B S R & Co. LLP
Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai – 400063, India

Telephone: +91 (22) 6257 1000
Fax: +91 (22) 6257 1010

Independent Auditors' Report

To the Board of Directors of Ajanta Pharma Limited

Report on the Financial Statements

Opinion

At the request of Ajanta Pharma Limited (APL), the Holding Company of Ajanta Pharma USA Inc. ('APUI' or 'the Company'), registered as a limited liability Company in New Jersey, United States of America, we have audited the financial statements of the Company, which comprise the Balance sheet as at 31 March 2023, the Statement of Profit and Loss (including other 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 information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give a true and fair view in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act') read with Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2023, and profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SA) specified under section 143(10) of the Act. Our responsibilities under those SAs 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 Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements, 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 opinion on the financial statements.

Other Matter-Restriction on Use

These financial statements are prepared for the use of the Company and the Holding Company, Ajanta Pharma Limited, to comply with the requirements of the Act. These financial statements are not the statutory financial statements of the Company. As a result, these financial statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted, or referred to, in correspondence or discussion, in whole or in part to anyone other than the purpose for which it has been issued without our prior written consent.

Independent Auditors' Report *(Continued)*

Ajanta Pharma Limited

Management's and Board of Directors' Responsibility for the Financial Statements

The Holding Company, APUI's Management and their Board of Directors are responsible for the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss (including other comprehensive Income), changes in equity and cash flows of the Company in accordance with Indian Accounting Standards (Ind AS) prescribed under section 133 of the Companies Act, 2013 ('the Act') read with the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of schedule III (Division II) to the Companies Act, 2013, as applicable, to the financial statements. This responsibility also includes maintenance of adequate accounting records 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Holding Company, APUI's Management and the Board of Directors are 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.

Auditors' Responsibility 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 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 financial statements.

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

- Identify and assess the risks of material misstatement of the 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 in the financial statements made by the Management and Board of Directors.

Independent Auditors' Report *(Continued)*

Ajanta Pharma Limited

Auditors' Responsibility for the Audit of the Financial Statements *(Continued)*

- Conclude on the appropriateness of Management and Board of Directors 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 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.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No: 111410
UDIN: 23111410BGYAUD9304

Mumbai
05 May 2023

Ajanta Pharma USA Inc

Balance Sheet
as at 31 March 2023

(Currency: USD)

	Note	31 March 2023 USD	31 March 2022 USD
Assets			
Non-current assets			
Property, plant and equipment	7	547,991	564,733
Other intangible assets	7	343,678	414,555
Right-of-use assets	7	55,910	223,640
Deferred tax assets (net)	8	9,168,156	3,826,396
Income tax assets (net)	9	-	1,324,066
Total non-current assets		10,115,735	6,353,390
Current assets			
Inventories	10	21,394,579	27,147,919
Financial assets			
Trade receivables	11	72,698,524	80,559,579
Cash and cash equivalents	12	3,245,971	3,841,566
Other current assets	13	430,121	659,616
Total current assets		97,769,195	112,208,680
Total assets		107,884,930	118,562,070
Equity and Liabilities			
Equity			
Equity share capital	14	1,000,000	1,000,000
Other equity	15	11,387,812	9,950,221
Total equity		12,387,812	10,950,221
Liabilities			
Non current liabilities			
Financial liabilities			
Lease liabilities	16	-	79,082
Current liabilities			
Financial liabilities			
Lease liabilities	17	79,080	176,449
Trade payables	18	72,631,874	87,374,491
Other financial liabilities	19	16,871,641	16,168,901
Other current liabilities	20	3,286,478	3,812,926
Current tax liabilities (net)	21	2,628,045	-
Total current liabilities		95,497,118	107,532,767
Total liabilities		95,497,118	107,611,849
Total equity and liabilities		107,884,930	118,562,070

Significant accounting policies	1 to 6
The note referred to above form an integral part of financial statement	7 to 41

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No: 111410

Mumbai
5 May 2023

For and on behalf of Board of Directors of Ajanta Pharma USA Inc.

AJANTA PHARMA USA INC ★ CORPORATE SEAL ★ NEW JERSEY

Yogesh M. Agrawal
Director
DIN : 00073673

Mumbai
5 May 2023

Ajanta Pharma USA Inc

Statement of Profit and Loss Account

for the year ended 31 March 2023

(Currency: USD)

	Note	31 March 2023 USD	31 March 2022 USD
Income			
Revenue from operations	22	104,814,084	93,477,486
Other income	23	-	52,664
Total income		104,814,084	93,530,150
Expenses			
Purchase of stock-in-trade	24	81,920,958	78,422,274
Changes in inventories of finished goods/work-in-progress/stock-in-trade	25	5,753,340	(260,332)
Employee benefits expense	26	5,645,743	4,683,599
Finance costs	27	58,863	110,797
Depreciation and amortisation expense	28	308,682	283,287
Other expenses	29	9,269,025	6,710,435
Total expenses		102,956,611	89,950,060
Profit before tax		1,857,473	3,580,090
Tax expense			
For current year		5,761,640	1,179,596
For earlier years (Deferred Tax)		-	24,864
Deffered tax		(5,341,759)	(415,253)
Profit for the year		1,437,592	2,790,883
Other comprehensive income / (loss)			
Items that will be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		-	-
Income tax relating to items that will be reclassified to profit or loss		-	-
Net other comprehensive income / (loss) to be reclassified subsequently to profit or loss		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent years			
Re-measurement gains (losses) on defined benefit plans		-	-
Income tax relating to items that will not be reclassified to profit or loss		-	-
Net other comprehensive income not to be reclassified to profit or loss in subsequent years		-	-
Other comprehensive income / (loss) for the year, net of tax		-	-
Total comprehensive income for the year		1,437,592	2,790,883
There are no exceptional items and discontinuing operations.			
Earning Per Equity Share (Basic & Diluted) (Face Value USD 100/-)	31	143.76	279.09
Significant accounting policies	1 to 6		
The note referred to above form an integral part of financial statement	7 to 41		

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No: 111410

Mumbai
5 May 2023

For and on behalf of Board of Directors of Ajanta Pharma USA Inc.

Yogesh M. Agrawal
Director
DIN : 00073673

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

Mumbai
5 May 2023

Ajanta Pharma USA Inc

Statement of cashflow

for the year ended 31 March 2023

(Currency: USD)

		31 March 2023 USD	31 March 2022 USD
A.	**Cash flow from operating activities**		
	Profit before tax	1,857,473	3,580,090
	Adjustment for		
	Depreciation and amortisation expense	308,682	283,287
	Finance costs	58,863	110,797
	Provision for expired goods	702,740	5,574,566
	Employee stock option expense	-	-
	Operating cash flow before working capital changes	2,927,758	9,548,740
	Changes in working capital		
	Decrease / (Increase) in trade receivable	7,861,055	(28,287,027)
	Decrease in other current assets	229,495	227,192
	Decrease / (Increase) in inventories	5,753,340	(260,332)
	(Decrease) in other current liabilities	(526,448)	(805,607)
	(Decrease) / Increase in trade payables	(14,742,617)	23,932,269
	Cash generated from operations	1,502,583	4,355,235
	Net income tax (paid)	(1,809,530)	(4,425,849)
	Net cash flow generated from operating activities	(306,947)	(70,614)
B.	**Cash flow from investing activities**		
	Capital expenditure on property, plant and equipment including capital advances	(53,334)	(82,897)
	Net cash used in investing activities	(53,334)	(82,897)
C.	**Cash flow from financing activities**		
	Repayment of lease liability (including interest thereon)	(176,451)	(200,208)
	Interest paid	(58,863)	(87,039)
	Net cash used in / from financing activities	(235,314)	(287,247)
	Net (decrease) / increase in cash and cash equivalents (A + B + C)	(595,595)	(440,758)
	Cash and cash equivalents as at the beginning of the year	3,841,566	4,282,324
	Cash and cash equivalents as at the end of the year	3,245,971	3,841,566
	Figures in brackets indicates outflow		

Note :

1. The above Cash Flow Statement has been prepared under 'Indirect Method' as set out in Accounting Standard 7 (Ind AS - 7) "Statement of Cash Flow" under Section 133 of the Companies Act 2013

2. Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition).

Significant accounting policies

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No: 111410

Mumbai
5 May 2023

For and on behalf of Board of Directors of Ajanta Pharma USA Inc.

Yogesh M. Agrawal
Director
DIN : 00073673

Mumbai
5 May 2023

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

Ajanta Pharma USA Inc

Statement of Changes in Equity

for the year ended 31 March 2023

(Currency: USD)

A. Equity Share Capital (Refer note 14)

	Balance as at 01 April 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at 31 March 2023
Authorised :	1,000,000	-	1,000,000	-	1,000,000
Issued :	1,000,000	-	1,000,000	-	1,000,000
Subscribed & Paid up:	1,000,000	-	1,000,000	-	1,000,000

	Balance as at 01 April 2021	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at 31 March 2022
Authorised :	1,000,000	-	1,000,000	-	1,000,000
Issued :	1,000,000	-	1,000,000	-	1,000,000
Subscribed & Paid up:	1,000,000	-	1,000,000	-	1,000,000

B. Other equity (Refer note 15)

Particulars	General Reserve	Share Based Payment Reserve	Retained Earnings	Foreign Currency Translation Reserve	Equity contribution from Holding Company	Other items of other comprehensive income	Total	Non-Controlling Interests	Total Equity
As at 1 April 2021	(1,567,902)	-	8,591,502	-	135,738	-	7,159,339	-	7,159,339
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2020	(1,567,902)	-	8,591,502	-	135,738	-	7,159,339	-	7,159,339
Profit for the period	-	-	2,790,883	-	-	-	2,790,883	-	2,790,883
Other comprehensive income	-	-		-	-	-	-	-	-
Total comprehensive income	-	-	2,790,883	-	-	-	2,790,883	-	2,790,883
Stock options of holding company granted	-	-	-	-	-	-	-	-	-
At 31 March 2022	(1,567,902)	-	11,382,386	-	135,738	-	9,950,222	-	9,950,222
Changes in accounting policy/prior period errors	-	-	-	-	-	-	-	-	-
Restated balance as at 1 April 2021	(1,567,902)	-	11,382,386	-	135,738	-	9,950,222	-	9,950,222
Profit for the period			1,437,592				1,437,592	-	1,437,592
Other comprehensive income	-	-	-	-	-	-	-		-
Total comprehensive income	-	-	1,437,592	-	-	-	1,437,592	-	1,437,592
At 31 March 2023	(1,567,902)	-	12,819,977	-	135,738	-	11,387,814	-	11,387,814

AJANTA PHARMA USA INC * NEW JERSEY * CORPORATE SEAL

BSR & Co. LLP 14th Floor, Central B Wing and North C Wing, Nesco IT Park, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063 Chartered Accountants

Ajanta Pharma USA Inc

Statement of Changes in Equity
for the year ended 31 March 2023

(Currency: USD)

Nature of Reserves

a) General Reserve
The General reserve is used from time to time to transfer profits from retained earnings for appropriation purposes

b) Retained Earnings
Retained Earnings are the profits that the Company has earned till date less any transfer to general reserve, dividends or other distributions paid to shareholders

c) Equity Contribution from Holding Company
The fair value of options granted by Parent company to employees of the company are recognised as Equity Contribution from Holding Company.

The accompanying notes form an integral part of the financial statements

For B S R & Co. LLP
Chartered Accountants
Firm Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No: 111410

Mumbai
5 May 2023

For and on behalf of Board of Directors of
Ajanta Pharma USA Inc.

Yogesh M. Agrawal
Director
DIN : 00073673

Mumbai
5 May 2023

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

Ajanta Pharma USA Inc.

Notes to the Financial Statements as on 31 March 2023

1. Corporate Information

Ajanta Pharma USA Inc. is a limited liability company incorporated and domiciled in United States of America and is a wholly owned subsidiary of Ajanta Pharma Ltd., India. The address of its registered office is located at 440, US Highway, 22, East Bridgewater, New Jersey 08807, USA.

Company is primarily involved in the business of pharmaceutical and related activities.

2. Basis of preparation

Statement of Compliance

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of the Indian Companies Act, 2013 ("the Act").
These financial statements do not constitute a set of statutory financial statements in accordance with the local laws in which the Company is incorporated and are prepared for the sole purpose of the Consolidation of Ind AS financial statements of the Company with Ajanta.

The financial statements have been prepared on an accrual basis and under the historical cost basis, except otherwise stated.

The Financial Statement for the year ended 31 March 2023 have been reviewed by the Audit Committee and subsequently approved by Board of Directors of Ajanta Pharma USA Inc at its meeting held on 5 May 2023.

3. Use of estimates and judgements:

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and under lying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in current and future periods.

The areas involving estimates or judgements are as follows:

Property, Plant and equipment

Useful lives of tangible assets, as determined by the company and assessed on an annual basis, is based on the life prescribed in Schedule II of the Act. In cases, where the useful lives are different from that prescribed in Schedule II of the Companies Act, 2013, prevalent in India, they are based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers' warranties and maintenance support.

Intangible Assets

Internal technical or user team assess the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

BSR & Co. LLP
Chartered Accountants

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management deems them not collectible. Impairment is made on the expected credit loss model.

The impairment provisions for financial assets are based on assumption about risk of default and expected loss rates. Judgement in making these assumptions and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

Allowances for inventories

Management reviews the inventory age listing on a periodic basis. The review involves comparison of the carrying value of the aged inventory items. The purpose is to ascertain whether an allowance is required to be made in the financial statement for any obsolete and slow-moving items. Management is satisfied that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

Management also reviews net realizable value for all its inventory and is satisfied that adequate allowance has been made in the financial statements.

Recognition of deferred tax assets and income tax

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

Impairment reviews

An impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, long term growth rates; and the selection of discount rates to reflect the risks involved

BSR & Co. LLP Chartered Accountants

AJANTA PHARMA USA INC. CORPORATE SEAL NEW JERSEY

Amounts deducted from revenue for the projected chargeback, sales returns, rebates and Medicaid

The significant adjustments to the revenue are broadly explained below:

(a) A chargeback is a claim made by the wholesaler for the difference between the prices at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the company. Provision for chargeback is calculated on the basis of historical experience and specific terms in the agreements

(b) Sales return is variable consideration that is recognised and recorded based on historical experience, market conditions and provided for in the year of sale as reduction from revenue. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in line with trade practices, historical trends, past experience and projected market conditions.

(c) Provision for rebate is calculated on the basis of historical experience and specific terms in the agreements. Charge back, rebates, returns and medicaid payments are variable consideration that is recognised and recorded based on historical experience, market conditions and specific contractual terms. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices historical trends, past experience and projected market conditions.

(d) Following a decrease in the price of a product, the Company generally grants customers a "shelf stock adjustment" for a customer's existing inventory for the involved product. Provisions for shelf stock adjustments are determined at the time of the price decline or at the point of sale, if the impact of a price decline on the products sold can be reasonably estimated based on the customer's inventory levels of the relevant product.

4. Functional and Presentation Currency

These financial statements are presented in United States Dollars (USD) which is also the functional currency. All the amounts have been rounded off to the nearest USD, unless otherwise indicated.

5. Current / non-current classification

An entity shall classify an asset as current when-

(a) it expects to realise the asset, or intends to sell or consume it, in its normal operating cycle;

(b) it holds the asset primarily for the purpose of trading;

(c) it expects to realise the asset within twelve months after the reporting period; or

(d) the asset is cash or a cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

An entity shall classify all other assets as non-current.

An entity shall classify a liability as current when-

(a) it expects to settle the liability in its normal operating cycle;

(b) it holds the liability primarily for the purpose of trading;

(c) the liability is due to be settled within twelve months after the reporting period; or

BSR & Co. LLP 14th Floor, Central B Wing and North C Wing, Nesco IT Park4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063 Chartered Accountants

AJANTA PHARMA USA INC CORPORATE SEAL NEW JERSEY

(d) it does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

An entity shall classify all other liabilities as non-current.

Operating Cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

6. Significant Accounting Policies

6.1 Property, Plant and Equipment

Property, Plant and Equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Depreciation is calculated on the straight-line method to write off the cost of assets, to their residual values over their estimated useful life as follows:

Particulars	Useful Life
Building	27.5 years
Furniture, Fixtures & Fittings	10 years
Computer Software's	5 years

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at each end of reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

Intangible Assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the assets can be measured reliably.

Intangible assets are carried at cost less accumulated amortisation and impairment losses, if any. Internally generated intangibles, excluding capitalised development costs, are not capitalised and the related expenditure is reflected in Statement of profit and loss in the period in which the expenditure is incurred.

Software is amortised over their estimated useful life on straight line basis from the date they are available for intended use, subject to impairment test.

AJANTA PHARMA USA INC. CORPORATE SEAL NEW JERSEY

BSR & Co. LLP Chartered Accountants

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates.

Gains or losses arising from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the assets are derecognised.

Impairment on non-financial assets

The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows (i.e. corporate assets) are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

An impairment loss in respect of assets for which impairment loss has been recognized in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

6.2 Financial Instruments

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

Financial Assets

Classification

Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial Recognition and Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

AJANTA PHARMA USA INC. CORPORATE SEAL NEW JERSEY

BSR & Co. LLP Chartered Accountants

Subsequent Measurement

For the purpose of subsequent measurement, financial assets are classified in two broad categories:

- Financial assets at fair value (FVTPL / FVTOCI)
- Financial assets at amortised cost

When assets are measured at fair value, gains and losses are either recognised in the statement of profit and loss (i.e. fair value through profit or loss (FVTPL)), or recognised in other comprehensive income (i.e. fair value through other comprehensive income (FVTOCI)).

Financial Assets measured at Amortised Cost (net of any write down for impairment, if any)

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Statement of profit and loss.

Financial Assets measured at Fair Value through Other Comprehensive Income ("FVTOCI")

Financial assets under this category are measured initially as well as at each reporting date at fair value, when asset is held within a business model, whose objective is to hold assets for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

Financial Assets measured at Fair Value through Profit or Loss ("FVTPL"):

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

Derecognition of Financial Assets

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or Company has transferred its rights to receive cash flows from the asset.

Impairment of Financial Assets

In accordance with Ind - AS 109, Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments and trade receivables.

Financial Liabilities

Classification

Company classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

Initial Recognition and Measurement

All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

6.3 Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the moving weighted average basis, and includes expenditure incurred in acquiring the inventories and other costs incurred in bringing them to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated selling expenses.

The comparison of cost and net realisable value is made on an item-by-item basis. The Company considers various factors like shelf life, ageing of inventories, product discontinuation, price changes and other factors which impact the company's business in determining the allowance for obsolete, non-saleable and slow, non-moving inventories. The company considers the above factor and adjusts the inventory provision to reflect its actual performance on actual basis. Goods in transit are valued at actual cost incurred up to the date of balance sheet.

6.4 Cash and cash Equivalents

Cash and Cash Equivalents comprise of cash on hand and cash at bank including fixed deposit/highly liquid investments with original maturity period of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

AJANTA PHARMA USA INC. CORPORATE SEAL NEW JERSEY

BSR & Co. LLP Chartered Accountants

6.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of the Company are segregated.

6.6 Foreign Currency Transactions

Transactions in foreign currencies are translated into the Company's functional currency at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are not translated. Foreign currency exchange differences are generally recognised in the statement of profit and loss.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous Financial Statements are recognised in the Statement of Profit and Loss in the period in which they arise. When a gain or loss on a non-monetary item is recognised in Other Comprehensive Income, any exchange component of that gain or loss is recognised in Other Comprehensive Income. Conversely, when a gain or loss on a non-monetary item is recognised in Statement of Profit and Loss, any exchange component of that gain or loss is recognised in Statement of Profit and Loss.

6.7 Revenue Recognition

Sale of Goods

The Company applied Ind AS 115 using the modified retrospective approach.

Revenue is measured based on the transaction price adjusted for chargebacks, discounts and rebates, which is specified in a contract with customer. Revenue are net of estimated returns and taxes collected from customers.

Revenue from sale of goods is recognized at point in time when control is transferred to the customer and it is probable that consideration will be collected. Control of goods is transferred upon the shipment of the goods to the customer or when goods is made available to the customer.

The transaction price is documented on the sales invoice and payment is generally due as per agreed credit terms with customer.

The consideration can be fixed or variable. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

Interest income is recognised on time proportion basis. Insurance and other claims are recognised as a revenue on certainty of receipt on prudent basis. Export benefits available under prevalent schemes are accounted to the extent considered receivable.

AJANTA PHARMA USA INC. CORPORATE SEAL NEW JERSEY

BSR & Co. LLP Chartered Accountants

Dividend income is recognised when the Entity's right to receive the payment is established, which is generally when shareholders approve the dividend.

6.8 Employee Benefits

Short-term Benefits - The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, Medicare contributions, and other non-monetary benefits. A liability is recognised for the amount expected to be paid, if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

Post-Employment Benefits – The Company provides a 401(k) retirement program for full-time employees who are 21 years of age or older. Eligible employees are entitled to participate in the company offered plan with an option to contribute up to the maximum of 3% of annual base salary. For employees with an annual base salary above the annual compensation limits, as determined by the Federal Internal Revenue Service (Federal), the annual APUI contribution will be capped at 3% of the Federal allowed annual compensation limits. All contributions are 100% vested immediately to the employee.

Share-based compensation

Employees Stock Options Plans ("ESOPs"): The grant date fair value of options granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The company recognizes compensation expense relating to share-based payments in net profit using fair-value in accordance with Ind AS 102, Share-Based Payment. The ESOPs (shares of holding company) are granted to the employees of the company.

Provisions (other than employee benefits)
A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

6.9 Borrowing Costs

Borrowing costs comprise of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of an asset that takes substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Transaction costs are charged to statement of profit and loss as financial expenses over the term of borrowing.

6.10 Lease

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

6.11 Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

6.12 Income Taxes

Income tax expense comprises current and deferred income tax.
Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the respective Country's tax rates and tax laws that have been enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

6.13 Dividends to Shareholders

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable is recognised directly in equity.

