2021	370,110	2,766	40,941	1,944	415,761
[B] Intangible Assets:					
				Other Intangible Assets Commercial Rights/ Licenses	Total
Gross Block:					
As at March 1, 2019				16,600,000	16,600,000
Additions				-	-
As at March 31, 2020				16,600,000	16,600,000
Additions				-	-
As at Mar 31,2021				16,600,000	16,600,000
Amortisation and Impairment:					
As at March 1, 2019				-	-
Amortisation for the year				-	-
As at March 31, 2020				-	-
Amortisation for the year				-	-
As at Mar 31,2021				-	-
Net Block:					
As at March 1, 2019				16,600,000	16,600,000
As at March 31, 2020				16,600,000	16,600,000
As at Mar 31,2021				16,600,000	16,600,000

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ZYDUS DISCOVERY DMCC
Notes to the Financial Statements

	USD	
	As at	
	Mar 31, 2021	Mar 31, 2020
Note: 4-Trade Receivables:		
Unsecured : Considered good	-	6,671
Total	-	6,671
Note: 5-Cash and Cash Equivalents:		
Balances with Banks	2,890,669	214,398
Cash on Hand	-	1,487
Total	2,890,669	215,884
Note: 6-Other Current Assets:		
[Unsecured, Considered Good]		
Advances to Suppliers	1,089	1,089
Balances with Statutory Authorities	6,570	6,420
Prepaid Expenses	39,267	33,778
Total	46,926	41,288
Note: 7-Equity Share Capital:		
Authorised:		
235070 [as at 31-March 2020: 29,410] Equity Shares of 1000 AED /- each	64,013,623	8,013,623
Issued, Subscribed and Paid-up:		
235070 [as at 31-March-2020: 29,410] Equity Shares of 1000 AED /- each	64,013,623	8,013,623
Total	64,013,623	8,013,623
A There is increase in the number of shares during the year as below :		
Number of shares at the beginning of the year and end of the year	29,410	29,410
Addition of Shares During the year 205,660 Equity Shares	205,660	-
Total Number of shares at the end of the year	235,070	29,410
B Details of Shareholder holding more than 5% of aggregate Equity Shares of AED 1000/- each, fully paid:		
Name of Share holder	Zydus Worldwide DMCC	
Number of Shares	235,070	29,410
% to total share holding	100.00%	100.00%
C 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.		
D By Board resolution dated 18th February 2021, Company Issued 205,660 shares (of AED 1000 Each) by way of conversion of loan of 56 Mn USD into Equity shares.		
Note: 8-Other Equity:		
Retained Earnings:		
Balance as per last Balance Sheet	(32,785,419)	(22,581,970)
Add: Loss for the year	(11,517,608)	(10,203,443)
Total	(44,303,027)	(32,785,413)

ZYDUS DISCOVERY DMCC

Notes to the Financial Statements

Note: 9-Borrowings:

	USD			
	Non-current portion		Current Maturities	
	As at		As at	
	Mar 31,2021	March 31, 2020	Mar 31,2021	March 31, 2020
A Term loan [From Related Party] Unsecured	-	39,534,000	-	-
Total	-	39,534,000	-	-
The above amount includes:				
Zydus International Private Limited The Loan is bearing interest of 6 month USD libor plus Spread. The tenure of the loan shall be 3 years 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.	-	12,100,000	-	-
Zydus Worldwide DMCC The Loan was bearing interest of 6 month USD libor plus spread. The tenure of the loan shall be 3 years 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.	-	27,434,000	-	-
Net amount	-	39,534,000	-	-

Note: 10-Provisions:

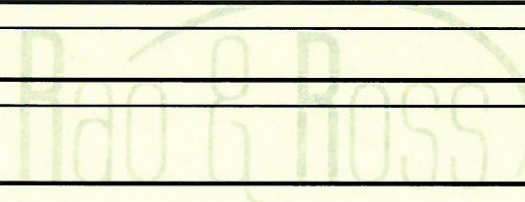
Provision for Employee Benefits		41,243
Total	-	41,243

Note: 11-Trade Payables:

Trade Payables	242,759	1,050,509
Total	242,759	1,050,509

Note: 12-Other Financial Liabilities:

Interest accrued but not due on borrowings	-	1,436,080
Provision for Expenses	-	3,277
Total	-	1,439,356



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ZYDUS DISCOVERY DMCC
Notes to the Financial Statements