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

BSR & Co. LLP
14th Floor, Central B Wing and North C Wing, Nesco IT Park4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063
Chartered Accountants

6.14 Provisions, Contingent Liabilities, Contingent Assets and Commitments

General

Provisions (legal and constructive) are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If there is any expectation that some or all of the provision will be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any virtually certain reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimates is possible;
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not recognised but disclosed in the Financial Statements. Contingent assets are neither recognised nor disclosed in the Financial Statements.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets and Non-cancellable operating lease.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

6.15 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date in accordance with Ind AS 113.

Financials Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments in the nature of forward foreign exchange contracts are measured at fair value received from Bank.
- Mutual Funds are measured at fair values as per Net Asset Value (NAV).
- Employee Stock Option Plan (ESOP) at fair values as per Black Scholes option pricing model.

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

6.16 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

Ind AS 1 – Presentation of Financial Statements
The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes
The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company is evaluating the impact, if any, in its financial statements.

AJANTA PHARMA USA INC. CORPORATE SEAL NEW JERSEY

BSR & Co. LLP 14th Floor, Central B Wing and North C Wing, Nesco IT Park, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063 Chartered Accountants

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a revised definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

The Company will evaluate these amendments to give effect as required by law.

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

BSR & Co. LLP
14th Floor, Central B Wing and North C Wing, Nesco IT Park4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063
Chartered Accountants

Ajanta Pharma USA Inc

Notes to the Financial Statements (Continued)
as at 31 March 2023

(Currency: USD)

7 **Property, plant and equipment, capital work-in -progress, investment property and other intangible assets**

7.1 **Current Year**

	Particulars	Gross Block (Cost Or Deemed Cost)					Accumulated Depreciation/Amortisation					Net Block
		01 April 2022	Additions	Disposals	Adjustments	**31 March 2023**	**01 April 2022**	For the Year	Disposals	Adjustments	**31 March 2023**	**31 March 2023**
A	**Property, Plant and Equipment**											
	Freehold land	256,500	-	-	-	256,500	-	-	-	-	-	256,500
	Buildings	362,461	-	-	-	362,461	107,756	13,182	-	-	120,938	241,523
	Furniture and fixture	218,252	-	-	-	218,252	164,724	3,560	-	-	168,284	49,968
	Total	**837,214**	-	-	-	**837,214**	**272,481**	**16,742**	-	-	**289,223**	**547,991**
B	**Other intangible assets**											
	Computer software	600,142	53,334	-	-	653,476	185,587	124,210	-	-	309,797	343,678
	Total	**600,142**	**53,334**	-	-	653,476	**185,587**	**124,210**	-	-	309,797	**343,678**
	Total (A) + (B)	**1,437,355**	**53,334**	-	-	1,490,690	**458,069**	**140,952**	-	-	599,020	**891,669**
C	Intangible assets under development	164,367			-	164,367	164,367	-	-		164,367	-
	Total (A) + (B) + (C)											**891,669**

7.2 **Previous Year**

	Particulars	Gross Block (Cost Or Deemed Cost)					Accumulated Depreciation/Amortisation					Net Block
		01 April 2021	Additions	Disposals	Adjustments	31 March 2022	01 April 2021	For the Year	Disposals	Adjustments	31 March 2022	31 March 2022
A	**Property, Plant and Equipment**											
	Freehold land	256,500	-	-	-	256,500	-	-	-	-	-	256,500
	Buildings	362,461	-	-	-	362,461	94,581	13,175	-	-	107,756	254,705
	Furniture and fixture	203,964	14,288	-	-	218,252	153,671	11,053	-	-	164,724	53,528
	Total	**822,925**	**14,288**	-	-	**837,213**	**248,252**	**24,228**	-	-	**272,480**	**564,733**
B	**Other intangible assets**											
	Computer software	531,533	68,609	-	-	600,142	94,258	91,329	-	-	185,587	414,555
	Total	531,533	68,609	-	-	**600,142**	**94,258**	**91,329**	-	-	**185,587**	**414,555**
	Total (A) + (B)	**1,354,458**	**82,897**	-	-	**1,437,355**	**342,510**	**115,557**	-	-	**458,067**	**979,288**
C	Intangible assets under development	164,367	-	-	-	164,367	164,367	-	-	-	164,367	-
	Total (A) + (B) + (C)											**979,288**

AJANTA PHARMA USA INC CORPORATE SEAL NEW JERSEY

BSR & Co. LLP 14th Floor, Central B Wing and North C Wing, Nesco IT Park4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063 Chartered Accountants

Notes to the Financial Statements (Continued)
as at 31 March 2023

(Currency: USD)

7 Right-of-use asset

7.3 Current Year

Particulars		Gross Block (Cost Or Deemed Cost)				Accumulated Depreciation/Amortisation					Net Block
	1 April 2022	Additions	Disposals	Adjustments	31 March 2023	1 April 2022	For the Year	Disposals	Adjustments	31 March 2023	31 March 2023
Leasehold properties (refer note 33)	726,830	-	-		726,830	503,190	167,730	-		670,920	55,910
Total	726,830	-	-	-	726,830	503,190	167,730	-	-	670,920	55,910

7.4 Previous Year

Particulars		Gross Block (Cost Or Deemed Cost)				Accumulated Depreciation/Amortisation					Net Block
	1 April 2021	Additions	Disposals	Adjustments	31 March 2022	1 April 2021	For the Year	Disposals	Adjustments	31 March 2022	31 March 2022
Leasehold properties (refer note 33)	726,830	-	-	-	726,830	335,460	167,730	-	-	503,190	223,640
Total	726,830	-	-	-	726,830	335,460	167,730	-	-	503,190	223,640

Notes to the Financial Statements (Continued)
as at 31 March 2023

(Currency: USD)

		31 March 2023 USD	31 March 2022 USD
8 Defered tax assets (net)			
The tax effects of significant temporary difference that resulted in deferred tax asset and liabilities and a description of that created these difference in given below: (refer note 39)			
Tax effect of items constituting - Deferred tax assets			
Leave Encashment	(A)	27,174	32,678
Provision for Loss Allowance	(B)	45,083	45,239
Stock option	(C)	(9,097)	(9,129)
Chargebacks, Rebates, Admin Fees	(D)	5,452,190	253,551
263A Capitalization Cost	(E)	25,976	35,028
Sales Return for expired Goods	(F)	3,667,426	3,525,999
Tax effect of items constituting - Deferred tax liabilities			
Difference in tax base of property, plant and equipment	(G)	40,596	56,970
Deferred tax assets (net)	(A+B+C+D+E+F)-(G)	9,168,156	3,826,396
		9,168,156	3,826,396
9 Income tax assets (net)			
Income tax paid (net provision USD 1,179,596)		-	1,324,066
		-	1,324,066
10 Inventories			
Stock-in-Trade (including in transit USD 541,943, 31 March 2022 USD 865,620)		21,394,579	27,147,919
		21,394,579	27,147,919

During the year, the group recorded inventory write downs of USD 116,702 (31 March 2022 USD 976,888). These adjustments were included in cost of material consumed and changes in inventories.

		31 March 2023 USD	31 March 2022 USD
11 Trade receivables			
Unsecured, considered good unless otherwise stated			
-Trade receivables considered good		72,698,524	80,559,579
Trade receivables which have significant increase in credit risk		-	-
Trade receivables credit impaired		-	-
		72,698,524	80,559,579
Less: Loss allowance		-	-
		72,698,524	80,559,579
Total Trade receivables		72,698,524	80,559,579

(There are no other trade receivables which have significant increase in credit risk, Refer note 33 for information about credit risk and market risk of trade receivables)

The loss allowance on trade receivable has been computed on the basis of Ind AS 109, Financial Instruments which require such allowance to be made even for trade receivable considered good on the basis that credit risk exists even though it may be very low. The Company's exposure to credit and currency risk and loss allowance related to trade receivable are disclosed in note 33)

AJANTA PHARMA USA INC CORPORATE SEAL NEW JERSEY

BSR & Co. LLP 14th Floor, Central B Wing and North C Wing, Nesco IT Park, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063 Chartered Accountants

Notes to the Financial Statements (Continued)
as at 31 March 2023

(Currency: USD)

	31 March 2023 USD	31 March 2022 USD
12 Cash and cash equivalents		
Cash and cash equivalents		
Balance with banks - in current accounts	3,245,971	3,841,566
	3,245,971	3,841,566
13 Other current assets		
Prepaid expense	429,577	659,062
Advances to suppliers	151	455
Advances to employees	393	99
	430,121	659,616

14 Equity share capital

	31 March 2023 Number of Shares	USD	31 March 2022 Number of Shares	USD
Authorised :				
Common Stocks of USD 100 each	10,000	1,000,000	10,000	1,000,000
Issued, Subscribed & Paid up :				
Common Stocks of USD 100 each fully Paid up	10,000	1,000,000	10,000	1,000,000

(a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year :

	31 March 2023 Number of Shares	USD	31 March 2022 Number of Shares	USD
Number of shares outstanding as at the beginning of the year	10,000	1,000,000	10,000	1,000,000
Add : Number of shares allotted as fully paid-up during the year	-	-	-	-
Less: Number of shares bought back during the year	-	-	-	-
Number of shares outstanding as at the end of the year	10,000	1,000,000	10,000	1,000,000

(b) Rights, preferences and restrictions attached to shares

The company has issued only one class of equity shares with voting rights having a par value of USD 100 per share.

The company has not declared any dividend.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company.

The distribution will be in proportion to the numbers of equity shares held by shareholders.

(c) Details of equity shareholders holding more than 5% / Holding company

Name of Shareholder	31 March 2023 Number of Shares	% holding	31 March 2022 Number of Shares	% holding
Ajanta Pharma Ltd., India	10,000	100.00	10,000	100.00
(d) Shares reserved for issue under options	Nil	Nil	Nil	Nil

AJANTA PHARMA USA INC CORPORATE SEAL NEW JERSEY

BSR & Co. LLP 14th Floor, Central B Wing and North C Wing, Nesco IT Park4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063 Chartered Accountants

Ajanta Pharma USA Inc

Notes to the Financial Statements (Continued)
as at 31 March 2023

(Currency: USD)

	31 March 2023 USD	31 March 2022 USD
15 Other equity		
General reserve		
Balance at the beginning of the year	(1,567,902)	(1,567,902)
Add : Transferred from Statement of Profit & Loss	-	-
Balance as at the year end	(1,567,902)	(1,567,902)
Exchange Fluctuation Reserve		-
Equity contribution from Holding Company		
Employee stock options		
Balance at the beginning of the year	135,738	135,738
Charge during the year	-	-
Balance as at the year end	135,738	135,738
Retained earnings		
Balance at the beginning of the year	11,382,385	8,591,502
Profit for the year	1,437,592	2,790,883
Balance at the year end	12,819,975	11,382,385
Total other equity	11,387,812	9,950,221
16 Lease liabilities (non current)		
Lease liabilities (refer note 34)	-	79,082
	-	79,082
17 Lease liabilities (current)		
Lease liabilities (refer note 34)	79,080	176,449
	79,080	176,449
18 Trade payables		
Trade payables to related party (refer note 37)	69,296,746	87,374,491
Other Payables	3,335,127	-
	72,631,874	87,374,491
19 Other financial liabilities (current)		
Provision for return of Expired goods (Refer note 35)	16,871,641	16,168,901
	16,871,641	16,168,901
20 Other current liabilities		
Others payables	3,286,478	3,812,926
	3,286,478	3,812,926

AJANTA PHARMA USA INC CORPORATE SEAL NEW JERSEY

BSR & Co. LLP 14th Floor, Central B Wing and North C Wing, Nesco IT Park4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063 Chartered Accountants

Ajanta Pharma USA Inc

Notes to the Financial Statements (Continued)
as at 31 March 2023

(Currency: USD)

			31 March 2023 USD	31 March 2022 USD
21	**Current tax liabilities (net)**			
	Provision for tax (net of advance tax USD 1,836,687 (31 March 2022 USD Nil))		2,628,045	-
			2,628,045	-
22	**Revenue from operations**			
	Sale of products			
	Stock-in-Trade		104,814,084	93,477,486
			104,814,084	93,477,486
	Reconciliation of revenue from operations with contracted parties:			
	Contracted price		542,922,837	472,777,783
	Adjustments			
	- Chargeback, rebates and discounts		415,521,501	358,275,514
	- Sales return		6,715,269	7,326,142
	- Others		15,871,984	13,698,641
	Sale of products		104,814,084	93,477,486
23	**OTHER INCOME**			
	Miscellaneous Income		-	52,664
			-	52,664
24	**a. Purchase of stock-in-trade (Related party)**		81,920,958	78,422,274
	b. Purchase of stock-in-trade (Others)		-	-
25	**Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade**			
	Inventories at the end of the year :			
	Stock-in-trade		21,394,579	27,147,919
		(A)	21,394,579	27,147,919
	Inventories at the beginning of the year :			
	Stock-in-trade		27,147,919	26,887,587
		(B)	27,147,919	26,887,587
	Effect of foreign exchange translation			
	Stock-in-trade			
		(C)	-	-
	Total changes in inventories of finished goods, work-in-progress			
	Stock-in-trade		5,753,340	(260,332)
	Total changes in inventories of finished goods, work-in-progress and stock-in-trade :	(B) - (A) + (C)	5,753,340	(260,332)

AJANTA PHARMA USA INC · CORPORATE SEAL · NEW JERSEY

BSR & Co. LLP · 14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063 · Chartered Accountants

Ajanta Pharma USA Inc

Notes to the Financial Statements (Continued)
as at 31 March 2023

(Currency: USD)

	31 March 2023 USD	31 March 2022 USD
26 Employee benefit expense		
Salaries, wages, bonus and allowances	4,855,328	3,955,951
Employee welfare expenses	375,162	253,879
Contribution to statutory funds (refer note 32)	415,253	473,769
	5,645,743	4,683,599
27 Finance costs		
Interest expenses	-	-
Interest on Lease liability (refer note 34)	-	23,757
Other borrowing cost *	58,863	87,040
	58,863	110,797

* Includes Guarantee Commission of USD Nil (31 March 2022 : 70,194) (refer note 37)

	31 March 2023 USD	31 March 2022 USD
28 Depreciation and amortisation expense		
Depreciation of property, plant and equipment (Refer note 7)	16,742	24,228
Amortisation of intangible assets (Refer note 7)	124,210	91,329
Depreciation of right-of-use assets (Refer note 7)	167,730	167,730
	308,682	283,287
29 Other Expenses		
Clearing and forwarding	6,602,916	4,319,094
Selling expenses	984,987	1,182,584
Insurance	306,937	298,366
Travelling expenses	304,278	82,816
Telephone, telex & postage	525,842	437,214
Legal and Professional Fees	438,269	227,450
Repairs to others	2,727	37,390
Power and fuel	3,283	3,338
Impairment loss on financial assets	2,724	38,672
Miscellaneous expenses	97,062	83,513
	9,269,025	6,710,435

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

BSR & Co. LLP
14th Floor,
Central B Wing and
North C Wing,
CHARTERED ACCOUNTANTS

(Currency: USD)

30. Capital Management

Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return (EBIT) on capital, as well as the level of dividends to equity shareholders. The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The Company determines the capital requirement based on annual operating plans and long-term and other strategic investment plans.

Company monitors capital using a ratio of 'adjusted net debt' to 'total equity'. For this purpose, adjusted net debt is defined as debt less cash and cash equivalents and current investments. Adjusted equity comprises all components of equity.

Company's policy is to keep the Net debt equity ratio below 1.00 and its adjusted net debt to equity ratio at 31 March 2023 was as follows.

USD

Particulars		**31 March 2023**	**31 March 2022**
Total Borrowing		-	-
Less: cash and cash equivalents		3,245,971	3,841,566
Adjusted net debt	A	(3,245,971)	(3,841,566)
Equity	B	12,387,812	10,950,220
Adjusted net debt to Equity ratio	**A/B**	(0.26)	(0.35)

31. Earnings Per share (EPS):

The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

Particulars		**31 March 2023**	31 March 2022
Basic and diluted earnings per share:			
Profit attributable to Equity shareholders- for Basic EPS (USD)	A	1,437,592	2,790,883
Add: Dilutive effect on profit (USD)	B	-	-
Profit attributable to Equity shareholders for computing Diluted EPS (USD)	C=A-B	1,437,592	2,790,883
Weighted average number of equity shares outstanding - for basic EPS	D	10,000	10,000
Add: Dilutive effect of option outstanding- Number of Equity Shares	E	-	-
Weighted average number of equity shares for diluted EPS	F=D+E	10,000	10,000
Face value per equity share (USD)		100	100
Basic earnings per share (USD)	A/D	143.76	279.09
Diluted earnings per shares (USD)	C/F	143.76	279.09

AJANTA PHARMA USA INC CORPORATE SEAL NEW JERSEY

BSR & Co. LLP Chartered Accountants

(Currency: USD)

32. Employee benefits

As required by Ind AS 19 'Employee Benefits', the Company offers its employees: Short-term employee benefits - These benefits include salaries and wages and other government contributions which are due within 12 months after the end of the period in which employee renders the related service. The Company's accrual on account of vacation liabilities amounted to USD 125,044 (31 March 2022 USD 149,847).

Retirement plan - The Company provides a 401(k)-retirement program for full-time employees who are 21 years of age or older. Eligible employees are entitled to participate in the company offered plan with an option to contribute up the maximum 3% of annual base salary. For employees with an annual base salary above the annual compensation limits, as determined by the Federal Internal Revenue Service (Federal), the annual APUI contribution will be capped at 3% of the Federal allowed annual compensation limits. All contributions are 100% vested immediately to the employee. The company also provides a profit-sharing contribution in to the 401(k) account which is discretionary. The total expense for employee retirement benefit plan including the profit-sharing contribution for the year ended 31 March 2023 was USD 415,253 (31 March 2022: USD 473,769). No further liabilities other than contribution made.

33. Financial Instrument – fair values and risk management

Fair value measurements — USD

	31 March 2023	31 March 2022
Financial instruments by category	**Amortised Cost**	Amortised Cost
Financial assets		
Trade receivables	**72,698,524**	80,559,579
Cash and cash equivalents	**3,245,971**	3,841,566
Total financial assets	**75,944,495**	84,401,145
Financial liabilities		
Lease liabilities	**79,080**	255,531
Other current financial liabilities	**16,871,641**	16,168,902
Trade payables	**72,631,874**	87,374,491
Total financial liabilities	**89,582,595**	103,798,924

There are no financial instruments classified as Fair Value through profit and loss and fair value through other comprehensive income. Fair value measurement of lease liabilities is not required.

A. Financial risk management

Company has exposure to following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk

AJANTA PHARMA USA INC CORPORATE SEAL NEW JERSEY

BSR & Co. LLP Chartered Accountants

(Currency: USD)

33. Financial Instrument – fair values and risk management *(Continued)*

Risk management framework

The Company's activities are exposed to financial risks. These risks include market risk, credit risks and liquidity risk. The Company's overall risk management program seeks to minimize potential adverse effects on the financial performance of the Company through established policies and processes which are laid down to ascertain the extent of risks, setting appropriate limits and controls and continuous monitoring and compliance of the same.

i. Credit risk

Credit risk the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks other financial instruments.

Other financial assets

The Company limits its exposure to credit risks by depositing its cash only with financial institutions duly evaluated and approved by the Board of Directors.

Impairment:

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

		31 March 2023	
	Carrying amount	**Weighted average loss rate**	**Loss allowance**
Not due	**72,698,524**	0%	-
Past due upto 180 days	-	0%	-
Past due 181-365 days	-	0%	-
Past dues 366 - 730 days	-	0%	-
Past dues 731 - 1096 days	-	0%	-
More than 1096 days	-	0%	-
	72,698,524		-

		31 March 2022	
	Carrying amount	**Weighted average loss rate**	**Loss allowance**
Not due	80,559,579	0%	-
Past due upto 180 days	-	0%	-
Past due 181-365 days	-	0%	-
Past dues 366 - 730 days	-	0%	-
Past dues 731 - 1096 days	-	0%	-
More than 1096 days	-	0%	-
	80,559,579		-

AJANTA PHARMA USA INC
CORPORATE
SEAL
NEW JERSEY

BSR & Co. LLP
14th Floor,
Central B Wing and
North C Wing
Chartered Accountants

(Currency: USD)

33. Financial Instrument – fair values and risk management *(Continued)*

The above financial assets were not impaired as there had not been a significant change in credit quality and the amounts were still considered receivable based on the nature of the activity of the customer portfolio to which they belong and the type of the customers. There are no other classes of financial assets that are past due but not impaired except for Trade receivables as at 31 March 2023 and 31 March 2022

Trade receivable

Company's credit risk is minimal. The trade receivables arise mainly from transactions with its approved customers. The maximum exposure to credit on these transactions is equal to the carrying amount of these financial instruments. Customers are subject to stringent financial, credit and legal verification process. In addition, trade receivable balances are monitored on an ongoing basis to ensure timely collections. Accordingly, the Company's exposure to bad debts is not significant.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The company does not hold collateral as security.

Expected credit loss assessment

The Company allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Company to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macroeconomic indicators affecting customers of the Company have not undergone any substantial change, the Company expects the historical trend of minimal credit losses to continue.

	31 March 2023	31 March 2022
Gross Carrying amount	**72,698,524**	80,559,579
Average Expected loss rate	**0.00%**	0.00%
Carrying amount of trade receivables (net of impairment)	**72,698,524**	80,559,579

The movement in the allowance for impairment in respect of trade and other receivables during the year was as follows:

	31 March 2023	31 March 2022
Balance as at the beginning of the year	-	-
Impairment loss recognised (net)	-	-
Amounts written off	-	-
Balance as at the year end	-	-

AJANTA PHARMA USA INC CORPORATE SEAL NEW JERSEY

BSR & Co. LLP Chartered Accountants

(Currency: USD)

33. Financial Instrument – fair values and risk management *(Continued)*

The impairment loss at 31 March, 2023 related to several customers that have defaulted on their payments to the Company and are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

ii. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels.

Company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next six months. The ratio of cash and cash equivalents and other highly marketable debt investments to outflows is 0.03 at 31 March 2023 (31 March 2022: 0.04).

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

As at 31 March 2023	Carrying Amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Trade payables current	72,631,874	72,631,874	72,631,874	-	-	-
Lease liabilities	79,080	79,080	79,080	-	-	-
Other current financial liabilities	16,871,641	16,871,641	16,871641			
Total	89,582,595	89,582,595	89,582,595	-	-	-

As at 31 March 2022	Carrying Amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Trade payables current	87,374,491	87,374,491	87,374,491	-	-	-
Lease liabilities	255,531	255,531	176,449	79,082	-	-
Other current financial liabilities	16,168,902	16,168,902	16,168,902	-	-	-
Total	103,798,924	103,798,924	103,719,842	79,082	-	-

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

BSR & Co. LLP
14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063
Chartered Accountants

(Currency: USD)

33. Financial Instrument – fair values and risk management *(Continued)*

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. The Company's exposure from market risks is primarily on account of interest rate risk.

a) Currency risk

The Company does not have foreign exchange risk as their entire dealings are in their local functional currency i.e., US Dollars.

b) Interest rate risk

Company's exposure to changes in interest rates relates primarily to the Company's short-term debt obligations. Fixed rate financial instruments are subject to fair value interest rate risk. The following table demonstrates the sensitivity analysis to a reasonably possible change in interest rates, with all other variable held constant, of the Company's profit before income tax. The estimates are based on the outstanding interest-bearing liabilities of the Company with floating interest rate as at 31 March 2023 and 31 March 2022.

USD

Year	Change in interest rate*	Effect on profit before tax
31 March 2023	+1% / (-1%)	-
31 March 2022	+1% / (-1%)	-

** Holding all other variable constant*

c) Price risk

Company does not have any exposure to price risk, as there are no equity investments.

34. Disclosure for leases:

The Company have taken a premise under operating lease. The lease is for a period of five year and renewable every year upon mutual consent of the parties. There are no contingent rents.

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

BSR & Co. LLP
14th Floor, Central B Wing and North C Wing, Nesco IT Park4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063
Chartered Accountants

(Currency: USD)

34. Disclosure of Leases *(Continued)*

Right-of-use assets

As at 31 March 2023	Land and Buildings USD
Cost	
As at 1 April 2022	726,830
Additions	-
Disposals	-
Balance at 31 March 2023	726,830
Accumulated depreciation and impairment	
As at 1 April 2022	503,190
Depreciation	167,730
Impairment loss	-
Eliminated on disposals of assets	-
Balance at 31 March 2023	670,920

As at 31 March 2022	Land and Buildings USD
Cost	
As at 1 April 2021	726,830
Additions	-
Disposals	-
Balance at 31 March 2022	726,830
Accumulated depreciation and impairment	
As at 1 April 2021	335,460
Depreciation	167,730
Impairment loss	-
Eliminated on disposals of assets	-
Balance at 31 March 2022	503,190

Carrying Amounts	
As at 1 April 2022	223,640
Balance at 31 March 2023	55,910
As at 1 April 2021	391,370
Balance at 31 March 2022	223,640

Cash outflow on leases

Particulars	31 March 2023 USD	31 March 2022 USD
Cash outflow on leases	(176,451)	(200,208)
Total cash outflow on leases	(176,451)	(200,208)

(Currency: USD)

34. Disclosure of Leases *(Continued)*

Maturity analysis

Particulars	Less than 1 year USD	Over 1 years USD
31 March 2023		
Lease liabilities	79,080	-
31 March 2022		
Lease liabilities	79,082	176,449

35. Sales return for expired goods

USD

Particulars	31 March 2023	31 March 2022
Balance at the beginning of the year	16,168,902	10,594,335
Add: Provisions made during the year	7,418,008	12,900,709
Less: Amount written back/utilized during the year	6,715,269	7,326,142
Balance at the end of the year	16,871,641	16,168,902

36. Contingent Liabilities and commitments:

There are no contingent liabilities and commitments by the Company.

37. Related party disclosure as required by Ind AS 24 are given below:

A) Relationships:

Category I – Holding Company & Fellow Subsidiary

Ajanta Pharma Ltd., India (Holding Company)

Category II - Directors, Key Management Personnel & their Relatives:

Dr. Ramesh Jhawar Director (APUI)

B) Following transactions were carried out with related parties:

USD

Sr. No.	Particulars	Category	31 March 2023	31 March 2022
1.	**Purchase of Goods:**			
	Ajanta Pharma Ltd., India	I	81,920,958	78,422,274
2.	**Key Management Compensation:**			
	Short Term Employee Benefits			
	Dr. Ramesh Jhawar	II	575,960	485,000
3.	**Commission paid to Ajanta Pharma Ltd.**	I	-	70,194
4.	**Charges for Shared Services**	I	145,842	108,791

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

BSR & Co. LLP
Chartered Accountants

(Currency: USD)

37. Related party disclosure as required by Ind AS 24 (Continued)

C) Amount outstanding as on 31 March 2023

USD

Sr. No.	Particulars	Category	31 March 2023	31 March 2022
1.	Trade Payable :			
	Ajanta Pharma Ltd., India	I	69,296,746	87,374,474

38. Share based payments

The Holding Company has established "Employees Stock Options Scheme 2011" ('ESOS - 2011') and Share based Incentive Plan 2019 as approved in earlier year by the shareholders of the Company and Compensation committee of Board of Directors for the key employees of the Company. The options issued under the above scheme vest in a phased manner.

The Holding Company in 2019 introduced a compensation scheme, to award the scheme participants (including employees of the Company), options of the holding Company based on the grant letter provided to such employees. The options have a graded vesting schedule with the vesting date and exercise price. Each option under the grants will be convertible to one share of the holding Company and will be convertible into equity shares only. As per the plan, holder of vested options are entitled to purchase one equity share of holding Company of ₹ 2 each for every option at an exercise price of ₹ 2.

During the year 2,000 options have been granted by the Company under the aforesaid Share based Incentive Plan 2019 to the employees of the Company.

Grant Date	No. of option Granted	No. of Option Cancelled	Exercise Price	Vesting Period
10 May 2022	2,000	-	2	10 May 2025 to 10 May 2026

The options are granted at an exercise price which is in accordance with the relevant SEBI guidelines in force, at the time of such grants. Each option entitles the holder to exercise the right to apply for and seek allotment of one equity share of ₹ 2/- each. The particulars of the options under ESOS 2011 and Share based Incentive Plan 2019 are as under:

Particulars	31 March 2023 Nos.	31 March 2022 Nos.
Options outstanding as at the beginning of the Year*	3,000	4,000
Add: Options granted during the Year	2,000	3,000
Less: Options exercised during the Year	1,000	4,000
Less: Options lapsed/cancelled during the Year	-	-
Options outstanding as at the Year End	4,000	3,000

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

BSR & Co. LLP
Chartered Accountants

(Currency: USD)

38. Share based payments *(Continued)*

Particulars	31 March 2023 Nos.	Range of Exercise Prices (₹)	Weighted Average Exercise Prices (₹)	Weighted Average Contractual life (Years)
Options outstanding as at the beginning of the year	3,000	2.0	2.0	1,08
Add: Options granted during the year	2,000	2.0	2.0	1.31
Less: Options exercised during the year	1,000	2.0	2.0	NA
Less: Options lapsed/cancelled during the year	-	-	-	-
Options outstanding as at the year end	4,000	2.0	2.0	1.60

Particulars	31 March 2022 Nos.	Range of Exercise Prices (₹)	Weighted Average Exercise Prices (₹)	Weighted Average Contractual life (Years)
Options outstanding as at the beginning of the Year	4,000	2.0	2.0	0.39
Add: Options granted during the Year	3,000	2.0	2.0	1.08
Less: Options Exercised during the Year	4,000	2.0	2.0	NA
Less: Options lapsed/cancelled during the Year	-	-	-	-
Options outstanding as at the Year End	3,000	2.0	2.0	1.08

Description of the method and significant assumptions used during the year to estimate the fair values of the options, including the following weighted average information:

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

BSR & Co. LLP
Chartered Accountants

(Currency: USD)

38. Share based payments *(Continued)*

Variables	Weighted Average Information							
Plan	ESOS 2011 / Share Based Incentive Plan 2019							
	6,000 option	**9,000 option**	**2,000 option**	**6,000 option**	**500 option**	**3,000 option**	**3,000 option**	**2,000 option**
Grant date	26 July 2016	26 July 2016	22 August 2017	31 October 2018	27 September 2019	20 May 2020	30 April 2021	10 May 2022
Last date for acceptance	26 August 2016	26 August 2016	22 September 2017	30 November 2018	22 August 2021	22 August 2021	30 April 2024	9 June 2022
Risk free rate (%)	7.30	7.30	7.50	7.40	5.20	5.20	4.53	7.06
Expected Life (years)	3 to 4	1 to 3	1 to 4	2	2	1	1 to 3	3 to 4
Volatility (%)	20.23	20.23	17.2	13.43	13.74	14.67	14.57	13.12
Dividend yield (%)	0.53	0.53	0.43	0.5	0.55	0.71	0.76	0.68
Price of the underlying share in the market at the time of option grant (₹)	1,478	1,478	1,153	1,058	1,055	1,439	1,842	1,105
Fair value of options (₹)	1,453	1,453	1,142	1,043	1,041	1,425	1,792	1,078
Exercise price (₹)	2	2	2	2	2	2	2	₹ 2

Valuation of stock options

The fair value of stock options granted during the period has been measured using the Black–Scholes option pricing model at the date of the grant. The Black-Scholes option pricing model includes assumptions regarding dividend yields, expected volatility, expected terms and risk-free interest rates. They key inputs and assumptions used are as follows:

Share price: The closing price on NSE as on the date of grant has been considered for valuing the options granted.

Exercise Price: Exercise Price is the market price or face value or such other price as determined by the Remuneration and Compensation Committee.

Expected Volatility: The historical volatility of the stock till the date of grant has been considered to calculate the fair value of the options.

Expected Option Life: Expected Life of option is the period for which the Company expects the options to be live. The minimum life of a stock option is the minimum period before which the options cannot be exercised and the maximum life is the period after which the options cannot be exercised.

Expected dividends: Expected dividend yield has been calculated as an average of dividend yields for four years preceding the date of the grant.

Risk free interest rate: The risk-free interest rate on the date of grant considered for the calculation is the interest rate applicable for a maturity equal to the expected life of the options based on the zero-coupon yield curve for Government Securities.

(Currency: USD)

38. Share based payments *(Continued)*

These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of the Company's control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in future periods, stock-based compensation expense could be materially impacted in future years. The estimated fair value of stock options is charged to income on a straight-line basis over the requisite service period of each separately vesting portion of the award as if the award was, in-substance, multiple awards.

39. Income Tax

Income tax (expense) / benefit recognized in the income statement consists of the following:

		31 March 2023	31 March 2022
a.	**Current tax**		
	Current tax on profit for the year	5,761,640	1,179,596
	Total Current Tax expenses	5,761,640	1,179,596
	Deferred tax expense/(benefit)		
	Origination and reversal of timing difference	(5,341,759)	(415,253)
	Adjustment for deferred tax of prior periods	-	24,864
	Total Deferred Tax expenses	(5,341,759)	(390,389)
	Total income tax recognised in the income statement	419,881	789,207

		31 March 2023	31 March 2022
b.	**Reconciliation of effective tax rate**		
	Accounting profit before income taxes	1,857,473	3,580,090
	Enacted tax rate in USA*	21%	21%
	Computed expected tax (benefit) / expenses	390,069	743,311
	Adjustment for deferred tax of prior periods	-	24,864
	Expenses that are not deductible in determining taxable profit	2,588	87
	Expenses not deducted in books but allowed for tax purpose	-	(10,853)
	State Taxes	27,223	31,798
	Federal True-up	-	-
	Effect of instating opening balance of deferred tax	-	-
	Effect of instating opening balance of current tax	-	-
	Income tax expenses	419,881	789,207
	Effective tax rate	22%	22%

*The tax rate used for the above reconciliation is the corporate tax rate applicable to the Company under tax laws of United States of America.

AJANTA PHARMA USA INC. CORPORATE SEAL NEW JERSEY

BSR & Co. LLP Chartered Accountants

(Currency: USD)

39. Income Tax *(Continued)*

c. Recognised deferred asset and liability	Deferred tax asset		Deferred tax liabilities		Net deferred tax asset/(liabilities)	
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	31 March 2023	31 March 2022
Property ,Plant and equipment	-	-	40,596	56,970	(40,596)	(56,970)
Leave Encashment	27,174	32,678	-	-	27,174	32,678
Provision for Loss Allowance	45,083	45,239	-	-	45,083	45,239
Guarantee Fees paid to holding company	-	-	-	-	-	-
Stock option	-	-	9,097	9,129	(9,097)	(9,129)
Chargebacks, Rebates, Admin Fees	5,452,190	253,551	-	-	5,452,190	253,551
263A Capitalization Cost	25,976	35,028	-	-	25,976	35,028
Sales Return for expired goods	3,667,426	3,525,999	-	-	3,667,426	3,525,999
Net deferred tax asset/(liabilities)	9,217,849	3,892,494	49,693	66,098	9,168,156	3,826,396

d. Movement in deferred tax balances 31 March 2023	Net balance as on 1 April 2022	Recognised in Profit and loss	Net	Deferred tax asset	Deferred tax liabilities
Property ,Plant and equipment	-	-	-	-	-
Leave Encashment	27,174	27,174	27,174	27,174	27,174
Provision for Loss Allowance	45,083	45,083	45,083	45,083	45,083
Guarantee Fees paid to holding company	-	-	-	-	-
Stock option	-	-	-	-	-
Chargebacks, Rebates, Admin Fees	5,452,190	5,452,190	5,452,190	5,452,190	5,452,190
263A Capitalization Cost	25,976	25,976	25,976	25,976	25,976
Sales Return for expired goods	3,667,426	3,667,426	3,667,426	3,667,426	3,667,426
Net deferred tax asset/(liabilities)	3,835,525	5,332,631	9,168,156	9,217,849	(49,693)

d. Movement in deferred tax balances 31 March 2022	Net balance as on 1 April 2021	Recognised in Profit and loss	Net	Deferred tax asset	Deferred tax liabilities
Property, Plant and equipment	(61,308)	4,338	(56,970)	-	(56,970)
Leave Encashment	31,392	1,285	32,678	32,678	-
Provision for Loss Allowance	45,306	(67)	45,239	45,239	-
Guarantee Fees paid to holding company	8,367	(8,367)	-	-	-
Stock option	5,249	(14,378)	(9,129)	-	(9,129)
Chargebacks, Rebates, Admin Fees	1,068,383	(814,832)	253,551	253,551	-
263A Capitalization Cost	-	35,028	35,028	35,028	-
Sales Return for expired Goods	2,338,773	1,187,225	3,525,999	3,525,999	-
Net deferred tax asset/(liabilities)	3,436,163	390,233	3,826,396	3,892,494	(66,098)

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

BSR & Co. LLP
14th Floor, Central B Wing and North C Wing, Nesco IT Park4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400 063
Chartered Accountants

40. Additional disclosures required by Schedule III (amendments dated 24 March 2021) to the Companies Act, 2013:

A. Relationship with struck off company

The Company has no transactions with the companies struck off under Companies Act, 2013 or Companies Act,1956.

B. Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

C. Utilisation of borrowings availed from banks

The borrowings obtained by The Company from banks have been applied for the purposes for which such loans were taken.

D. Details of benami property held

No proceedings have been initiated on or are pending against The Company for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

E. Wilful defaulter

The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

F. Compliance with number of layers of companies

The Company has complied with the number of layers prescribed under the Companies Act, 2013.

G. Compliance with approved scheme(s) of arrangements

The Company has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

H. Details of crypto currency or virtual currency

The Company has not traded or invested in crypto currency or virtual currency during the current or previous year.

I. Utilisation of borrowed funds and share premium

i. 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:

   a. 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

   b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

SSR & Co. LLP
Chartered Accountants

(Currency: USD)

ii. 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:

   a. 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

   b. provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

41. The Company has one segment of activity namely "Pharmaceuticals".

In terms of our report attached

For **B S R & Co. LLP**
Chartered Accountants
Firm Registration No: 101248W/W-100022

Sreeja Marar
Partner
Membership No: 111410

Mumbai
5 May 2023

For and on behalf of Board of Directors of Ajanta Pharma USA Inc.

Yogesh M. Agrawal
Director
DIN : 00073673

AJANTA PHARMA USA INC
CORPORATE SEAL
NEW JERSEY

Mumbai
5 May 2023

G. R. MODI & CO.
Chartered Accountants
12, Laxminarayan Shopping Center, 1st Floor, Poddar Road, Malad (E), Mumbai - 400097
Tel No. 91-22-28884274 - 28819304 Fax No. 91-22-28819304 email : swapnil@modiconsultancy.com

Independent Auditor's Report
To the Members of Ajanta Pharma (Mauritius) Ltd.(Consolidated)

Report on the Consolidated Financial Statements

The accounts of AJANTA PHARMA MAURITIUS LTD and AJANTA PHARMA MAURITIUS INTERNATIONAL LTD. are being audited under the local laws of the country by the statutory auditor for the period 1st Jan 2022 to 31st December 2022. Financial Statements of AJANTA PHARMA MAURITIUS LTD. consolidated with Ajanta Pharma Mauritius International Ltd for the period 1st April 2022 to 31st March 2023. The holding company Ajanta Pharma Limited (India) follows the period 1st April 2022 to 31st March 2023. In order to consolidate the accounts of Ajanta Pharma Mauritius Ltd**(Consolidated)**with that of the holding company, we have been appointed by the management of the company to audit the reinstated accounts of AJANTA PHARMA MAURITIUS LTD.**(Consolidated)** for the period 1st April 2022 to 31st March 2023 under the companies Act in accordance with generally accepted accounting principles in India (Ind AS).

Opinion

We have audited the accompanying Consolidated Ind AS financial statements of AJANTA PHARMA MAURITIUS LTD. **(CONSOLIDATED)** ("the Company") (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at 31st March 2023, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Ind AS financial statements") prepared in accordance with group accounting policies followed by Ajanta Pharma Ltd. These Consolidated financial statements have been prepared solely to enable Ajanta Pharma Ltd. to prepare its 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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and profit/loss, and its 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 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 consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Company's Board of Directors is 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 financial position, financial performance, and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 financial statement that give a true and fair view and 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 Board of Directors are also responsible for overseeing the Company's financial reporting process in accordance with the group accounting policies followed by Ajanta.

Auditor's Responsibility

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 financial statements.

Report on Other Legal and Regulatory Requirements

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

(d) In our opinion, the aforesaid Consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position:

ii. The Company has not entered into any long-term contracts including derivative contracts, requiring provision under the applicable law or accounting standards, for material foreseeable losses; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **G.R.Modi& Co**
Chartered Accountants
Firm's registration number: 112617W

G.R. MODI & CO. Chartered Accountants M. NO. 107574

CA Swapnil Modi
Partner
Membership number: 107574
Mumbai
Date :24th April 2023

UDIN No 23107574BGTKDU8264

Annexure - A to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of AJANTA PHARMA MAURITIUS LTD. **(Consolidated)**("the Company") as of 31 March 2023 in conjunction with our audit of the Consolidatedfinancial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('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 Companies Act, 2013.

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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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 Company's internal financial controls system over financial reporting.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

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 company; (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 that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (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 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 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **G.R.Modi& Co**
Chartered Accountants
Firm's registration number: 112617W

G. R. MODI & CO.
M. NO. 107574
Chartered Accountants

CA Swapnil Modi
Partner
Membership number: 107574
Mumbai
Date: 24th April 2023

UDIN No.: 23107574BGTKDU8264

Ajanta Pharma (Mauritius) Limited

Consolidated Balance Sheet
as at 31 March 2023

(Currency: MUR)

	Note	31 March 2023 MAU. Rs	31 March 2022 MAU. Rs
Assets			
Non-current assets			
Property, plant and equipment	8	2,500,972	36,258,113
Asset held for sale	9	5,000,000	-
Right to use assets	8	387,983	(0)
Financial assets			
Investments	10	-	-
Other financial assets	10	479,167	1,157,322
Total non-current assets		8,368,122	37,415,435
Current assets			
Inventories	11	361,276,708	559,600,987
Financial assets			
Trade receivables	12	225,359,762	297,315,048
Cash and cash equivalents	13	135,454,023	73,507,667
Other current assets	14	70,604	595,281
Total current assets		722,161,097	931,018,983
Total assets		**730,529,219**	**968,434,418**
Equity And Liabilities			
Equity			
Equity share capital	15	61,379,100	61,379,100
Other Equity	16	528,214,313	569,351,634
Total equity		589,593,413	630,730,734
Liabilities			
Non current liabilities			
Lease liability	17	393,743	-
Current liabilities			
Trade payables	18	124,782,157	252,694,224
Other current liabilities	19	15,759,907	85,009,460
Total current liabilities		140,542,064	337,703,684
Total equity and liabilities		**730,529,219**	**968,434,418**
		-	-

Significant accounting policies

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 Apr, 2023

For and on behalf of Board of Directors
of Ajanta Pharma (Mauritius) Limited

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Vinayak Muzumdar
Director
Mumbai, 24 Apr, 2023

UDIN : 23107574BGTKDU8264

Ajanta Pharma (Mauritius) Limited

Consolidated Statement of Profit and Loss

for the year ended 31 March 2023

(Currency: MUR)

	Note	31 March 2023 MAU. Rs	31 March 2022 MAU. Rs
Income			
Revenue from operations	20	646,072,280	550,620,646
Other income	21	5,829,082	(5,210,016)
Total income		**651,901,362**	**545,410,630**
Expenses			
Cost of materials consumed	22	-	36,326,499
Purchase of stock-in-trade	23	301,302,681	645,298,544
Changes in inventories of finished goods/work-in-progress/stock-in-trade	24	198,324,279	(396,322,032)
Employee benefits expenses	25	37,740,886	68,818,853
Finance costs	26	14,270	172,836
Depreciation and amortisation expense	27	1,339,188	4,370,905
Other expenses	28	156,945,345	139,110,732
Total expenses		**695,666,649**	**497,776,337**
Profit before tax		**(43,765,287)**	**47,634,293**
Tax expense			
Current tax		(2,627,965)	2,144,119
Deffered tax			-
Profit for the year		**(41,137,321)**	**45,490,174**
Earning per equity share (Basic & Diluted) (Face value MUR100/-)	30	**(67.02)**	74.11

Significant accounting policies

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 Apr, 2023

UDIN : 23107574BGTKDU8264

For and on behalf of Board of Directors
of Ajanta Pharma (Mauritius) Limited

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Vinayak Muzumdar
Director
Mumbai, 24 Apr, 2023

Ajanta Pharma (Mauritius) Limited

Consolidated Statement of Cash Flow

for the year ended 31 March 2023

(Currency: MUR)

		31 March 2023 *MAU. Rs*	31 March 2022 *MAU. Rs*
A.	**Cash flow from operating activities**		
	Profit before tax	(43,765,287)	47,634,293
	Adjustment for		
	Depreciation and amortisation expense	1,339,188	4,370,905
	Finance costs	14,270	172,836
	Unrealised foreign exchange difference	-	-
	Operating cash flow before working capital changes	**(42,411,829)**	**52,178,034**
	Changes in working capital		
	Decrease / (increase) in trade and other receivables	71,955,286	(241,926,008)
	Decrease / (increase) in other non current assets	678,155	20,000
	Decrease / (increase) in other current assets	524,677	106,270,812
	Decrease / (increase) in inventories	198,324,279	(373,102,077)
	Increase / (decrease) in other current liabilities	(69,249,554)	5,577,977
	Increase / (decrease) in other long term provisions	-	-
	Increase / (decrease) in short term provisions	-	-
	Increase / (decrease) in trade payables	(127,912,067)	252,694,224
	Cash generated from operations	**31,908,947**	**(198,287,038)**
	Net income tax paid	2,627,965	(2,144,119)
	Net cash generated from operating activities	**34,536,913**	**(200,431,157)**
B.	**Cash flow from investing activities**		
	Capital expenditure on property, plant and equipment including capita	(313,686)	(2,572,532)
	Capital expenditure on right to use asset	(581,974)	-
	Purchase of non-current investments	-	201,960,158
	Purchase of non-current investments	-	-
	Net cash used in investing activities	**27,029,970**	**199,387,626**
C.	**Cash flow from financing activities**		
	Repayment of lease liability (including interest thereon)	393,743	(2,469,066)
	Interest paid	(14,270)	(172,836)
	Dividend paid	-	-
	Net cash used in financing activities	**379,473**	**(2,641,902)**
	Net increase / (decrease) in cash and cash equivalents	**61,946,356**	**(3,685,432)**
	Cash and cash equivalents as at the beginning of the year	73,507,665	77,193,098
	Cash and cash equivalents as at the end of the year	**135,454,021**	**73,507,665**

Figures in brackets indicates outflow

Note :

1. The above Cash Flow Statement has been prepared under 'Indirect Method' as set out in Accounting Standard 7 (Ind AS - 7) "Statement of Cash Flow" under Section 133 of the Companies Act 2013.

2. Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are sholrt-term balances (with an original maturity of three months or less from the date of acquisition)

Significant accounting policies

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 Apr, 2023
UDIN : 23107574BGTKDU8264

For and on behalf of Board of Directors of
Ajanta Pharma (Mauritius) Limited

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Vinayak Muzumdar
Director
Mumbai, 24 Apr, 2023

Ajanta Pharma (Mauritius) Limited

Consolidated Statement of Changes in Equity

for the year ended 31 March 2023

(Currency: MUR)

A. Equity Share Capital

MUR

	Balance as at 01 April 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at 31 March 2023
Authorised :	100,000,000	-	100,000,000.00	-	100,000,000
Issued :	61,379,100	-	61,379,100.00	-	61,379,100
Subscribed & Paid up:	61,379,100	-	61,379,100.00	-	61,379,100

B. Other Equity

Particulars	Capital Redemption Reserve	Securities Premium Account	General Reserve	Share Based Payment Reserve	Retained Earnings	Foreign Currency Translation Reserve	Other items of other comprehensive income	Total	Non-Controlling Interests	Total Equity
As at 1 April 2021	-	-	380,192,756	-	143,668,704	-	-	**523,861,460**	-	**523,861,460**
Profit for the period	-	-	-	-	45,490,174	-	-	**45,490,174**	-	**45,490,174**
Other comprehensive income	-	-	-	-		-	-	-	-	-
Total comprehensive income	-	-	-	-	**45,490,174**	-	-	**45,490,174**	-	**45,490,174**
Transfer to General reserve			-		-			-		-
Dividend Paid					-			-		-
At 31 March 2022	-	-	**380,192,756**	-	**189,158,878**	-	-	**569,351,634**	-	**569,351,634**
Profit for the period					(41,137,321)			**(41,137,321)**	-	**(41,137,321)**
Other comprehensive income						-		-		-
Total comprehensive income	-	-	-	-	(41,137,321)	-	-	**(41,137,321)**	-	**(41,137,321)**
Dividend Paid					-			-	-	-
At 31 March 2023	-	-	**380,192,756**	-	**148,021,556**	-	-	**528,214,313**	-	**528,214,313**

See accompanying notes forming part of the financial statements

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. Chartered Accountants M. NO. 107574

Swapnil Modi
Partner

Mumbai, 24 Apr. 2023
UDIN : 23107574BGTKDU8264

For and on behalf of Board of Directors of
Ajanta Pharma (Mauritius) Limited

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Vinayak Muzumdar
Director

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements as on 31 March 2023

1. Corporate Information

Ajanta Pharma (Mauritius) Ltd. is a limited liability company incorporated and domiciled in Mauritius and is a wholly owned subsidiary of Ajanta Pharma Ltd., India. The address of its registered office is located at First Floor, Garage Hi-Tech Building, Eau Partage, Pamplemousses Mauritius, 121011. The Consolidated Financial statement ("CFS") comprises the Company and its subsidiary (referred to collectively as the "Group").

The Group is primarily involved in manufacturing and marketing of speciality pharmaceutical finished dosages.

The Consolidated Financial Statements for the year ended 31 March 2023 have been reviewed by the Audit Committee and subsequently approved by Company's Board of Directors at its meeting held on 24 April 2023.

2. Basis of Preparation

These consolidated financial statements have been prepared in all material aspects in accordance with the recognition & measurement principles laid down in Indian Accounting Standards (hereinafter referred to as the 'Ind AS') read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India.

These financial statements have been prepared on an accrual basis and under the historical cost basis, except otherwise stated.

3. Basis of Consolidation

These consolidated financial statements comprise the financial statement of the Company and its wholly owned subsidiary Ajanta Pharma Mauritius (Int'l) Ltd. The financial statements of the Company and its wholly owned subsidiary have been consolidated on a line by line basis by adding together the book values of like items of assets, liabilities, incomes and expenses after eliminating intra-group balances, intra-group transactions and unrealised profits resulting there from and are presented to the extent possible, in the same manner as the Group's independent financial statements. The statement of profit and loss and each component of other comprehensive income are attributed to the equity holders of the Company.

These consolidated financial statements of the Company and its wholly owned subsidiary have been consolidated using uniform accounting policies for like transactions and other events in similar circumstances. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. The financial statements of the subsidiaries used in consolidation are drawn up to the same reporting date as that of the Company i.e., year ended 31 March 2023.

4. Functional and Presentation Currency:

Functional Currency of the Company is Mauritian Rupee (MUR).

5. Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores.

G. R. MODI & CO. Chartered Accountants M. NO. 107574

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

6. Current / non-current classification:

The assets and liabilities in the balance sheet are presented based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
  All other assets are classified as Non-Current.

A liability is current when it is:

- Expected to be settled in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
  All other liabilities are treated as Non-Current.

Operating Cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of products / activities of the group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

7. Significant Accounting Policies

7.1 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Depreciation is calculated on the straight-line method to write off the cost of assets, to their residual values over their estimated useful life as follows:

Particulars	Useful Life
Leasehold Improvement	20 years
Furniture, Fixtures & Fittings	2 to 6 years
Office Equipments	2 to 4 years
Plant & Machinery	5 to 20 years
Motor Vehicles	5 years

G. R. MODI & CO. M. NO 107574 Chartered Accountants

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at each end of reporting period. Where the carrying amount of an asset is greater than its estimated recoverable

MAURITIUS

amount, it is written down immediately to its recoverable amount. Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

7.2 Financial Instruments

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

Financial Assets

Classification

The Group classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in two broad categories:

- Financial assets at fair value (FVTPL / FVTOCI)
- Financial assets at amortised cost

When assets are measured at fair value, gains and losses are either recognised in the statement of profit and loss (i.e. fair value through profit or loss (FVTPL)), or recognised in other comprehensive income (i.e. fair value through other comprehensive income (FVTOCI)).

Financial Assets measured at amortised cost (net of any write down for impairment, if any)

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Statement of profit and loss.

Financial Assets measured at Fair Value through Other Comprehensive Income ("FVTOCI")

Financial assets under this category are measured initially as well as at each reporting date at fair value, when asset is held within a business model, whose objective is to hold assets for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

Financial Assets measured at Fair Value through Profit or Loss ("FVTPL")

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Ajanta Pharma (Mauritius) Limited
Notes to the Consolidated Financial Statements as on 31 March 2023

Investment in Equity Instruments

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income. There is no recycling of the amounts from other comprehensive income to profit or loss.

Investment in Debt Instruments

A debt instrument is measured at amortised cost or at FVTOCI. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

Derecognition of Financial Assets

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or the Group has transferred its rights to receive cash flows from the asset.

Impairment of Financial Assets

In accordance with Ind - AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments and trade receivables.

Financial Liabilities

Classification

The Group classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

MAURITIUS

exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative Financial Instrument

The Group uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

7.3 Inventories

Raw materials and packing materials are valued at lower of cost (on moving weighted average basis) and net realisable value, cost of which includes duties and taxes. Cost of imported raw materials and packing materials lying in bonded warehouse includes the amount of customs duty. Finished products including traded goods and work-in-progress are valued at lower of cost and net realisable value. Cost is arrived on weighted average basis.

The cost of Inventories has been computed to include all cost of purchases, cost of conversion, appropriate share of fixed production overheads based on normal operating capacity and other related cost incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

Slow and non-moving material, products nearing expiry, defective inventory are fully provided for and valued at net realisable value.

Goods and materials in transit are valued at actual cost incurred up to the date of balance sheet. Materials and other items held for use in production of inventories are not written down, if the finished products in which they will be used are expected to be sold at or above cost.

7.4 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of cash on hand and cash at bank including fixed deposit/highly liquid investments with original maturity period of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the group's cash management.

7.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of the Group are segregated.

7.6 Foreign Currency Transactions

Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Monetary items denominated in foreign currencies at the year-end are re-measured at the exchange rate prevailing on the balance sheet date. Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

7.7 Revenue Recognition

Revenue recognition under Ind AS 115 (applicable from 1 April 2018)

Under Ind AS 115, the group recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer.

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Sale of Goods

The group applied Ind AS 115 using the modified retrospective approach.

Revenue is measured based on the transaction price adjusted for discounts and rebates, which is specified in a contract with customer. Revenue are net of estimated returns and taxes collected from customers.

Revenue from sale of goods is recognized at point in time when control is transferred to the customer and it is probable that consideration will be collected. Control of goods is transferred upon the shipment of the goods to the customer or when goods is made available to the customer.

The transaction price is documented on the sales invoice and payment is generally due as per agreed credit terms with customer.

The consideration can be fixed or variable. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

Sales return is variable consideration that is recognised and recorded based on historical experience, market conditions and provided for in the year of sale as reduction from revenue. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in line with trade practices, historical trends, past experience and projected market conditions.

Interest income

Interest income is recognised with reference to the Effective Interest Rate method.

Dividend income

G. R. MODI & CO. Chartered Accountants M. NO. 107574

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Dividend from investment is recognised as revenue when right to receive is established.

Income from Export Benefits and Other Incentives

Export benefits available under prevalent schemes are accrued as revenue in the year in which the goods are exported and / or services are rendered only when there reasonable assurance that the conditions attached to them will be complied with, and the amounts will be received.

7.8 Employee Benefits

All employee benefits payable wholly within twelve months rendering service are classified as short-term employee benefits. Benefits such as salaries, wages, short-term compensated absences, performance incentives etc. and the expected cost of bonus, ex-gratia are recognised during the period in which the employee renders related service.

(i) Defined contribution plans

Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits.

The Group pays Social Security Cost as per local regulations. The Group has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognized as employee benefit expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

For employees who are not covered by a pension plan, the net present value of severance allowances payable under the Employment Rights Act 2008 is provided for. The obligations arising under this item are not funded.

(ii) Share-based compensation

The Group has no share-based compensation plan.

7.9 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Transaction costs are charged to statement of profit and loss as financial expenses over the term of borrowing.

7.10 Lease

The Group's lease asset class primarily consists of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the group assesses whether: (1) the contract involves the use of an identified asset (2) the group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the group has the right to direct the use of the asset.

G.R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

At the date of commencement of the lease, the group recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the group recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the generally accepted interest rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Leases for which the group is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight-line basis over the term of the relevant lease.

Transition

Effective 1 April, 2019, the group adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the group recorded the lease liability at the present value of the lease payments discounted at the generally accepted interest rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the generally accepted interest rate at the date of initial application. Comparatives as at and for the year ended March 31, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended March 31, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of MUR 6,593,744 and a lease liability of MUR 6,593,744. The cumulative effect of applying the standard, amounting to MUR Nil was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

a. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

b. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

c. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

d. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The interest rate applied to lease liabilities as at 1 April, 2019 is 7%.

7.11 Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

7.12 Income Taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the respective Country's tax rates and tax laws that have been enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Deferred income tax assets and liabilities are measured using respective Country's tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to

G. R. MODI & CO. Chartered Accountants M. NO. 107574

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

7.13 Dividends to Shareholders

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable is recognised directly in equity.

7.14 Provisions, Contingent Liabilities, Contingent Assets and Commitments

General

Provisions (legal and constructive) are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If there is any expectation that some or all of the provision will be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any virtually certain reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimates is possible;
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not recognised but disclosed in the Consolidated Financial Statements. Contingent assets are neither recognised nor disclosed in the Financial Statements.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets and Non-cancellable operating lease.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Asset Retirement Obligation

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

7.15 Fair value measurement

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date in accordance with Ind AS 113.

Financials Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value received from Bank.
- Mutual Funds are measured at fair values as per Net Asset Value (NAV).
- Employee Stock Option Plan (ESOP) at fair values as per Actuarial Valuation Report.

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

G. R. MODI & CO. Chartered Accountants M. NO. 107574

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

7.16 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2022.

7.17 Critical accounting judgements, estimates and assumptions

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

(a) Arrangement containing lease

At the inception of an arrangement, the Group determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, the Group separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values.

The Group has determined, based on an evaluation of the terms and conditions of the arrangements that such contracts are in the nature of operating leases.

(b) Multiple element contracts with vendors

The Group has entered into multiple element contracts with vendors for supply of goods and rendering of services. The consideration paid is/may be determined independent of the value of supplies received and services availed. Accordingly, the supplies and services are accounted for based on their relative fair values to the overall consideration. The supplies with finite life under the contracts (as defined in the significant accounting policies) have been accounted under Property, Plant and Equipment and/or as Intangible assets, since the Group has economic ownership in these assets. The Group believes that the current treatment represents the substance of the arrangement.

(c) Determination of functional currency

Each entity in the group determines its own functional currency (the currency of the primary economic environment in which the entity operates) and items included in the financial statements of each entity are measured using that functional currency. Ind AS 21, "The Effects of Changes in Foreign Exchange Rates" prescribes the factors to be considered for the purpose of determination of functional currency. Management uses its judgement to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

(d) Property, Plant and equipment

Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on the life of useful lives/rates prescribed by the GAAPs of the respective countries. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

(e) Intangible Assets

Internal technical or user team assess the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

(f) Recognition and measurement of defined benefit obligations

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

(g) Recognition of deferred tax assets and income tax

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective country.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.

(h) Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

(i) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Group as it is not possible to predict the outcome of pending matters with accuracy.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

(j) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management seems them not collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

The impairment provisions for financial assets are based on assumption about risk of default and expected loss rates. Judgement in making these assumptions and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

(k) Insurance claims

Insurance claims are recognised when the Group has reasonable certainty of recovery.

(l) Impairment reviews

An impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, long term growth rates; and the selection of discount rates to reflect the risks involved.

AJANTA PHARMA (MAURITIUS) LIMITED
MAURITIUS

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements (Continued)
as at 31 March 2023

(Currency: MUR)

8 **Property, Plant and Equipment** **IN MUR**

8.1 **Current Year**

	Particulars	Gross Block (Cost Or Deemed Cost)					Accumulated Depreciation/Amortisation					Net Block	
		01 April 2022	Additions	Disposals	Adjustments	31 March 2023	01 April 2022	For the Year	Disposals	Adjustments	31 March 2023	31 March 2023	31 Mar 2022
	Property, Plant & Equipment												
	Leasehold Improvement	6,495,233		6,495,235		-	4,482,656	2,688	4,485,344		-	-	2,012,579
	Plant & Machinery	89,914,848		89,914,848		-	61,976,365	245,411	62,221,776		-	-	27,938,483
	Furniture & fixture	7,394,877	227,026	7,394,877		227,026	6,100,911	86,926	6,182,161		5,676	221,350	1,293,966
	Office Equipment	19,427,170	86,660	19,427,170		86,660	17,946,222	130,415	18,071,222		5,415	81,245	1,480,948
	Vehicles	9,013,407		4,287,886		4,725,521	5,895,770	679,757	4,048,383		2,527,144	2,198,377	3,117,637
	Computers	470,052		470,052		-	55,552		55,552		-	-	414,500
	Total	**132,715,589**	**313,686**	**127,990,067**	**-**	**5,039,207**	**96,457,475**	**1,145,197**	**95,064,437**	**-**	**2,538,235**	**2,500,972**	**36,258,113**
	Previous Year	130,143,057	2,572,532	-	-	132,715,589	94,284,485	2,172,990	-	-	96,457,475	36,258,113	35,858,571
(B)	**Other Intangible Assets**												
	Right to use	6,593,744	581,974	-		7,175,718	6,593,744	193,991	-		6,787,735	387,983	(0)
	Total	**6,593,744**	**581,974**	**-**	**-**	**7,175,718**	**6,593,744**	**193,991**	**-**	**-**	**6,787,735**	**387,983**	**(0)**
	Previous Year	6,593,744	-	-	-	6,593,744	4,395,830	2,197,915	-	-	6,593,744	(0)	2,197,914
	Total Fixed Assets											**2,888,955**	**36,258,113**

G.R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements (Continued)

as at 31 March 2023

(Currency: MUR)

		31 March 2023 MAU. Rs	31 March 2022 MAU. Rs
9	**Asset held for sale (Non current)**		
	Asset held for sale	5,000,000	-
		5,000,000	-
10	**Other Non-Current Financial Assets**		
	(Unsecured, Considered Good unless otherwise stated)		
	Security Deposits	479,167	1,157,322
		479,167	**1,157,322**
11	**Inventories**		
	Finished goods	565,362	13,013,763
	Stock-in-trade	309,755,333	466,185,062
	Clearing Charges of Uzbek Inventory	50,956,013	80,402,162
		361,276,708	**559,600,987**
12	**Trade Receivables**		
	Unsecured, considered good unless otherwise stated		
	-Considered good	225,359,762	297,315,048
		225,359,762	**297,315,048**
13	**Cash and cash equivalents**		
	Cash on Hand	25,459	47,880
	Balance with Banks - In current accounts	135,428,564	73,459,788
		135,454,023	**73,507,667**
14	**Other Current Assets**		
	Advances to Employees		109,177
	Balance with Statutory/Govt. Authorities	70,604	486,104
		70,604	**595,281**

15 Equity Share Capital

	31 March 2023 Number of Shares	31 March 2023 MAU. Rs	31 March 2022 Number of Shares	31 March 2022 MAU. Rs
Authorised :				
Ordinary Shares of MUR 100 each	1,000,000	100,000,000	1,000,000	100,000,000
Issued, Subscribed & Paid up :				
Ordinary Shares of MUR 100 each fully paid up	613,791	61,379,100	613,791	61,379,100

(a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year :

	31 March 2023 Number of Shares	31 March 2023 MAU. Rs	31 March 2022 Number of Shares	31 March 2022 MAU. Rs
Number of shares outstanding as at the beginning of the year	613,791	61,379,100	613,791	61,379,100
Number of shares outstanding as at the end of the year	**613,791**	**61,379,100**	**613,791**	**61,379,100**

(b) Rights, preferences and restrictions attached to shares

The company has issued only one class of ordinary shares with voting rights having a par value of MUR100 per share.

During the year ended 31 March 2020, amount per share of dividend recognised as distributions to equity shareholders was MUR 711.28 per equity share (Pr.Yr. MUR 514

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to of equity shares held by shareholders.