	USD		
	Year Ended		
	Mar 31, 2021	Mar 31, 2020	
Note: 13-Employee Benefits Expense:			
Salaries and wages	489,114	413,863	
Contribution to provident and other funds			
Total	489,114	413,863	
Note: 14-Finance Cost:			
Interest expense	857,859	1,231,764	
Net [Gain]/ Loss on foreign currency transactions and translation	(1,331)	3,932	
Bank commission & charges	6,512	5,758	
Total	863,040	1,241,454	
Note: 15- Depreciation			
Depreciation	16,992	16,446	
Total	16,992	16,446	
Note: 16-Other Expenses:			
Clinical Trial Expense [***]	10,065,276	8,328,895	
Power & fuel	1,113	875	
Insurance	6,424	6,535	
Rates and Taxes [excluding taxes on income]	43,196	3,110	
Traveling Expenses	22,275	127,775	
Legal and Professional Fees	136	-	
Miscellaneous Expenses	10,042	64,489	
Total	10,148,462	8,531,679	
[***]Above expenses includes Research related expenses as follows:			
Clinical Trial Expenses			
Total	10,065,276	8,328,895	
	10,065,276	8,328,895	
Note: 17-Calculation of Earnings per Equity Share [EPS]:			
The numerators and denominators used to calculate the basic and diluted EPS are as follows:			
A Loss attributable to Shareholders	USD	(11,517,608)	(10,203,443)
B1 Basic number of Equity shares outstanding during the year	Numbers	235,070	29,410
B2 Weighted average number of Equity shares outstanding during the year	Numbers	29,973	29,410
C Nominal value of equity share	AED	1,000	1,000
D1 Basic/ Diluted EPS	USD	(384.26)	(346.94)

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ZYDUS DISCOVERY DMCC
Notes to the Financial Statements

Note: 18-Segment Information:

The Chief operating Decision maker [CODM] reviews the Company as a single segment namely "Pharmaceutical Segment"
Therefore the segment reporting is not required.

Note: 19-Related Party Transactions:

A Name of the Related Parties and Nature of the Related Party Relationship:

<p>a Holding Company :</p> <p>b Fellow Subsidiaries :</p> <p>Zydu Healthcare Limited German Remedies Pharmaceuticals Private Limited Zydu Wellness Limited Zydu Wellness Products Limited Zydu Wellness International DMCC Liva Nutritions Limited Liva Investment Limited Zydu Animal Health and Investments Limited Dialforhealth Unity Limited Dialforhealth Greencross Limited Violio Healthcare Limited Zydu Pharmaceuticals Limited Biochem Pharmaceutical Private Limited Zydu Strategic Investments Limited Zydu VTEC Limited Zydu Foundation M/s. Recon Pharmaceuticals and Investments, a Partnership Firm Alidac Healthcare (Myanmar) Limited [Myanmar] Zydu Healthcare Philippines Inc. [Philippines] Zydu Lanka (Private) Limited [Sri Lanka] Windlas Healthcare Private Limited</p> <p>c Directors :</p> <p>Dr. Sharvil P. Patel Dr. Deven Parmar</p>	<p>Zydu Worldwide DMCC [Dubai]</p> <p>Zydu International Private Limited [Ireland] Zydu Netherlands B.V. [the Netherlands] Zydu Pharmaceuticals (USA) Inc. [USA] Nesher Pharmaceuticals (USA) LLC [USA] ZyVet Animal Health Inc. [USA] Zydu Healthcare (USA) LLC [USA] Sentyln Therapeutics Inc. [USA] Zydu Noveltch Inc. [USA] Hercon Pharmaceuticals LLC [USA] Viona Pharmaceuticals Inc. [USA] Zydu Therapeutics Inc. [USA] Zydu Healthcare S.A. (Pty) Ltd [South Africa] Simayla Pharmaceuticals (Pty) Ltd [South Africa] Script Management Services (Pty) Ltd [South Africa] Zydu France, SAS [France] Laboratorios Combix S.L. [Spain] Etna Biotech S.R.L. [Italy] Zydu Nikkho Farmaceutica Ltda. [Brazil] Zydu Pharmaceuticals Mexico SA De CV [Mexico] Zydu Pharmaceuticals Mexico Services Company SA De C.V.[Mexico] Windlas Inc [USA]</p> <p>Pradeep Agnihotri Mr. Ketankumar Bhut</p>
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ZYDUS DISCOVERY 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 and at arm's length terms:

a Details relating to parties referred to in Note 19-A [a, b, & c]	USD	
	As at	
Nature of Transactions	Mar 31,2021	Mar 31,2020
Purchase:		
Services:		
Zydu Healthcare (USA) LLC	565,117	521,178
Services:		
Director Fees	3,277	-
Finance:		
Interest Expense		
Zydu International Pvt. Ltd.	170,327	381,967
Zydu Worldwide DMCC	687,533	849,798
Finance:		
Inter Corporate Loans given/Received :		
Zydu Worldwide DMCC- Received	28,566,000	10,459,000
Inter Corporate Loans Repaid		
Zydu Worldwide DMCC - Converted to Equity	56,000,000	-
Zydu International Pvt Ltd - Repaid	12,100,000	-
Issue of Shares :		
Zydu Worldwide DMCC -Conversion of Loan into Equity	56,000,000	
Outstanding:		
Payable: (Loan Outstanding)		
Zydu International Pvt. Ltd. (Loan)	-	12,100,000
Zydu Worldwide DMCC (Loan)	-	27,434,000
Payable: (Interest & Other)		
Zydu Healthcare (USA) LLC (Other)	112,876	166,644
Zydu International Pvt. Ltd. (Interest)	-	586,282
Zydu Worldwide DMCC (Interest)	-	849,798

Zydus Discovery DMCC

I-Company overview:

Description of Business:

Zydus Discovery DMCC [the Company] 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 00001 , with Limited Liability. The company is engaged in the business of Pharmaceutical Researches, Marketing Management and studies and training in pharmaceutical products (outside UAE) [DMCC] vide License no. DMCC-061719 and DMCC-061720. The company has not commenced commercial activities till the year ended 31st March 2021

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 are in compliance with the Indian Accounting Standards [Ind AS] notified under the Companies [Indian Accounting Standards] Rules, 2015, as amended and other relevant provisions of the Companies Act, 2013.
- 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. 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.

b Impairment of assets and investments:

Significant judgment is involved in determining the estimated future cash flows from the investments, Property, plant and equipment and Goodwill to determine its value in use to assess whether there is any impairment in its carrying amount as reflected in the financials.

3 Property Plant & Equipment

- a** Property Plant & Equipment are stated at historical cost less accumulated depreciation and impairment loss.
- 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
Building	60 Years
Furniture and Fixtures	10 Years
Plant & Machinery	5 Years
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 Impairment

The Property, Plant and Equipment and Intangible assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. For the purposes of assessing impairment, the assets are grouped at the lowest levels for which there are separately identifiable cash flows which are largely independent of the cash inflows from other assets or groups of assets [cash generating units]. Non-financial assets other than Goodwill that suffered an impairment loss are reviewed for possible reversal of impairment at the end of each reporting period. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

5 Employee Benefits**Short term Obligations :**

Liabilities for wages and salaries, including leave encashment that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' service up to the end of the reporting period and are measured by the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current.

6 Foreign Currency [Currency other than company's functional currency] Transactions:

Foreign currency transactions are recorded in USD at the approximate 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.

7 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

8 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 ancilliary 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.

9 Intangible Assets:

- A** Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.
- 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.
- C** Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.
- D** An item of intangible asset initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on de-recognition of the asset [calculated as the difference between the net disposal proceeds and the carrying amount of the asset] is included in the Statement of profit and loss when the asset is derecognised.

10 Research and Development Cost:

- A** Expenditure on research and development is charged to the Statement of Profit and Loss of the year in which it is incurred.
- B** Capital expenditure on research and development is given the same treatment as Property, Plant and Equipment.

11 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.

12 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.

13 Covid 19 Impact:

The World Health Organisation [WHO] declared Covid-19 to be a global pandemic in March 2020. Majority of the countries across the globe were into lockdown situation all throughout April 2020 and major part of May 2020, impacting business operations across various sectors with severe restrictions on movement of people and goods.

The Company has implemented several initiatives across its manufacturing and other business locations including allowing work from homes, social distancing at work places and proper sanitization of work places etc. for ensuring safety of its employees and continuity of its business operations with minimal disruption. The Company operates in manufacturing and selling of pharmaceutical products, which are classified as essential commodities and hence its operations continued to be run with fewer challenges on people movement and supply chain.

As per the current assessment of the situation based on the internal and external information available up to the date of approval of these financial statements by the Board of Directors, the Company believes that the impact of Covid-19 on its business, assets, internal financial controls, profitability and liquidity, both present and future, would be limited and there is no indication of any material impact on the carrying amounts of inventories, goodwill, intangible assets, trade receivables, investments and other financial assets. The eventual outcome of the impact of the global health pandemic may be different from those estimated as on the date of approval of these financial statements and the Company will closely monitor any material changes to the economic environment and their impact on its business in the times to come.

14 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.