(c) Details of equity shareholders holding more than 5%

Name of Shareholder	31 March 2023 Number of Shares	31 March 2023	31 March 2022 Number of Shares	31 March 2022 % Holding
Ajanta Pharma Ltd., India	613,791	100.00	613,791	100.00
(d) Shares reserved for issue under options	Nil	Nil	Nil	Nil

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements (Continued)
as at 31 March 2023

(Currency: MUR)

		31 March 2023 MAU. Rs	31 March 2022 MAU. Rs
16	**OTHER EQUITY**		
	General Reserve		
	Balance at the beginning of the year	380,192,756	380,192,756
	Add: Transferred from Statement of Profit & Loss	-	-
		380,192,756	**380,192,756**
	Exchange Fluctuation Reserve		-
	Surplus in the Statement of Profit and Loss		
	Balance at the beginning of the year	189,158,878	143,668,704
	Profit for the year	(41,137,321)	45,490,174
	Balance at the year end	**148,021,556**	**189,158,878**
	Total Other Equity	**528,214,313**	**569,351,634**
17	**Lease liability**		
	Lease liability	393,743	-
		393,743	-
18	**TRADE PAYABLES**	124,782,157	252,694,224
		124,782,157	252,694,224
19	**Other Current Liabilities**		
	Other Payables	15,759,907	85,009,460
		15,759,907	**85,009,460**
20	**Revenue from Operations**		
	Sale of Products		
	Finished Goods	63,149,796	201,412,401
	Stock-in-Trade	582,922,484	349,208,245
		646,072,280	**550,620,646**
21	**Other Income**		
	Exchange Difference (Net)	(12,462,145)	(6,124,798)
	Gain from Mutual Fund Investment	-	841,449
	Miscellaneous Income	18,291,227	73,333
		5,829,082	**(5,210,016)**
22	**Cost of Material Consumed**		
	Raw Material consumed		
	Opening Stock	-	19,828,124
	Add: Purchases		10,242,729
		-	30,070,853
	Less: Closing Stock	-	-
	Raw Material Consumed	-	30,070,853
	Packing Material Consumed		
	Opening Stock	-	3,391,831
	Add: Purchases		2,863,815
		-	6,255,646
	Less: Closing Stock	-	-
	Packing Material Consumed	-	6,255,646
		-	**36,326,499**
23	**Purchase of Stock-in-Trade (Related Party)**	**280,278,729**	**526,515,217**
	Purchase of Stock-in-Trade (Others)	**21,023,952**	**118,783,327**

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements (Continued)

as at 31 March 2023

(Currency: MUR)

			31 March 2023 MAU. Rs	31 March 2022 MAU. Rs
24	**Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade**			
	Inventories at the end of the year :			
	Work-in-Process		-	-
	Finished Goods		565,362	13,013,763
	Stock-in-trade		360,711,346	546,587,224
		(A)	361,276,708	559,600,987
	Inventories at the beginning of the year :			
	Work-in-Process		-	1,115,881
	Finished Goods		13,013,763	6,044,917
	Stock-in-trade		546,587,224	156,118,157
		(B)	559,600,987	163,278,955
	Effect of foreign exchange translation			
	Work-in-progress			
	Finished goods			
	Stock-in-trade			
		(C)	-	-
	Total changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade :			
	Work-in-Process		-	1,115,881
	Finished Goods		12,448,401	(6,968,846)
	Stock-in-Trade		185,875,878	(390,469,067)
	Total changes in Inventories of Finished Goods, Work-in-progress and Stock-in-T	(B) - (A) + (C)	**198,324,279**	**(396,322,032)**
25	**Empolyee Benefit Expenses**			
	Salaries, Wages, Bonus and Allowances		37,563,636	67,523,031
	Contribution to Provident and Other Funds		199,513	1,011,967
	Staff Welfare Expenses		(22,263)	283,855
			37,740,886	**68,818,853**
26	**Finance Cost**			
	On lease liability		14,270	172,836
			14,270	**172,836**
27	**Depreciation**			
	Depreciation of Tangible Assets (Refer note 8)		1,339,188	4,370,905
			1,339,188	**4,370,905**
28	**Other Expenses**			
	Selling Expenses		98,149,709	107,014,788
	Clearing and Forwarding		2,814,898	5,949,596
	Travelling Expenses		458,605	268,198
	Power and Fuel		181,688	954,882
	Rent		8,194,823	5,065,346
	Telephone, Telex & Postage		331,360	253,502
	Repairs to Machinery		66,031	599,067
	Insurance		381,166	188,099
	Loss on sale/discard of property, plant and equipment (net)		26,822,421	
	Miscellaneous Expenses		19,544,644	18,817,254
			156,945,345	**139,110,732**

G. R. MODI & CO. M. NO. 107574

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2023

29. Capital Management

Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return (EBIT) on capital, as well as the level of dividends to equity shareholders. Position. The Group's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Group. The Group determines the capital requirement based on annual operating plans and long-term and other strategic investment plans.

Group monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as debt less cash and cash equivalents and current investments. Adjusted equity comprises all components of equity.

Group's policy is to keep the Net debt equity ratio below 1.00 and its adjusted net debt to equity ratio at 31 March 2023 was as follows.

MUR

Particulars		31 March 2023	31 March 2022
Debt		-	-
Less: Cash and Cash equivalents		135,454,023	73,507,667
Net Debt	A	(135,454,023)	(73,507,667)
Equity	B	590,093,413	630,730,734
Net Debt to Equity ratio	**A/B**	**N/A**	**N/A**

30. Earnings Per share (EPS):

The numerator and denominator used to calculate Basic and Diluted Earnings per Share:

Particulars		31 March 2023	31 March 2022
Basic and Diluted Earnings Per Share:			
Profit attributable to Equity shareholders- for Basic EPS (MUR)	A	(41,137,321)	45,490,174
Add: Dilutive effect on profit (MUR)	B	-	-
Profit attributable to Equity shareholders for computing Diluted EPS (MUR)	C=A-B	(41,137,321)	45,490,174
Weighted Average Number of Equity Shares outstanding - for Basic EPS	D	613,791	613,791
Add: Dilutive effect of option outstanding- Number of Equity Shares	E	-	-
Weighted Average Number of Equity Shares for Diluted EPS	F=D+E	613,791	613,791
Face Value per Equity Share (MUR)		100	100
Basic Earnings Per Share (MUR)	**A/D**	**(67.02)**	**74.11**
Diluted Earnings Per Shares (MUR)	**C/F**	**(67.02)**	**74.11**

31. Employee Benefits

As required by Ind AS 19 'Employee Benefits',the Group offers its employees Social Security Cost and Severance Allowance. During the year, the Group has recognised the following amounts in the account:

MUR

Particulars	31 March 2023	31 March 2022
Social Security Cost	199,513	990,344
Severance Allowance	-	(738,873)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Total	199,513	251,471

For employees who are not covered by a pension plan, the net present value of severance allowances payable is provided for under the Employment Rights Act. It has been assumed that the rate of future salary increases will be equal to the discount rate.

32. Financial Instrument – fair values and risk management

Fair value measurements

	31 March 2023		31 March 2022 MUR	
Financial Instruments by category	**FVTPL**	**Amortised Cost**	**FVTPL**	**Amortised Cost**
Financial Assets				
Trade Receivables	-	225,359,762	-	297,315,048
Other Non-Current Financial Assets	-	479,167	-	1,157,322
Cash and cash equivalents	-	135,454,023	-	73,459,788
Total Financial Assets	-	**361,292,952**	-	**371,932,158**
Financial Liabilities				
Non-current Lease Liability	-	393,743	-	-
Other Current Financial Liabilities	-	15,759,907	-	85,009,460
Total Financial Liabilities	-	**16,153,650**	-	**85,009,460**

Fair value measurement of lease liabilities is not required.

Level 1 – The hierarchy in level 1 includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2 – The fair value of financial instruments that are not traded in an active market (like Mark to Market Derivative and Non-convertible Debentures) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value as instrument are observable, the instrument is included in level 2.

Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

A. Financial risk management

Group has exposure to following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk

Risk management framework

Group's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies, under the guidance of Audit Committee.

Group's risk management policies are established to identify and analyse the risks faced by it, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. Group, through its training and procedures aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

G.R. MODI & CO. M. NO. 107574 Chartered Accountants

MAURITIUS

Ajanta Pharma (Mauritius) Limited

Group's Audit committee oversees how management monitors compliance with the Group's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

i. Credit risk

Credit risk is the risk that a counter party will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and mutual funds, foreign exchange transactions and other financial instruments.

Impairment:

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables:

MUR

	31 March 2023		
	Carrying amount	**Weighted average loss rate**	**Loss allowance**
Not due	26,601,961	0%	-
Past due upto 180 days	129,653,548	0%	-
Past due 181-365 days	69,104,253	0%	-
	225,359,762		-

	31 March 2022		
	Carrying amount	**Weighted average loss rate**	**Loss allowance**
Not due	15,525,319	0%	-
Past due upto 180 days	239,288,892	0%	-
Past due 181-365 days	42,500,836	0%	-
	297,315,048		-

a) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables, which are non-interest bearing, are mainly from stockists, distributors and customersand are generally on 30 days to 270 days credit term. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The group does not hold collateral as security. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

Sales to certain jurisdictions are either based on advance payments or restricted to certain limits to contain exposures to credit risk.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Expected credit loss assessment

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macroeconomic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue. The trend of the bad debts is negligible.

MUR

	31 March 2023	31 March 2022
Gross Carrying amount	**225,359,762**	297,315,048
Average Expected loss rate	**0.0%**	0.0%
Carrying amount of trade receivables (net of impairment)	**225,359,762**	297,315,048

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

MUR

	31 March 2023	31 March 2022
Balance as at the beginning of the year	-	-
Impairment loss recognised (net)	-	-
Amounts written off	-	-
Balance as at the year end	-	-

b) **Financial instruments**

Company limits its exposure to credit risk by investing only in liquid debt securities issued by mutual funds having a credit ranking of atleast 3 and above from CRISIL or equivalent rating agency. Company monitors changes in credit risk by tracking published external credit ranking. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties.

ii. **Liquidity risk**

Liquidity risk is the risk that the Group may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Group's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Group closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from banks at an optimised cost. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels.

Group aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next six months.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2023

MUR

As at 31 March 2023	Carrying Amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Trade payables current	124,782,157	124,782,157	124,782,157	-	-	-
Lease liabilities	393,743	393,743	-	393,743	-	-
Total	125,175,900	125,175,900	124,782,157	393,743	-	-

As at 31 March 2022	Carrying Amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Trade payables current	252,694,224	252,694,224	252,694,224	-	-	-
Lease liabilities	-	-	-	-	-	-
Total	252,694,224	252,694,224	252,694,224	-	-	-

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

Group's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The Group uses derivative financial instruments such as foreign exchange contracts to manage its exposures to foreign exchange fluctuations. All such transactions are carried out within the guidelines set by the risk management committee.

iv. Currency risk

The Group is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective currencies of the Group. The currencies in which these transactions are primarily denominated are US Dollars, Euro and Mauritian Rupee.

The Group does not have any policy to hedge against foreign currency exposure. In respect of other monetary assets and liabilities denominated in foreign currencies, the Group's policy is to ensure that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The following table analyses foreign currency risk as of 31 March 2023 and 31 March 2022:

MUR

Particulars	31 March 2023	31 March 2022
Bank Balances	135,454,023	73,507,667
Trade Receivables	225,359,762	297,315,048
Other Current Assets	70,604	595,281
Net Assets / (Liabilities)	**360,884,389**	**371,417,996**

G.R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2023

For the year ended 31 March 2023 and 31 March 2022,every percentage point depreciation / appreciation in the exchange rate between the MUR and respective currencies has affected the Group's incremental profit before taxas per below:

MUR

Year	Change in currencyexchange rate	Effect on profitbefore tax
31 March 2023	+5% / (-5%)	11,267,988 / (11,267,988)
31 March 2022	+5% / (-5%)	14,865,752 / (14,865,752)

33. Note on foreign currency exposures on assets and liabilities:

During the year, the Group has not entered into Forward Exchange Contract. The year-end foreign currency exposures that have not been mitigated by a derivative instrument or otherwise are as below:

Particulars	MUR		Foreign Currency		Foreign Currency
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	
Amount Receivable	22,395,503	65,875,951	452,563	1,308,012	EURO
	106,720,417	234,439,097	2,348,084	5,103173	USD
	96,243,842	61,147,548	21,451,214,458	8,906,461,373	UZS

a) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates is - as there are no borrowings in the Group.

b) Price risk

Group does not have any exposure to price risk, as there are no equity investments by group.

34. Disclosure for operating leases under Ind AS 116 - "Leases":

The Group have taken various premises under operating lease. These are generally cancellable and ranges from 11 months to 5 years and are renewable by mutual consent on mutually agreeable terms. Some of these lease agreements have price escalation clauses. There are no restrictions imposed by these lease arrangements and there are no sub leases. There are no contingent rents. Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

Right-of-use assets

	31 March 2023	31 March 2022
Cost		
Opening Balance	6,593,744	6,593,744
Additions	581,974	-
Disposals	-	-
Closing Balance	**7,175,718**	**6,593,744**
Accumulated depreciation and impairment		
Opening Balance	6,593,744	4,395,830
Depreciation	193,991	2,197,914
Impairment loss	-	-
Eliminated on disposals of assets	-	-
Closing Balance	**6,787,735**	**6,593,744**

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2023

Carrying amounts	31 March 2023	31 March 2022
Gross	7,175,718	6,593,744
Net	387,983	-

Breakdown of lease expenses

	31 March 2023	31 March 2022
Short-term lease expense	8,194,823	5,065,346
Low value lease expense	-	-
Total lease expense	**8,194,823**	**5,065,346**

Cash outflow on leases

	31 March 2023	31 March 2022
Repayment of lease liabilities	393,743	(2,469,066)
Total cash outflow on leases	393,743	(2,469,066)

Maturity analysis

	Less than 1 year	Over 1 years
31 March 2023		
Lease liabilities	-	393,743
31 March 2022		
Lease liabilities	-	-

35. Contingent Liabilities and commitments:

There are no contingent liabilities and commitments by the Group.

36. Related party disclosure as required by Ind AS 24 are given below:

A) **Relationships:**

Category I – Holding Company

Ajanta Pharma Ltd., India (Holding Company)

Category II - Directors, Key Management Personnel & their Relatives:

Mr. Vinayak Muzumdar Director (APML)

Mr. Suttian Deerpaul Director (APML)

& Relatives of Key Management Personnel

M. NO. 107574

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2023

B) Following transactions were carried out with related parties:

C) MUR

Sr. No.	Particulars	Category	31 March 2023	31 March 2021
1.	**Purchase of Goods:**			
	Ajanta Pharma Ltd., India	I	280,278,729	526,515,217
2.	**Sale of Capital Goods:**			
	Ajanta Pharma Ltd., India	I	-	882,190
2.	**Key Management Compensation:**			
	Short Term Employee Benefits			
	Vinayak Muzumdar & Suttian Deerpaul	II	4,420,711	5,373,828

D) Amount outstanding as on 31 March 2023 MUR

Sr. No.	Particulars	Category	31 March 2023	31 March 2022
1.	Trade Payables:			
	Ajanta Pharma Ltd, India	I	124,782,157	252,694,224
2.	Trade Receivables:			
	Ajanta Pharma Ltd, India	I	-	882,190

37. Contribution towards Corporate Social Responsibility

The particulars of CSR expenditure are as follows: MUR

Sr. No.	Particulars	31 March 2023	31 March 2022
a.	Construction/ acquisition of asset	-	-
b.	On purposes other than (a) above	313,931	-
c.	Shortfall at the end of the year	-	-
d.	Total of previous year shortfall	-	-

38. Remuneration to Auditors:

MUR

Particulars	31 March 2023	31 March 2022
Audit Fees	630,000	530,000
For Certification and Other Matters	240,861	-

39. Additional disclosures required by Schedule III (amendments dated 24 March 2021) to the Companies Act, 2013:

A. Relationship with struck off company

The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act,1956.

B. Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

C. Utilisation of borrowings availed from banks

The borrowings obtained by The Group from banks have been applied for the purposes for which such loans were taken.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Ajanta Pharma (Mauritius) Limited

D. Details of benami property held

No proceedings have been initiated on or are pending against The Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

E. Wilful defaulter

The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

F. Compliance with number of layers of companies

The Group has complied with the number of layers prescribed under the Companies Act, 2013.

G. Compliance with approved scheme(s) of arrangements

The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

H. Details of crypto currency or virtual currency

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

I. Utilisation of borrowed funds and share premium

i. 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:
   a. 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
   b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

ii. 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:
   a. 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
   b. (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

40. Closure of wholly owned subsidiary:

Ajanta Pharma (Mauritius) International Ltd, awholly owned subsidiary of the company, was removed from its register of companies u/s 308 of the Companies Act 2001 (Mauritius)vide its letter dated 27 September 2022.

41. Asset Held for Sale:

The Company has entered into an arrangement for sale of its Leasehold improvements, Plant & Machinery, Furniture & Fixtures, Office equipment at BPML Building, Royal Road, Goodlands, Mauritius for a value of MUR 5 million,for which full advance has been received and recognised as part of other current liability, subject to fulfilment of certain conditions. Transaction is expected to be completed in the next 12 months. Pending fulfilment of such conditions, the said investment has been classified as Non-current asset held for sale.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

Ajanta Pharma (Mauritius) Limited

Notes to the Consolidated Financial Statements for the year ended 31 March 2023

42. Previous year figures have been regrouped / re-classified wherever necessary, to confirm to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective from 01 April 2022.

43. **The Group has one segment of activity namely "Pharmaceuticals".**

In terms of our report attached

For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN: 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
UDIN: 23107574BGTKDU8264

Mumbai -24April, 2023

For and on behalf of Board of Directorsof
Ajanta Pharma (Mauritius) Limited

Vinayak Muzumdar
Director

AJANTA PHARMA (MAURITIUS) LIMITED MAURITIUS

G. R. MODI & CO.
Chartered Accountants
12, Laxminarayan Shopping Center, 1st Floor, Poddar Road, Malad (E), Mumbai - 400097
Tel No. 91-22-28884274 - 28819304 Fax No. 91-22-28819304 email : swapnil@modiconsultancy.com

Independent Auditor's Report
To the Members of AJANTA PHARMA PHILIPPINES INC.

Report on the Standalone Financial Statements
The accounts of AJANTA PHARMA PHILIPPINES INC. are being audited under the local laws of the country by the statutory auditor for the period 1st Jan 2022 to 31st December 2022. The company follows the period 1st April 2022 to 31st March 2023. In order to consolidate the accounts of AJANTA PHARMA PHILIPPINES INC. with that of the company, we have been appointed by the management of the company to audit the reinstated accounts of AJANTA PHARMA PHILIPPINES INC. for the period 1st April 2022 to 31st March 2023 under the companies Act in accordance with generally accepted accounting principles in India (Ind AS).

Opinion
We have audited the accompanying standalone Ind AS financial statements of AJANTA PHARMA PHILIPPINES INC. ("the Company") comprising of the Standalone Balance Sheet as at 31st March 2023, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Cash Flow Statement, the Standalone Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements") prepared in accordance with group accounting policies followed by Ajanta Pharma Ltd. These Standalone financial statements have been prepared solely to enable Ajanta to prepare its consolidated financial statements.

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and profit/loss, *changes in equity*and its 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 Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Key Audit Matters
Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Management's Responsibility for the Standalone Ind AS Financial Statements
The Company's Board of Directors is 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, (changes in equity) and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 financial statement that give a true and fair view and 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 Board of Directors are also responsible for overseeing the Company's financial reporting process in accordance with the group accounting policies followed by Ajanta.

Auditor's Responsibility

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 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 financial statements.

Report on Other Legal and Regulatory Requirements
As required by Section 143(3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

G. R. MODI & CO.
M. NO. 107574
Chartered Accountants

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company has not entered into any long-term contracts including derivative contracts, requiring provision under the applicable law or accounting standards, for material foreseeable losses; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **G.R.Modi& Co**
Chartered Accountants
Firm's registration number: 112617W

G. R. MODI & CO. Chartered Accountants M. NO. 107574

CA Swapnil Modi
Partner
Membership number: 107574
Mumbai

24th April, 2023

UDIN NO.: 23107574BGTKDT5077

Annexure - A to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of AJANTA PHARMA PHILIPPINES INC. ("the Company") as of 31st March 2023 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 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 Companies Act, 2013.

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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

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 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 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; and (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 financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **G.R.Modi& Co**
Chartered Accountants
Firm's registration number: 112617W

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

CA Swapnil Modi
Partner
Membership number: 107574
Mumbai

24th April, 2023

UDIN NO: 23107574BGTKDT5077

Ajanta Pharma Philippines Inc.

Balance Sheet
as at 31 March 2023

(Currency : PHP)

	Note	31 March 2023 PHP	31 March 2022 PHP
Assets			
Non-current assets			
Property, plant and equipment	7	20,126,652	25,432,727
Other intangible assets	7	295,980	411,377
Right to use assets	7	6,401,302	4,277,545
Financial assets			
Other financial assets	8	70,393	70,393
Deferred tax assets (net)	9	917,832	1,816,080
Total non-current assets		27,812,158	32,008,121
Current assets			
Inventories	10	333,859,352	393,046,074
Financial assets			
Trade receivables	11	504,944,939	425,202,953
Cash and cash equivalents	12	64,473,398	171,162,006
Other current assets	13	41,392,119	25,196,567
Total current assets		944,669,808	1,014,607,599
Total assets		**972,481,966**	**1,046,615,721**
Equity and Liabilities			
Equity			
Equity share capital	14	200,000,000	200,000,000
Other Equity	15	393,857,944	480,014,248
Total Equity		593,857,944	680,014,248
Liabilities			
Non current liabilities			
Financial liabilities			
Borrowings	16	8,232,089	11,241,342
Lease liability	17	3,315,253	4,400,089
Total non-current liabilities		11,547,342	15,641,431
Current liabilities			
Financial liabilities			
Trade payables	18	286,106,840	285,890,528
Other financial liabilities	19	1,194,607	1,848,332
Other current liabilities	20	79,775,234	63,221,182
Total current liabilities		367,076,680	350,960,042
Total equity and liabilities		**972,481,966**	**1,046,615,721**

Significant accounting policies

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 Apr, 2023

For and on behalf of Board of Directors
of Ajanta Pharma Philippines Inc.

Rajesh M. Agrawal
Director
Mumbai, 24 Apr, 2023

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

UDIN NO : 23107574BGTKDT5077

Ajanta Pharma Philippines Inc.

Statement of Profit and Loss Account
for the year ended 31 March 2023

(Currency: PHP)

	Note	31 March 2023 PHP	31 March 2022 PHP
Income			
Revenue from operations	21	1,702,261,167	1,514,232,087
Other income	22	(211,652)	(8,869,968)
Total income		**1,702,049,514**	**1,505,362,119**
Expenses			
Purchase of stock-in-trade	23	1,074,992,267	944,451,375
Changes in inventories of finished goods/work-in-progress/stock-in-trade	24	59,186,722	(46,270,183)
Employee benefits expenses	25	91,212,231	88,151,183
Finance costs	26	888,398	1,428,299
Depreciation & amortisation expense	27	7,309,087	9,279,595
Other expenses	28	249,714,186	189,488,433
Total expenses		**1,483,302,891**	**1,186,528,701**
Profit before tax		**218,746,623**	**318,833,417**
Tax expense			
Current tax		53,873,503	77,502,303
Deffered tax		1,029,424	131,175
Profit for the year		**163,843,697**	**241,199,939**
Earning Per Equity Share (Basic & Diluted) (Face Value PHP100/-)	30	**81.92**	120.60

Significant accounting policies
The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN. 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 Apr, 2023

UDIN NO : 23107574BGTKDT5077

For and on behalf of Board of Directors
of Ajanta Pharma Philippines Inc.

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Rajesh M. Agrawal
Director
Mumbai, 24 Apr, 2023

Ajanta Pharma Philippines Inc.

Statement of cashflow

for the year ended 31 March 2023

(Currency: PHP)

		31 March 2023 PHP	31 March 2022 PHP
A.	**Cash flow from operating activities**		
	Profit before tax	218,746,623	318,833,417
	Adjustment for		
	Depreciation and amortisation expense	7,309,087	9,279,595
	Finance costs	888,398	1,428,299
	Operating cash flow before working capital changes	**226,944,108**	**329,541,311**
	Change in working capital		
	Decrease / (increase) in trade receivable	(79,741,986)	(48,697,984)
	Decrease / (increase) in other non curent assets	898,249	(678,182)
	Decrease / (increase) in other current assets	(16,195,552)	(17,690,288)
	Decrease / (increase) in inventories	59,186,722	(46,270,183)
	Increase / (decrease) in other current liabilities	15,900,326	12,330,689
	Increase / (decrease) in trade payables	216,312	91,303,126
	Cash generated from operations	**207,208,178**	**319,838,489**
	Net income tax paid	(54,902,927)	(77,633,478)
	Net cash flow generated from operating activities	**152,305,252**	**242,205,012**
B.	**Cash flow from investing activities**		
	Capital expenditure on property, plant and equipment including capita	(801,551)	(746,333)
	Capital expenditure on right to use asset	(3,209,821)	(4,772,769)
	Net cash used in investing activities	**(4,011,372)**	**(5,519,101)**
C.	**Cash flow from financing activities**		
	Repayment of non current borrowings	(3,009,253)	620,053
	Repayment of lease liability (including interest thereon)	(1,084,836)	3,687,932
	Interest paid	(888,398)	(1,428,299)
	Dividend paid	(250,000,000)	(150,000,000)
	Net cash used in financing activities	**(254,982,487)**	**(147,120,314)**
	Net increase / (decrease) in cash and cash equivalents	**(106,688,608)**	**89,565,597**
	Cash and cash equivalents as at the beginning of the year	171,162,006	81,596,409
	Cash and cash equivalents as at the end of the year	**64,473,398**	**171,162,006**

Figures in brackets indicates outflow.

Note :

1. The above Cash Flow Statement has been prepared under 'Indirect Method' as set out in Accounting Standard 7 (Ind AS - 7) "Statement of Cash Flow" under Section 133 of the Companies Act 2013.
2. Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are sholrt-term balances (with an original maturity of three months or less from the date of acquisition)

Significant accounting policies

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. Chartered Accountants M. NO. 107574

Swapnil Modi
Partner
Mumbai, 24 Apr, 2023
UDIN NO : 23107574BGTKDT5077

For and on behalf of Board of Directors of
Ajanta Pharma Philippines Inc.

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Rajesh M. Agrawal
Director
Mumbai, 24 Apr, 2023

Ajanta Pharma Philippines Inc.

Statement of Changes in Equity
for the year ended 31 March 2023

(Currency: PHP)

A. Equity Share Capital

PHP

	Balance as at 01 April 2022	Changes in Equity Share Capital due to prior period errors	Restated balance at the beginning of the current reporting period	Changes in equity share capital during the year	Balance as at 31 March 2023
Authorised :	200,000,000	-	200,000,000	-	200,000,000
Issued :	200,000,000	-	200,000,000	-	200,000,000
Subscribed & Paid up:	200,000,000	-	200,000,000	-	200,000,000

B. Other Equity

Particulars	Capital Redemption Reserve	Securities Premium Account	General Reserve	Share Based Payment Reserve	Retained Earnings	Foreign Currency Translation Reserve	Other items of other comprehensive income	Total	Non-Controlling Interests	Total Equity
As at 1 April 2021	-	-	33,694,923	-	355,119,386	-	-	388,814,308	-	388,814,308
Profit for the period	-	-	-	-	241,199,939	-	-	241,199,939	-	241,199,939
Other comprehensive income	-	-	-	-		-	-	-	-	-
Total comprehensive income	-	-	-	-	241,199,939	-	-	241,199,939	-	241,199,939
Transfer to Retained Earnings	-	-	-	-	-	-	-	-		-
Dividend Paid	-	-	-	-	(150,000,000)	-	-	(150,000,000)		(150,000,000)
At 31 March 2022	-	-	33,694,923	-	446,319,325	-	-	480,014,248	-	480,014,248
Profit for the period					163,843,697			163,843,697	-	163,843,697
Other comprehensive income	-	-	-	-	-	-	-	-		-
Total comprehensive income	-	-	-	-	163,843,697	-	-	163,843,697	-	163,843,697
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	(250,000,000)	-	-	(250,000,000)	-	(250,000,000)
At 31 March 2023	-	-	33,694,923	-	360,163,022	-	-	393,857,944	-	393,857,944

See accompanying notes forming part of the financial statements

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN: 112617W)

G. R. MODI & CO.
M. NO. 107574
Chartered Accountants

Swapnil Modi
Partner

Mumbai, 24 Apr, 2023
UDIN NO : 23107574BGTKDT5077

For and on behalf of Board of Directors of
Ajanta Pharma Philippines Inc.

AJANTA PHARMA PHILIPPINES INC.
PHILIPPINES

Rajesh M. Agrawal
Director

Mumbai, 24 Apr, 2023

Ajanta Pharma Philippines Inc.
Notes to the Financial Statements as on 31 March 2023

1. Corporate Information

Ajanta Pharma Philippines Inc. is a limited liability company incorporated and domiciled in Philippines and is a wholly owned subsidiary of Ajanta Pharma Ltd., India. The address of its registered office is located at Unit 710, AXA Life Bldg., 1286, Sen. Gil Puyat Ave., Makati City, Philippines.

Company is primarily involved in the business of pharmaceutical and related activities.

The Financial Statement for the year ended 31 March 2023 have been reviewed by the Audit Committee and subsequently approved by Company's Board of Directors at its meeting held on 24 April 2023.

2. Basis of Preparation

The financial statement of the Company has been prepared in all material aspects in accordance with the recognition & measurement principles laid down in Indian Accounting Standards (hereinafter referred to as the 'Ind AS') read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India.

The financial statements have been prepared on an accrual basis and under the historical cost basis, except otherwise stated.

3. Functional and Presentation Currency:

Functional currency of the Company is Philippine Peso (Php).

4. Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest lacs.

5. Current / Non-Current classification

The assets and liabilities in the balance sheet are presented based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
  All other assets are classified as non-current.

A liability is current when it is:

- Expected to be settled in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Due to be settled within twelve months after the reporting period, or

G. R. MODI & CO. M. NO. 187874 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
  All other liabilities are treated as non-current.

Operating Cycle
An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

6. Significant Accounting Policies

6.1 Property, plant and equipment

Property, plant and equipment are initially measured at cost and are presented in the financial statements at cost less accumulated depreciation and amortization and any accumulated impairment in value. Such cost includes the cost of replacing part of the property, plant and equipment at the time that cost is incurred, if the recognition criteria are met, and excludes the costs of day-to-day servicing.

The initial cost of property and equipment comprises its purchase price, including import duties, taxes and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Cost also includes any related asset retirement obligation (ARO) and interest incurred during the construction period on funds borrowed to finance the construction of the projects. Expenditures incurred after the fixed assets have been put into operation, such as repairs and maintenance and overhaul costs, are normally charged to deferred development cost in the period the cost are incurred. Major repairs are capitalized as part of property and equipment only when it is probable that future economic benefits associated with the items will flow to the Company and the cost of the items can be measured reliably.

Depreciation is calculated on a straight-line basis to write off the cost of assets, to their residual values over their estimated useful life as follows:

Particulars	Useful Life
Condominium Units	20 years
Furniture, Fixtures & Fittings	2 years
Office Equipments	2 years
Computers	2 years
Motor Vehicles	5 years

The carrying amounts of property and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. Fully depreciated assets are retained in the accounts until they are no longer in use and no further depreciation and amortization are recognized in profit or loss.

An item of property and equipment is derecognized when either it has been disposed of or when it is permanently withdrawn from use and no future economic benefits are expected from its use or disposal. Any gain or loss arising on the retirement and disposal of an item of property and equipment (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period of retirement or disposal.

G. R. MODI & CO. M. NO. 107874 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC.

6.2 Intangible Assets

Intangible assets are initially measured at cost and are subsequently measured at cost less accumulated amortization and any accumulated impairment loss. These are amortized over estimated useful life using the straight line method. If there is an indication that there has been a significant change in amortization rate, useful life or residual value of an intangible asset, the amortization is revised prospectively to reflect the new expectations.

Intangible assets are derecognized when these assets are disposed of or when no future economic benefits are expected from these assets.

6.3 Financial Instruments

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

Financial Assets

Classification

Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Initial Recognition and Measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Subsequent Measurement

For the purpose of subsequent measurement, financial assets are classified in two broad categories:

- Financial assets at fair value (FVTPL / FVTOCI)
- Financial assets at amortised cost

When assets are measured at fair value, gains and losses are either recognised in the statement of profit and loss (i.e. fair value through profit or loss (FVTPL)), or recognised in other comprehensive income (i.e. fair value through other comprehensive income (FVTOCI)).

Financial Assets measured at Amortised Cost (net of any write down for impairment, if any)

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Statement of profit and loss.

Financial Assets measured at Fair Value through Other Comprehensive Income ("FVTOCI")

Financial assets under this category are measured initially as well as at each reporting date at fair value, when asset is held within a business model, whose objective is to hold assets for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

G. R. MODI & CO. M. NO. 107874 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Financial Assets measured at Fair Value through Profit or Loss ("FVTPL")

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

Investment in Equity Instruments

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income. There is no recycling of the amounts from other comprehensive income to profit or loss.

Investment in Debt Instruments

A debt instrument is measured at amortised cost or at FVTOCI. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

Derecognition of Financial Assets

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or Company has transferred its rights to receive cash flows from the asset.

Impairment of Financial Assets

In accordance with Ind - AS 109, Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments and trade receivables.

Financial Liabilities

Classification

Company classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

Initial Recognition and Measurement

All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative Financial Instrument

The Company uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

6.4 Inventories

Finished products including traded goods and work-in-progress are valued at lower of cost and net realisable value. Cost is arrived on weighted average basis. The cost of Inventories have been computed to include all cost of purchases, cost of conversion, appropriate share of fixed production overheads based on normal capacity and other related cost incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Slow and non-moving material, products nearing expiry, defective inventory are fully provided for and valued at net realisable value.

Goods in transit are valued at actual cost incurred up to the date of balance sheet.

6.5 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of cash on hand and cash at bank including fixed deposit/highly liquid investments with original maturity period of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

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

6.6 Cash Flow Statements

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of the Company are segregated.

G.R. MODI & CO. M. NO. 107874 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

6.7 Foreign Currency Transactions

Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

Monetary items denominated in foreign currencies at the year-end are re-measured at the exchange rate prevailing on the balance sheet date. Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

6.8 Revenue Recognition

Revenue recognition under Ind AS 115 (applicable from 1 April 2018)

Under Ind AS 115, the group recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer.

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Sale of Goods

The group applied Ind AS 115 using the modified retrospective approach.

Revenue is measured based on the transaction price adjusted for discounts and rebates, which is specified in a contract with customer. Revenue are net of estimated returns and taxes collected from customers.

Revenue from sale of goods is recognized at point in time when control is transferred to the customer and it is probable that consideration will be collected. Control of goods is transferred upon the shipment of the goods to the customer or when goods is made available to the customer.

The transaction price is documented on the sales invoice and payment is generally due as per agreed credit terms with customer.

The consideration can be fixed or variable. Variable consideration is only recognised when it is highly probable that a significant reversal will not occur.

Sales return is variable consideration that is recognised and recorded based on historical experience, market conditions and provided for in the year of sale as reduction from revenue. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in line with trade practices, historical trends, past experience and projected market conditions.

Interest income

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Interest income is recognised with reference to the Effective Interest Rate method.

Dividend income

Dividend from investment is recognised as revenue when right to receive is established.

Income from Export Benefits and Other Incentives

Export benefits available under prevalent schemes are accrued as revenue in the year in which the goods are exported and / or services are rendered only when there reasonable assurance that the conditions attached to them will be complied with, and the amounts will be received.

6.9 Employee Benefits

Short-term Benefits - The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages, social security contributions, short-term compensated absences, bonuses and other non-monetary benefits.

Post-Employment Benefits - The Company does not have a formal retirement benefit plan. However, the Company is subject to the provision of Republic Act No. 7641 (known as the Retirement Law). This requires that in the absence of a retirement plan of agreement providing for retirement benefits of employees in the private sector, an employee upon reaching the age of 60 years or more, but not beyond 65 years, who has served for at least five (5) years in a private company, may retire and shall be entitled to retirement pay. No actuarial computation was made considering that there are no more than ten (10) employees who had served at least five years and the turnover of employees is high.

Compensated Absences - Compensated absences are recognized for the number of paid leave days (including holiday entitlement) remaining at the end of the reporting period. Those are included in the salaries and wages account and are recognized when availed of by the employees.

Retirement and Other Long-term Benefits
Retirement and other long-term benefits costs are actuarially determined using the projected unit credit method. This method reflects services rendered by employees up to the date of valuation and incorporates assumptions concerning employees' projected salaries. The calculation of defined benefit obligations is performed annually by a qualified actuary. When the calculation results in a potential asset for the Company, the recognized asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in the future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Re-measurements of the net retirement and other long-term employee benefits liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognized immediately in OCI. The Company determines the net interest expense to measure the net retirement benefit liability (asset) on at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognized immediately in profit or

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

loss. The Company recognizes gains and losses on the settlement of a defined benefit plan when the settlement occurs.

The net retirement and other long-term benefits liability recognized by the Company is the aggregate of the present value of the defined benefit obligation reduced by the fair value of plan assets out of which the obligations are to be settled directly. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using risk-free interest rates of government bonds that have terms to maturity approximating the terms of the related retirement and other long-term benefits liability.

Share-based compensation
Company has no share-based compensation plan.

6.10 Borrowing Costs

Borrowing costs comprise interest expense on borrowings and other bank charges. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs. Transaction costs are charged to statement of profit and loss as financial expenses over the term of borrowing.

6.11 Lease

The company's lease asset class primarily consists of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset

G. R. MODI & CO.

PHILIPPINES

basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the generally accepted interest rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Transition

Effective 1 April, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the generally accepted interest rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the generally accepted interest rate at the date of initial application. Comparatives as at and for the year ended 31 March, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of PHP 2,762,968 and a lease liability of PHP 2,881,829. The cumulative effect of applying the standard, amounting to PHP 118,861 was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

a. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

b. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

c. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

d. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The interest rate applied to lease liabilities as at 1 April, 2019 is 6%.

G. R. MODI & CO. M. NO. 107674 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Ajanta Pharma Philippines Inc.
Notes to the Financial Statements as on 31 March 2023

6.12 Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

6.13 Income Taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the respective Country's tax rates and tax laws that have been enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Deferred income tax assets and liabilities are measured using respective Country's tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future.

6.14 Dividends to Shareholders

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable is recognised directly in equity.

G. R. MODI & CO. M. NO. 107674 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

6.15 Provisions, Contingent Liabilities, Contingent Assets and Commitments

General

Provisions (legal and constructive) are recognised when the Group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.

Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If there is any expectation that some or all of the provision will be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any virtually certain reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimates is possible;
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent liabilities are not recognised but disclosed in the Financial Statements. Contingent assets are neither recognised nor disclosed in the Financial Statements.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets and Non-cancellable operating lease.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Asset Retirement Obligation

Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

6.16 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date in accordance with Ind AS 113.

G.R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Financials Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:

- Derivative financial instruments are measured at fair value received from Bank.
- Mutual Funds are measured at fair values as per Net Asset Value (NAV).
- Employee Stock Option Plan (ESOP) at fair values as per Actuarial Valuation Report.

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

6.17 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2022.

6.18 Critical accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

(a) Arrangement containing lease

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, Company separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values.

The Company has determined, based on an evaluation of the terms and conditions of the arrangements that such contracts are in the nature of operating leases.

(b) Multiple element contracts with vendors

The Company has entered into multiple element contracts with vendors for supply of goods and rendering of services. The consideration paid is/may be determined independent of the value of supplies received and services availed. Accordingly, the supplies and services are accounted for based on their relative fair values to the overall consideration. The supplies with finite life under the contracts (as defined in the significant accounting policies) have been accounted under Property, Plant and Equipment and/or as Intangible assets, since the Company has economic ownership in these assets. Company believes that the current treatment represents the substance of the arrangement.

(c) Property, Plant and equipment

Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on the life of useful lives/rates prescribed by the GAAPs of the respective countries. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

(d) Intangible Assets

Internal technical or user team assess the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

(e) Recognition and measurement of defined benefit obligations

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

(f) Recognition of deferred tax assets and income tax

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements,

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective country.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.

(g) Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

(h) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

(i) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management seems them not collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

The impairment provisions for financial assets are based on assumption about risk of default and expected loss rates. Judgement in making these assumptions and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

(j) Insurance claims

Insurance claims are recognised when the Company has reasonable certainty of recovery.

(k) Impairment reviews

An impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, long term growth rates; and the selection of discount rates to reflect the risks involved.

G.R. MODI & CO. M. NO. 107874 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Ajanta Pharma Philippines Inc.

Notes to the Financial Statements (Continued)
as at 31 March 2023

(Currency: PHP)

7 Property, Plant and Equipment

7.1 Current Year

IN PHP

	Particulars	Gross Block (Cost Or Deemed Cost)					Accumulated Depreciation/Amortisation					Net Block	
		01 April 2022	Additions	Disposals	Adjustments	31 March 2023	01 April 2022	For the Year	Disposals	Adjustments	31 March 2023	31 March 2023	31 Mar 2022
		-	-	-	-	-	-	-	-	-	-	-	-
(a)	**Property, Plant and Equipment**												
	Leasehold Improvements	21,798		-		21,798	21,798	-	-		21,798	-	-
	Buildings	33,957,787		-		33,957,787	14,060,019	1,697,890	-		15,757,909	18,199,878	19,897,768
	Plant & Machinery	-		-		-	-	-	-		-	-	-
	Furniture & fixtures	2,823,774	36,240	-		2,860,014	2,799,559	28,084	-		2,827,643	32,371	24,214
	Office Equipment	5,871,661	420,401	-		6,292,062	5,418,214	426,774	-		5,844,988	447,074	453,447
	Vehicles	46,451,814		-		46,451,814	41,394,515	3,609,970	-		45,004,485	1,447,329	5,057,299
	Computers	163,288		-		163,288	163,288	-	-		163,288	(0)	(0)
	Total	**89,290,121**	**456,641**	-	-	**89,746,762**	**63,857,394**	**5,762,716**	-	-	**69,620,110**	**20,126,652**	**25,432,727**
	Previous Year	88,900,668	389,453	-	-	89,290,121	55,063,426	7,793,968	-	-	63,857,394	25,432,727	33,837,242
(b)	**Other Intangible Assets**												
	Right to use	7,535,737	3,209,821	-		10,745,558	3,258,192	1,086,064	-		4,344,256	6,401,302	4,277,545
	Computer Software	3,043,992	344,910	-		3,388,902	2,632,616	460,307	-		3,092,922	295,980	411,377
	Total	**10,579,729**	**3,554,731**	-	-	**14,134,460**	**5,890,808**	**1,546,371**	-	-	**7,437,178**	**6,697,282**	**4,688,921**
	Previous Year	5,450,080	5,129,649	-	-	10,579,729	4,407,180	1,483,628	-	-	5,890,808	4,688,921	1,042,900
	Total (a) + (b)											**26,823,934**	**30,121,648**

G.R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Ajanta Pharma Philippines Inc.

Notes to the Financial Statements (Continued)
as at 31 March 2023

(Currency: PHP)

	31 March 2023 PHP	31 March 2022 PHP
8 Other Non-Current Financial Assets		
(Unsecured, Considered Good unless otherwise stated)		
Security Deposits	70,393	70,393
	70,393	**70,393**
9 Deferred Tax Assets (Net)		
Others	917,832	1,816,080
	917,832	**1,816,080**
10 Inventories		
Stock-in-trade	333,859,352	393,046,074
	333,859,352	**393,046,074**
11 Trade Receivables		
(Unsecured, Considered Good unless otherwise stated)		
-Considered good	504,944,939	425,202,953
	504,944,939	**425,202,953**
12 Cash and cash equivalents		
Cash on Hand	58,406	64,843
Balance with Banks - In current accounts	64,414,992	171,097,163
	64,473,398	**171,162,006**
13 Other Current Assets		
Advances to Suppliers	38,892,433	23,747,116
Advances to Employees	2,499,686	1,449,451
	41,392,119	**25,196,567**

14 Equity Share Capital

	31 March 2023 Number of Shares	31 March 2023 PHP	31 March 2022 Number of Shares	31 March 2022 PHP
Authorised :				
Equity Shares of PHP 100 each	2,000,000	200,000,000	2,000,000	200,000,000
Issued, Subscribed & Paid up :				
Equity Shares of PHP 100 each fully paid up	2,000,000	200,000,000	2,000,000	200,000,000

(a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year :

	31 March 2023 Number of Shares	31 March 2023 PHP	31 March 2022 Number of Shares	31 March 2022 PHP
Number of shares outstanding as at the beginning of the year	2,000,000	200,000,000	2,000,000	200,000,000
Add : Number of shares allotted as bonus during the year	-		-	
Less: Number of shares bought back during the year	-		-	
Number of shares outstanding as at the end of the year	**2,000,000**	**200,000,000**	**2,000,000**	**200,000,000**

(b) Rights, preferences and restrictions attached to shares

The company has issued only one class of ordinary shares with voting rights having a par value of PHP100 per share.
During the year ended 31 March 2020, amount per share of dividend recognised as distributions to equity shareholders was PHP 62.50 per equity share (31 March 2019 PHP 60.60 per equity share)
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the numbers of equity shares held by shareholders.

(c) Details of equity shareholders holding more than 5%

Name of Shareholder	31 March 2023 Number of Shares	31 March 2023 % Holding	31 March 2022 Number of Shares	31 March 2022 % Holding
Ajanta Pharma Ltd., India	2,000,000	100.00	2,000,000	100.00

(d) Shares reserved for issue under options	Nil	Nil	Nil	Nil

G.R. MODI & CO. Chartered Accountants M. NO. 107674

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Ajanta Pharma Philippines Inc.

Notes to the Financial Statements (Continued)
as at 31 March 2023

(Currency: PHP)

		31 March 2023 PHP	31 March 2022 PHP
15	**OTHER EQUITY**		
	General Reserve		
	Balance at the beginning of the year	33,694,923	33,694,923
	Add : Transferred from Statement of Profit & Loss	-	-
		33,694,923	33,694,923
	Exchange Fluctuation Reserve		
	Surplus in the Statement of Profit and Loss		
	Balance at the beginning of the year	446,319,325	355,119,386
	Profit for the year	163,843,697	241,199,939
	Less: Appropriations		
	-Dividend Paid on Equity Shares	250,000,000	150,000,000
	-Dividend Distribution Tax On Proposed		-
	-Transferred from retained earnings		-
	-Transferred to General Reserve		-
	Balance at the year end	360,163,022	446,319,325
	Total Other Equity	393,857,944	480,014,248
16	**Non-Current Borrowings**		
	Vehicle Loans (Secured)		
	from Banks (PHP)	8,232,089	11,241,342
		8,232,089	11,241,342
17	**Lease liability**		
	Lease liability	3,315,253	4,400,089
		3,315,253	4,400,089
18	**Trade Payables**		
	Trade Payables to Related Party	286,106,840	285,890,528
		286,106,840	285,890,528
19	**Other Current Financial Liabilities**		
	Current Maturities of long-term debt	1,194,607	1,848,332
		1,194,607	1,848,332
20	**Other Current Liabilities**		
	Others payables	79,775,234	63,221,182
		79,775,234	63,221,182
21	**Revenue from Operations**		
	Sale of Products		
	Stock-in-Trade	1,702,261,167	1,514,232,087
		1,702,261,167	1,514,232,087
22	**OTHER INCOME**		
	Exchange Difference (Net)	(1,875,265)	(10,260,618)
	Profit on Sale of Fixed Assets		-
	Interest from Others	127,899	136,185
	Miscellaneous Income	1,535,714	1,254,464
		(211,652)	(8,869,968)
23	**Purchase of Stock-in-Trade**	1,074,992,267	944,451,375

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Ajanta Pharma Philippines Inc.

Notes to the Financial Statements (Continued)
as at 31 March 2023

(Currency: PHP)

		31 March 2023 PHP	31 March 2022 PHP
24 Changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade			
Inventories at the end of the year :			
Stock-in-trade		333,859,352	393,046,074
	(A)	333,859,352	393,046,074
Inventories at the beginning of the year :			
Stock-in-trade		393,046,074	346,775,891
	(B)	393,046,074	346,775,891
Effect of foreign exchange translation			
Stock-in-trade			
	(C)	-	-
Total changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade :			
Stock-in-trade		59,186,722	(46,270,183)
Total changes in Inventories of Finished Goods, Work-in-progress and Stock-in-Trade	(B) - (A) + (C)	59,186,722	(46,270,183)
		1,134,178,989	898,181,192
25 Empolyee Benefit Expenses			
Salaries, Wages, Bonus and Allowances		90,819,878	87,812,725
Staff Welfare Expenses		392,353	338,458
		91,212,231	88,151,183
26 Finance Cost			
Interest expenses		888,398	1,428,299
		888,398	1,428,299
27 Depreciation			
Depreciation of Tangible Assets (Refer note 4)		7,309,087	9,279,595
		7,309,087	9,279,595
28 Other Expenses			
Selling Expenses		78,169,402	43,378,902
Clearing and Forwarding		134,015,729	112,988,068
Travelling Expenses		18,017,076	14,159,058
Power and Fuel		819,788	694,056
Rent		833,206	2,071,607
Telephone, Telex & Postage		1,336,978	1,399,792
Repairs to Building		618,760	241,306
Miscellaneous Expenses		15,903,248	14,555,648
		249,714,186	189,488,433

G.R. MODI & CO. M. NO. 107674 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

29. Capital Management

Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return (EBIT) on capital, as well as the level of dividends to equity shareholders. The Company's objective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the company. The company determines the capital requirement based on annual operating plans and long term and other strategic investment plans.

Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as debt less cash and cash equivalents and short-term investments. Adjusted equity comprises all components of equity.

Company's policy is to keep the ratio below 1.00and its adjusted net debt to equity ratio at 31 March 2023 was as follows.

PHP

Particulars		31 March 2023	31 March 2022
Debt		9,426,695	13,089,674
Less: Cash and Cash equivalents		64,473,398	171,162,006
Net Debt	A	(55,046,703)	(158,072,332)
Equity	B	593,857,944	680,014,248
Net Debt to Equity ratio	**A/B**	-0.09	-0.23

30. Earnings Per share (EPS):

The numerator and denominator used to calculate Basic and Diluted Earnings Per Share:

Particulars		31 March 2023	31 March 2022
Basic and Diluted Earnings Per Share:			
Profit attributable to Equity shareholders- for Basic EPS (PHP)	A	163,843,697	241,199,939
Add: Dilutive effect on profit (PHP)	B	-	-
Profit attributable to Equity shareholders for computing Diluted EPS (PHP)	C=A-B	163,843,697	241,199,939
Weighted Average Number of Equity Shares outstanding - for Basic EPS	D	2,000,000	2,000,000
Add: Dilutive effect of option outstanding- Number of Equity Shares	E	-	-
Weighted Average Number of Equity Shares for Diluted EPS	F=D+E	2,000,000	2,000,000
Face Value per Equity Share (PHP)		100	100
Basic Earnings Per Share (PHP)	**A/D**	**81.92**	**120.60**
Diluted Earnings Per Shares (PHP)	**C/F**	**81.92**	**120.60**

31. Employee Benefits

As required by Ind AS 19 'Employee Benefits',the Company offers its employees: Short-term employee benefits - These benefits include salaries and wages and other government contributions which are due within twelve months after the end of the period in which the employee renders the related service. The total consideration paid in 2022-23 was PHP91,212,231(Previous Year PHP88,151,18).

Retirement plan - The Company did not yet set up a retirement plan since it does not have more than ten (10) employees who had served at least five years. Retirement expenses are recognized upon actual availingof qualified employees which will be determined by the Company based on the actual number of years of service in compliance with RA No. 7641. No retirement costs were recognized.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Ajanta Pharma Philippines Inc.

Notes to the Financial Statements for the year ended 31 March 2023

32. Financial Instrument – fair values and risk management

Fair value measurements

				PHP
	31 March 2023		31 March 2022	
Financial Instruments by category	FVTPL	Amortised Cost	FVTPL	Amortised Cost
Financial Assets				
Trade Receivables	-	504,944,939	-	425,202,953
Other Non-Current Financial Assets	-	70,393	-	70,393
Cash and cash equivalents	-	64,473,398	-	171,162,006
Total Financial Assets	-	**569,488,729**	-	**596,435,351**
Financial Liabilities				
Borrowings	-	8,232,089	-	11,241,342
Non-Current Lease Liability	-	3,315,253	-	4,400,089
Other Current Financial Liabilities	-	80,969,840	-	65,069,514
Trade Payables	-	286,106,840	-	285,890,528
Total Financial Liabilities	-	**378,624,022**	-	**366,601,473**

Fair value measurement of lease liabilities is not required.

Level 1 –The hierarchy in level 1 includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2 – The fair value of financial instruments that are not traded in an active market (like Mark to Market derivative and Non-convertible Debentures) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value as instrument are observable, the instrument is included in level 2.

Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

A. Financial risk management

Company has exposure to following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk

Risk management framework

Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies, under the guidance of Audit Committee.

Company's risk management policies are established to identify and analyse the risks faced by it, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Company, through its training and procedures aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

G. R. MODI & CO. M. NO. 117673

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Company's Audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

i. Credit risk

Company's credit risk is minimal. The trade receivables arise mainly from transactions with its approved customers. The maximum exposure to credit on these transactions is equal to the carrying amount of these financial instruments. Customers are subject to stringent financial, credit and legal verification process. In addition, trade receivable balances are monitored on an ongoing basis to ensure timely collections. Accordingly, the Company's exposure to bad debts is not significant.

Impairment:

The following table provides information about the exposure to credit risk and expected credit loss for trade receivables: **PHP**

	31 March 2023		
	Carrying amount	**Weighted average loss rate**	**Loss allowance**
Not due	456,711,295	0%	-
Past due upto 180 days	48,233,644	0%	-
	504,944,939		-

	31 March 2022		
	Carrying amount	**Weighted average loss rate**	**Loss allowance**
Not due	43,590,386	0%	-
Past due upto 180 days	381,612,567	0%	-
	425,202,953		-

a) Trade receivables

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. Trade receivables, which are non-interest bearing, are mainly from stockists, distributors and customers and are generally on 90 days credit term. Outstanding customer receivables are regularly monitored. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The group does not hold collateral as security. The group evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

Sales to certain jurisdictions are either based on advance payments or restricted to certain limits to contain exposures to credit risk.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Expected credit loss assessment

The Group allocates each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of loss (e.g. timeliness of payments, available press information etc.) and applying experienced credit judgement.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Historical trends of impairment of trade receivables do not reflect any significant credit losses. Given that the macroeconomic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue. The trend of the bad debts is negligible.

PHP

	31 March 2023	31 March 2022
Gross Carrying amount	**504,944,939**	425,202,953
Average Expected loss rate	**0.0%**	0.0%
Carrying amount of trade receivables (net of impairment)	-	-

The movement in the allowance for impairment in respect of trade receivables during the year was as follows: **PHP**

	31 March 2023	31 March 2022
Balance as at the beginning of the year	-	-
Impairment loss recognised (net)	-	-
Amounts written off	-	-
Balance as at the year end	-	-

b) Financial instruments

Company limits its exposure to credit risk by investing only in liquid debt securities issued by mutual funds having a credit ranking of atleast 3 and above from CRISIL or equivalent rating agency. Company monitors changes in credit risk by tracking published external credit ranking. Based on its on-going assessment of counterparty risk, the Company adjusts its exposure to various counterparties.

ii. Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from banks at an optimised cost. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels.

The company aims to maintain the level of its cash and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities over the next six months.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include estimated interest payments and exclude the impact of netting agreements.

G.R. MODI & CO. M. NO. 107874 Chartered Accountants

PHILIPPINES

PHP

As at 31 March 2023	Carrying Amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Trade payables	286,106,840	286,106,840	286,106,840	-	-	-
Other Financial liabilities	1,194,607	1,194,607	1,194,607	-	-	-
Borrowings	8,232,089	8,232,089	-	8,232,089	-	-
Lease liabilities	3,315,253	3,315,253	-	3,315,253	-	-
Total	298,848,789	298,848,789	597,697,578	11,547,342	-	-

As at 31 March 2022	Carrying Amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Trade payables	285,890,528	285,890,528	285,890,528	-	-	-
Other Financial liabilities	1,848,332	1,848,332	1,848,332	-	-	-
Borrowings	11,241,342	11,241,342	-	11,241,342	-	-
Lease liabilities	4,400,089	4,400,089	-	4,400,089	-	-
Total	303,380,291	303,380,291	606,760,582	15,641,431	-	-

iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments.

Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. The company uses derivative financial instruments such as foreign exchange contracts to manage its exposures to foreign exchange fluctuations All such transactions are carried out within the guidelines set by the risk management committee.

The sensitivity analysis has been prepared on the basis of derivatives and the proportion of financial instruments in foreign currencies are all constant. The analysis excludes the impact of movements in market variables on the carrying value of postemployment benefit obligations, provisions and on the non-financial assets and liabilities.The sensitivity of the relevant income statement item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March 2023 and 31 March 2022.

iv. Currency risk

The Company's foreign exchange risk results primarily from movements of the Philippine peso against the US dollar with respect to US dollar denominated financial assets and liabilities.

The Company's transactional currency exposures arise from its inventories which is 100% purchases from Holding Company in US dollar. In addition, 32%as at 31 March 2023and 58%as at 31 March 2022of the Company's debt are denominated in US dollar. The Company periodically reviews the trend of the foreign exchange rates and, as a practical move, increases its US dollar

G. R. MODI & CO. M. NO. 107874 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

denominated time deposits in times when the Philippine peso is depreciating or decreases its US dollar denominated time deposits in times when the Philippine peso is appreciating.

The following table analyses foreign currency risk as of 31 March 2023 and 31 March 2022:

PHP

Particulars	31 March 2023	31 March 2022
Financial Assets	-	-
Trade Payables	(286,106,840)	(285,890,528)
Borrowings & Other Financial Liabilities	(3,016,543)	(7,592,011)
Net Assets / (Liabilities)	**(289,123,382)**	**(293,482,538)**

For the year ended 31 March 2023 and 31 March 2022,every percentage point depreciation / appreciation in the exchange rate between the PHPand respective currencies has affected the Company's incremental profit before taxas per below:

PHP

Year	Change in currency exchange rate	Effect on profit before tax
31 March 2023	+5% / (-5%)	14,456,169 / (14,456,169)
31 March 2022	+5% / (-5%)	14,674,127 / (14,674,127)

33. Note on foreign currency exposures on assets and liabilities:

During the year, the Company has not entered into Forward Exchange Contract. The year-end foreign currency exposures that have not been mitigated by a derivative instrument or otherwise are as below:

Particulars	PHP		Foreign Currency		Foreign Currency
	31 March 2023	31 March 2022	31 March 2023	31 March 2022	
Amount Payable	289,123,382	293,482,538	5,363,786	4,239,170	USD

a) Interest rate risk

The Company's exposure to changes in interest rates relates primarily to the Company's long-term debt obligations. Fixed rate financial instruments are subject to fair value interest rate risk. The following table demonstrates the sensitivity analysis to a reasonably possible change in interest rates, with all other variable held constant, of the Company's profit before income tax. The estimates are based on the outstanding interest-bearing liabilities of the Company with floating interest rate as at 31 March 2023 and 31 March 2022.

PHP

Year	Change in interest rate	Effect on profit before tax
31 March 2023	+1% / (-1%)	94,267 / (94267)
31 March 2022	+1% / (-1%)	130,897 / (130,897)

b) Price risk

Company does not have any exposure to price risk, as there are no equity investments.

34. Disclosure for operating leases under Ind AS 116 - "Leases":

The Group have taken various premises under operating lease. These are generally cancellable and ranges from 11 months to 5 years and are renewable by mutual consent on mutually agreeable terms. Some of these lease agreements have price escalation clauses. There are no restrictions imposed by these lease arrangements and there are no sub leases. There are no contingent rents. Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

PHILIPPINES

Ajanta Pharma Philippines Inc.

Right-of-use assets

	31 March 2023	31 March 2022
Cost		
Opening Balance	7,535,737	2,762,968
Additions	3,209,821	4,772,769
Disposals	-	-
Closing Balance	**10,745,558**	**7,535,737**
Accumulated depreciation and impairment		
Opening Balance	3,258,192	2,172,128
Depreciation	1,086,064	1,086,064
Impairment loss	-	-
Eliminated on disposals of assets	-	-
Closing Balance	**4,344,256**	**3,258,192**

Carrying amounts	**31 March 2023**	**31 March 2022**
Gross	**10,745,558**	7,535,737
Net	**6,401,302**	4,277,545

Breakdown of lease expenses

	31 March 2023	31 March 2022
Short-term lease expense	833,206	2,071,602
Low value lease expense	-	-
Total lease expense	**833,206**	**2,071,602**

Cash outflow on leases

	31 March 2023	31 March 2022
(Repayment) / Addition of lease liabilities	**(1,084,836)**	3,687,932
Total cash outflow on leases	**(1,084,836)**	3,687,932

Maturity analysis

	Less than 1 year	Over 1 years
31 March 2023		
Lease liabilities	3,315,253	4,400,089
31 March 2022		
Lease liabilities	3,315,253	4,400,089

35. Contingent Liabilities and commitments:

There are no contingent liabilities and commitments by the Company.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

Ajanta Pharma Philippines Inc.

Notes to the Financial Statements for the year ended 31 March 2023

36. Related party disclosure as required by Ind AS 24 are given below:

A) Relationships:

Category I – Holding Company & Fellow Subsidiary

Ajanta Pharma Ltd., India (Holding Company)

Category II - Directors, Key Management Personnel & their Relatives:

Sam Gioskos Director (APPI)

& Relatives of Key Management Personnel

B) Following transactions were carried out with related parties: PHP

Sr. No.	Particulars	Category	31 March 2023	31 March 2022
1.	**Purchase of Goods:**			
	Ajanta Pharma Ltd., India	I	1,074,992,267	944,451,375
2.	**Key Management Compensation:**			
	Short Term Employee Benefits			
	Sam Gioskos	II	16,090,000	6,018,320
3.	**Dividend Paid to Ajanta Pharma Ltd., India**	I	250,000,000	150,000,000

C) Amount outstanding as on 31 March 2022 PHP

Sr. No.	Particulars	Category	31 March 2023	31 March 2022
1.	**Trade Payable :**			
	Ajanta Pharma Ltd., India	I	286,106,840	285,890,528

37. Remuneration to Auditors:

PHP

Particulars	31 March 2023	31 March 2022
Audit Fees	278,600	275,000

38. Additional disclosures required by Schedule III (amendments dated 24 March 2021) to the Companies Act, 2013:

A. Relationship with struck off company

The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act,1956.

B. Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

C. Utilisation of borrowings availed from banks

The borrowings obtained by The Group from banks have been applied for the purposes for which such loans were taken.

D. Details of benami property held

No proceedings have been initiated on or are pending against The Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

G. R. MODI & CO. M. NO. 107874 Chartered Accountants

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

E. Wilful defaulter

The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

F. Compliance with number of layers of companies

The Group has complied with the number of layers prescribed under the Companies Act, 2013.

G. Compliance with approved scheme(s) of arrangements

The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

H. Details of crypto currency or virtual currency

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

I. Utilisation of borrowed funds and share premium

i. 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:
   a. 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
   b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

ii. 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:
   a. 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
   b. (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

39. Previous year figures have been regrouped / re-classified wherever necessary, to confirm to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective from 01 April 2022.

40. The Company has one segment of activity namely "Pharmaceuticals".

In terms of our report attached

For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN: 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner

Mumbai, 24th April,2023
UDIN NO: 23107574BGTKDT5077

For and on behalf of Board of Directorsof
Ajanta Pharma Philippines Inc.

RajeshM. Agrawal
Director

AJANTA PHARMA PHILIPPINES INC. PHILIPPINES

G. R. MODI & CO.
Chartered Accountants
12, Laxminarayan Shopping Center, 1st Floor, Poddar Road, Malad (E), Mumbai - 400097
Tel No. 91-22-28884274 - 28819304 Fax No. 91-22-28819304 email : swapnil@modiconsultancy.com

Independent Auditor's Report
To the Members of Ajanta Pharma Nigeria Ltd.

Report on the Standalone Financial Statements
The accounts of AJANTA PHARMA NIGERIA LTD. are being audited under the local laws of the country by the statutory auditor for the period 1st Jan 2022 to 31st December 2022. The company follows the period 1st April 2022 to 31st March 2023. In order to consolidate the accounts of AJANTA PHARMA NIGERIA LTD. With that of the company, we have been appointed by the management of the company to audit the reinstated accounts of AJANTA PHARMA NIGERIA LTD. for the period 1st April 2022 to 31st March 2023 under the companies Act in accordance with generally accepted accounting principles in India (Ind AS).

Opinion
We have audited the accompanying standalone Ind AS financial statements of AJANTA PHARMA NIGERIA LTD. ("the Company") comprising of the Standalone Balance Sheet as at 31st March 2023, the Standalone Statement of Profit and Loss (including other comprehensive income), the Standalone Cash Flow Statement, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the standalone Ind AS financial statements") prepared in accordance with group accounting policies followed by Ajanta Pharma Ltd. These Standalone financial statements have been prepared solely to enable Ajanta Pharma Ltd. to prepare its financial statements.

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 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and profit/loss, and its 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 Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is 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 accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. 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 financial statement that give a true and fair view and 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 Board of Directors are also responsible for overseeing the Company's financial reporting process in accordance with the group accounting policies followed by Ajanta.

Auditor's Responsibility

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 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 financial statements.

Report on Other Legal and Regulatory Requirements

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

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

(c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31st March, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2023 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company has not entered into any long-term contracts including derivative contracts, requiring provision under the applicable law or accounting standards, for material foreseeable losses; and

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

for **G.R.Modi& Co**
Chartered Accountants
Firm's registration number: 112617W

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

CA Swapnil Modi
Partner
Membership number: 107574
Mumbai
Date: 24th April 2023

UDIN No.: 23107574BGTKDV3958

Annexure - A to the Auditors' Report

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

We have audited the internal financial controls over financial reporting of AJANTA PHARMA NIGERIA LTD.("the Company") as of 31st March 2023 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 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 Companies Act, 2013.

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 on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting 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.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

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 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 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; and (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 financial statements.

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

Opinion
In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for **G.R.Modi& Co**
Chartered Accountants
Firm's registration number: 112617W

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

CA Swapnil Modi
Partner
Membership number: 107574
Mumbai
Date: 24th April, 2023

UDIN No: 23107574BGTKDV3958

Ajanta Pharma Nigeria Ltd.

Balance Sheet
as at 31 March 2023

(Currency: NGN)

	Note	31 March 2023 NN	31 March 2022 NN
Assets			
Non-current assets			
Property, plant and equipment	7	134,722	2,602,778
Right to use assets	7	3,892,195	2,743,625
Total non-current assets		4,026,918	5,346,403
Current assets			
Financial assets			
Investments			
Cash and cash equivalents	8	3,283,826	5,255,916
Other current assets	9	-	2,400,000
Total current assets		3,283,826	7,655,916
Total assets		7,310,743	13,002,319
Equity and Liabilities			
Equity			
Equity share capital	10	60,000,000	60,000,000
Other Equity	11	(79,928,400)	(74,997,532)
Total equity		(19,928,400)	(14,997,532)
Liabilities			
Non current liabilities			
Lease liability	12	4,176,340	2,932,101
Current liabilities			
Other current liabilities	13	23,062,803	25,067,750
Total current liabilities		23,062,803	25,067,750
Total Equity and Liabilities		7,310,743	13,002,319

Significant accounting policies

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 Apr, 2023

For and on behalf of Board of Directors
of Ajanta Pharma Nigeria Ltd.

Ajanta Pharma (Nigeria) Limited RC:1064785

Gaurang Shah
Director
Mumbai, 24 Apr, 2023

UDIN NO. : 23107574BGTKDV3958

Ajanta Pharma Nigeria Ltd.

Statement of Profit and Loss Account

for the year ended 31 March 2023

(Currency: NGN)

	Note	31 March 2023 NN	31 March 2022 NN
Income			
Revenue from operations		-	-
Other income		-	-
Total income		-	-
Expenses			
Purchase of stock-in-trade		-	-
Changes in inventories of finished goods/work-in-progress/stock-in-trade		-	-
Employee benefits expenses	14	-	2,823,746
Finance costs	15	517,538	699,464
Depreciation & amortisation expense	16	5,196,188	4,521,798.83
Other expenses	17	(782,858)	2,710,600
Total expenses		**4,930,867**	**10,755,609**
Profit before tax		**(4,930,867)**	**(10,755,609)**
Tax expense			
Current tax		-	1,067,968
Deffered tax		-	-
Profit for the year		**(4,930,867)**	**(11,823,577)**
Earning Per Equity Share (Basic & Diluted) (Face Value NN 1/-) (In Rs.)	19	**(0.08)**	**(0.20)**

Significant accounting policies

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 Apr. 2023

UDIN NO. : 23107574BGTKDV3958

For and on behalf of Board of Directors
of Ajanta Pharma Nigeria Ltd.

Ajanta Pharma (Nigeria) Limited RC:1064785

Gaurang Shah
Director
Mumbai, 24 Apr. 2023

Ajanta Pharma Nigeria Ltd.

Statement of cashflow

for the year ended 31 March 2023

(Currency: NGN)

		31 March 2023	31 March 2022
		NN	NN
A.	**Cash flow from operating activities**		
	Profit before tax	(4,930,867)	(10,755,609)
	Adjustment for		
	Depreciation & amortisation expense	5,196,188	4,521,799
	Interest expense	517,538	699,464
	Unrealised foreign exchange difference	-	-
	Operating profit before working capital changes	**782,858**	**(5,534,347)**
	Changes in working capital		
	Decrease / (increase) in trade receivable	-	-
	Decrease / (increase) in other current assets	2,400,000	(150,000)
	Decrease / (increase) in inventories	-	-
	Increase / (decrease) in other current liabilities	(2,004,947)	4,145,000
	Increase / (decrease) in trade payables	-	-
	Cash generated from operations	**1,177,911**	**(471,379)**
	Net income tax paid	-	(1,067,968)
	Net cash flow generated from operating activities	**1,177,911**	**(1,539,347)**
B.	**Cash flow from investing activities**		
	Purchase of fixed assets-including intangible assets & cwip	-	-
	Capital expenditure on right to use asset	(3,876,702)	(2,776,020)
	Proceeds from sale of fixed assets	-	-
	Net cash used in investing activities	**(3,876,702)**	**(2,776,020)**
C.	**Cash flow from financing activities**		
	Interest paid	(517,538)	(699,464)
	Repayment of lease liability (including interest thereon)	1,244,239	425,484
	Net cash used in financing activities	**726,701**	**(273,980)**
	Net increase / (decrease) in cash and cash equivalents	**(1,972,090)**	**(4,589,346)**
	Cash and cash equivalents as at the beginning of the year	5,255,915	9,845,262
	Cash and cash equivalents as at the end of the year	**3,283,826**	**5,255,915**

Figures in brackets indicates outflow.

Note :

1. The above Cash Flow Statement has been prepared under 'Indirect Method' as set out in Accounting Standard 7 (Ind AS - 7) "Statement of Cash Flow" under Section 133 of the Companies Act 2013.

2. Cash comprises cash on hand, current accounts and deposits with banks. Cash equivalents are sholrt-term balances (with an original maturity of three months or less from the date of acquisition).

Significant accounting policies

The notes referred to above form an integral part of the consolidated financial statements

As per our report of even date attached

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner
Mumbai, 24 Apr, 2023
UDIN NO. : 23107574BGTKDV3958

For and on behalf of Board of Directors of
Ajanta Pharma Nigeria Ltd.

Ajanta Pharma (Nigeria) Limited RC:1064785

Gaurang Shah
Director
Mumbai, 24 Apr, 2023

Ajanta Pharma Nigeria Ltd.

Statement of Changes in Equity

for the year ended 31 March 2023

(Currency: NGN)

A. Equity Share Capital NGN

	Balance as at 01 April 2022	Changes in Equity Share Capital due to prior period errors	Changes in equity share capital during the year	Changes in equity share capital during the year	Balance as at 31 March 2023
Authorised :	60,000,000	-	60,000,000	-	60,000,000
Issued :	60,000,000	-	60,000,000	-	60,000,000
Subscribed & Paid up:	60,000,000	-	60,000,000	-	60,000,000

B. Other Equity

Particulars	Capital Redemption Reserve	Securities Premium Account	General Reserve	Share Based Payment Reserve	Retained Earnings	Foreign Currency Translation Reserve	Other items of other comprehensive income	Total	Non-Controlling Interests	Total Equity
As at 1 April 2021	-	-	(9,676,976)	-	(53,496,980)	-	-	**(63,173,955)**	-	**(63,173,955)**
Profit for the period	-	-	-	-	(11,823,577)	-	-	**(11,823,577)**	-	**(11,823,577)**
Other comprehensive income	-	-	-	-		-	-	-	-	-
Total comprehensive income	-	-	-	-	**(11,823,577)**	-	-	**(11,823,577)**	-	**(11,823,577)**
Transfer to Retained Earnings	-	-	-	-	-	-	-	-		-
Dividend Paid	-	-	-	-	-	-	-	-		-
At 31 March 2022	-	-	**(9,676,976)**	-	**(65,320,557)**	-	-	**(74,997,532)**	-	**(74,997,532)**
Profit for the period					(4,930,867)			**(4,930,867)**	-	**(4,930,867)**
Other comprehensive income	-	-	-	-	-	-	-	-		-
Total comprehensive income	-	-	-	-	(4,930,867)	-	-	**(4,930,867)**	-	**(4,930,867)**
Transfer to Retained Earnings	-	-	-	-	-	-	-	-	-	-
Dividend Paid	-	-	-	-	-	-	-	-	-	-
At 31 March 2023	-	-	**(9,676,976)**	-	**(70,251,424)**	-	-	**(79,928,400)**	-	**(79,928,400)**

See accompanying notes forming part of the financial statements

In terms of our report attached
For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN : 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner

Mumbai, 24 Apr. 2023
UDIN NO. : 23107574BGTKDV3958

For and on behalf of Board of Directors of
Ajanta Pharma Nigeria Ltd.

Ajanta Pharma (Nigeria) Limited RC:1064785

Gaurang Shah
Director

Ajanta Pharma Nigeria Ltd.

Notes to the Financial Statements as on 31 March 2023

1. Corporate Information

Ajanta Pharma Nigeria Ltd. is a limited liability company incorporated and domiciled in Nigeria and is a wholly owned subsidiary of Ajanta Pharma Ltd., India. The address of its registered office is located at Block 6, House 6b, Howson Wright Estate, Oregun Road, Ojota, Lagos, Nigeria.

The Company is primarily involved in the business of pharmaceutical and related activities.

The Financial Statement for the year ended 31 March 2023 have been reviewed by the Audit Committee and subsequently approved by Company's Board of Directors at it's meeting held on 24 April 2023.

2. Basis of preparation

The Financial Statement of the Company have been prepared in all material aspects in accordance with the recognition & measurement principles laid down in Indian Accounting Standards (hereinafter referred to as the 'Ind AS') read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India.

The financial statements have been prepared on an accrual basis and under the historical cost basis, except otherwise stated.

3. Functional and Presentation Currency:

Functional currency of the Company is Nigerian Naira (NGN).

4. Rounding of Amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest crores.

5. Current / non-current classification:

The assets and liabilities in the balance sheet are presented based on current/non-current classification.

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.
  All other assets are classified as Non-Current.

A liability is current when it is:

- Expected to be settled in normal operating cycle, or
- Held primarily for the purpose of trading, or
- Due to be settled within twelve months after the reporting period, or

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Nigeria) Limited RC:1064785

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
  All other liabilities are treated as Non-Current.

Operating Cycle

An operating cycle is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents.

Based on the nature of products / activities of the company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

6. Significant Accounting Policies

6.1 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the assets carrying amount or recognised as a separate asset as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably.

Depreciation is calculated on the straight-line method to write off the cost of assets, to their residual values over their estimated useful life as follows:

Particulars	Useful Life
Motor Vehicles	4 years

The asset's residual values and useful lives are reviewed and adjusted if appropriate, at each end of reporting period. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount. Gains and losses on disposals of property, plant and equipment are determined by comparing proceeds with carrying amount and are included in the statement of profit or loss.

6.2 Financial Instruments

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

Financial Assets

Classification

Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss, on the basis of its business model for managing the financial assets and the contractual cash flows characteristics of the financial asset.

Initial recognition and measurement

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

G. R. MODI & CO. M. NO. 102574 Chartered Accountants

Ajanta Pharma Nigeria Limited RC:1064785

Subsequent measurement

For the purpose of subsequent measurement, financial assets are classified in two broad categories:

- Financial assets at fair value (FVTPL / FVTOCI)
- Financial assets at amortised cost

When assets are measured at fair value, gains and losses are either recognised in the statement of profit and loss (i.e. fair value through profit or loss (FVTPL)), or recognised in other comprehensive income (i.e. fair value through other comprehensive income (FVTOCI)).

Financial Assets measured at amortised cost (net of any write down for impairment, if any)

Financial assets are measured at amortised cost when asset is held within a business model, whose objective is to hold assets for collecting contractual cash flows and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest. Such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method less impairment, if any. The losses arising from impairment are recognised in the Statement of profit and loss.

Financial Assets measured at Fair Value through Other Comprehensive Income ("FVTOCI")

Financial assets under this category are measured initially as well as at each reporting date at fair value, when asset is held within a business model, whose objective is to hold assets for both collecting contractual cash flows and selling financial assets. Fair value movements are recognized in the other comprehensive income.

Financial Assets measured at Fair Value through Profit or Loss ("FVTPL")

Financial assets under this category are measured initially as well as at each reporting date at fair value with all changes recognised in profit or loss.

Investment in Equity Instruments

Equity instruments which are held for trading are classified as at FVTPL. All other equity instruments are classified as FVTOCI. Fair value changes on the instrument, excluding dividends, are recognised in the other comprehensive income. There is no recycling of the amounts from other comprehensive income to profit or loss.

Investment in Debt Instruments

A debt instrument is measured at amortised cost or at FVTOCI. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVTPL. Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of profit and loss.

Derecognition of Financial Assets

A financial asset is primarily derecognised when the rights to receive cash flows from the asset have expired or Company has transferred its rights to receive cash flows from the asset.

Impairment of Financial Assets

In accordance with Ind - AS 109, Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the financial assets that are debt instruments and trade receivables.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Nigeria) Limited RC:1064785

Financial Liabilities

Classification

Company classifies all financial liabilities as subsequently measured at amortised cost or FVTPL.

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs.

Financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent Measurement

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition of Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

Derivative Financial Instrument

The Company uses derivative financial instruments, such as forward currency contracts to mitigate its foreign currency risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

6.3 Inventories

Finished products including traded goods are valued at lower of cost and net realisable value. Cost is arrived on weighted average basis. The cost of Inventories has been computed to include all cost of purchases, cost of conversion, appropriate share of fixed production overheads based on normal capacity and other related cost incurred in bringing the inventories to their present location and condition.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses necessary to make the sale.

Slow and non-moving material, products nearing expiry, defective inventory are fully provided for and valued at net realisable value.

Goods and materials in transit are valued at actual cost incurred up to the date of balance sheet.

6.4 Cash and Cash Equivalents

Cash and Cash Equivalents comprise of cash on hand and cash at bank including fixed deposit/highly liquid investments with original maturity period of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.
For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the company's cash management.

6.5 Cash Flow Statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flow from operating, investing and financing activities of the Company are segregated.

6.6 Foreign Currency Transactions

Revenue Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing on the date of the transaction.

Monetary items denominated in foreign currencies at the year-end are re-measured at the exchange rate prevailing on the balance sheet date. Non-monetary foreign currency items are carried at cost.

Any income or expense on account of exchange difference either on settlement or on restatement is recognised in the Statement of Profit and Loss.

6.7 Revenue Recognition

Revenue recognition under Ind AS 115 (applicable from 1 April 2018)

Under Ind AS 115, the group recognized revenue when (or as) a performance obligation was satisfied, i.e. when 'control' of the goods underlying the particular performance obligation were transferred to the customer.

Further, revenue from sale of goods is recognized based on a 5-Step Methodology which is as follows:

Step 1: Identify the contract(s) with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Sale of Goods

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Nigeria) Limited RC:1064785

Ajanta Pharma Nigeria Ltd.
Notes to the Financial Statements as on 31 March 2023

The group applied Ind AS 115 using the modified retrospective approach.

Revenue is measured based on the transaction price adjusted for discounts and rebates, which is specified in a contract with customer. Revenue are net of estimated returns and taxes collected from customers.

Revenue from sale of goods is recognized at point in time when control is transferred to the customer and it is probable that consideration will be collected. Control of goods is transferred upon the shipment of the goods to the customer or when goods is made available to the customer.

The transaction price is documented on the sales invoice and payment is generally due as per agreed credit terms with customer.

The consideration can be fixed or variable. Variable consideration is only recognized when it is highly probable that a significant reversal will not occur.

Sales return is variable consideration that is recognised and recorded based on historical experience, market conditions and provided for in the year of sale as reduction from revenue. The methodology and assumptions used to estimate returns are monitored and adjusted regularly in line with trade practices, historical trends, past experience and projected market conditions.

Interest income

Interest income is recognised with reference to the Effective Interest Rate method.

Dividend income

Dividend from investment is recognised as revenue when right to receive is established.

Income from Export Benefits and Other Incentives

Export benefits available under prevalent schemes are accrued as revenue in the year in which the goods are exported and / or services are rendered only when there reasonable assurance that the conditions attached to them will be complied with, and the amounts will be received.

6.8 Employee Benefits

Short-term Benefits - The Company recognizes a liability net of amounts already paid and an expense for services rendered by employees during the accounting period. Short-term benefits given by the Company to its employees include salaries and wages and other non-monetary benefits.

Post-Employment Benefits – No provision has been made in respect of employee retirement benefits as employees are not eligible for such benefits. Besides the company does not have any pension scheme or any contracted agreement binding itself to the employees.

Share-based compensation
Company has no share based compensation plan.

6.9 Borrowing Costs

Borrowing costs comprise of other bank charges. Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Transaction costs are charged to statement of profit and loss as financial expenses over the term of borrowing.

G. R. MODI & CO. Chartered Accountants M. NO. 107574

Ajanta Pharma (Nigeria) Limited RC:1064785

6.10 Lease

The company's lease asset class primarily consists of leases for land and buildings. The Company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether: (1) the contract involves the use of an identified asset (2) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Company has the right to direct the use of the asset.

At the date of commencement of the lease, the Company recognizes a right-of-use asset ("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the generally accepted interest rate. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

Leases for which the Company is a lessor is classified as a finance or operating lease. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

Transition

Effective 1 April, 2019, the Company adopted Ind AS 116 "Leases" and applied the standard to all lease contracts existing on 1 April, 2019 using the modified retrospective method and has taken the cumulative adjustment to retained earnings, on the date of initial application. Consequently, the Company recorded the lease liability at the present value of the lease payments discounted at the

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Nigeria) Limited RC:1064785

generally accepted interest rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the generally accepted interest rate at the date of initial application. Comparatives as at and for the year ended 31 March, 2019 have not been retrospectively adjusted and therefore will continue to be reported under the accounting policies included as part of our Annual Report for year ended 31 March, 2019.

On transition, the adoption of the new standard resulted in recognition of 'Right of Use' asset of NGN 6,763,975 and a lease liability of NGN 7,270,613. The cumulative effect of applying the standard, amounting to NGN 506,639 was debited to retained earnings, net of taxes. The effect of this adoption is insignificant on the profit before tax, profit for the period and earnings per share. Ind AS 116 will result in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

The following is the summary of practical expedients elected on initial application:

a. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date.

b. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application.

c. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

d. Applied the practical expedient to grandfather the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

The interest rate applied to lease liabilities as at 1 April, 2019 is 9%.

6.11 Earnings Per Share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

6.12 Income Taxes

Income tax expense comprises current and deferred income tax.

Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the respective Country's tax rates and tax laws that have been enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Nigeria) Limited RC:1064785

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet, if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Deferred income tax assets and liabilities are measured using respective Country's tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

6.13 Dividends to Shareholders

Annual dividend distribution to the shareholders is recognised as a liability in the period in which the dividends are approved by the shareholders. Any interim dividend paid is recognised on approval by Board of Directors. Dividend payable is recognised directly in equity.

6.14 Provisions, Contingent Liabilities, Contingent Assets and Commitments

General

Provisions (legal and constructive) are recognized when the Company has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

Provisions (excluding retirement benefits and compensated absences) are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

If there is any expectation that some or all of the provision will be reimbursed, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any virtually certain reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risk specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liability is disclosed in the case of:

- A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
- A present obligation arising from past events, when no reliable estimates is possible;
- A possible obligation arising from past events, unless the probability of outflow of resources is remote.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Nigeria) Limited RC 1064785

Contingent liabilities are not recognised but disclosed in the Financial Statements. Contingent assets are neither recognised nor disclosed in the Financial Statements.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets and Non-cancellable operating lease.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

Asset Retirement Obligation
Asset retirement obligations (ARO) are provided for those operating lease arrangements where the Company has a binding obligation at the end of the lease period to restore the leased premises in a condition similar to inception of lease. ARO are provided at the present value of expected costs to settle the obligation using discounted cash flows and are recognised as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is recognised in the income statement as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

6.15 Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date in accordance with Ind AS 113.

Financials Statements have been prepared on the historical cost basis except for the following material items in the statement of financial position:
- Derivative financial instruments are measured at fair value received from Bank.
- Mutual Funds are measured at fair values as per Net Asset Value (NAV).
- Employee Stock Option Plan (ESOP) at fair values as per Actuarial Valuation Report.

Fair value is the price that would be received to sell an asset or settle a liability in an ordinary transaction between market participants at the measurement date.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:
- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Nigeria) Limited RC:1064785

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

6.16 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1 April 2022.

6.17 Critical accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the assets or liabilities in future periods.

(a) Arrangement containing lease

At the inception of an arrangement, the Company determines whether the arrangement is or contains a lease. At the inception or on reassessment of an arrangement that contains a lease, Company separates payments and other consideration required by the arrangement into those for the lease and those for the other elements on the basis of their relative fair values.

The Company has determined, based on an evaluation of the terms and conditions of the arrangements that such contracts are in the nature of operating leases.

(b) Multiple element contracts with vendors

The Company has entered into multiple element contracts with vendors for supply of goods and rendering of services. The consideration paid is/may be determined independent of the value of supplies received and services availed. Accordingly, the supplies and services are accounted for based on their relative fair values to the overall consideration. The supplies with finite life under the contracts (as defined in the significant accounting policies) have been accounted under Property, Plant and Equipment and/or as Intangible assets, since the Company has economic ownership in these assets. Company believes that the current treatment represents the substance of the arrangement.

(c) Property, Plant and equipment

Determination of the estimated useful life of tangible assets and the assessment as to which components of the cost may be capitalized. Useful life of tangible assets is based on the life of useful lives/rates prescribed by the GAAPs of the respective countries. Assumptions also need to be made, when the Company assesses, whether an asset may be capitalised and which components of the cost of the asset may be capitalised.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Nigeria) Limited RC:1064785

Ajanta Pharma Nigeria Ltd.

Notes to the Financial Statements as on 31 March 2023

(d) Intangible Assets

Internal technical or user team assess the remaining useful lives of Intangible assets. Management believes that assigned useful lives are reasonable.

(e) Recognition and measurement of defined benefit obligations

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions. Key actuarial assumptions include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at the end of the reporting period on the government bonds. The period to maturity of the underlying bonds correspond to the probable maturity of the post-employment benefit obligations.

(f) Recognition of deferred tax assets and income tax

Deferred tax asset is recognised for all the deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. The management assumes that taxable profits will be available while recognising deferred tax assets.

Management judgment is required for the calculation of provision for income taxes and deferred tax assets and liabilities. The Company reviews at each balance sheet date the carrying amount of deferred tax assets. The factors used in estimates may differ from actual outcome which could lead to significant adjustment to the amounts reported in the financial statements.

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective country.

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, future tax planning strategies and recent business performances and developments.

(g) Recognition and measurement of other provisions

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the balance sheet date. The actual outflow of resources at a future date may, therefore, vary from the figure included in other provisions.

(h) Contingencies

Management judgement is required for estimating the possible outflow of resources, if any, in respect of contingencies/claim/litigations against the Company as it is not possible to predict the outcome of pending matters with accuracy.

G. R. MODI & CO. Chartered Accountants M. NO. 107574

Ajanta Pharma (Nigeria) Limited RC:1064785

(i) Allowance for uncollected accounts receivable and advances

Trade receivables do not carry any interest and are stated at their normal value as reduced by appropriate allowances for estimated irrecoverable amounts. Individual trade receivables are written off when management seems them not collectible. Impairment is made on the expected credit losses, which are the present value of the cash shortfall over the expected life of the financial assets.

The impairment provisions for financial assets are based on assumption about risk of default and expected loss rates. Judgement in making these assumptions and selecting the inputs to the impairment calculation are based on past history, existing market condition as well as forward looking estimates at the end of each reporting period.

(j) Insurance claims

Insurance claims are recognised when the Company has reasonable certainty of recovery.

(k) Impairment reviews

An impairment exists when the carrying value of an asset or cash generating unit ('CGU') exceeds its recoverable amount. Recoverable amount is the higher of its fair value less costs to sell and its value in use. The value in use calculation is based on a discounted cash flow model. In calculating the value in use, certain assumptions are required to be made in respect of highly uncertain matters, including management's expectations of growth in EBITDA, long term growth rates; and the selection of discount rates to reflect the risks involved.

G.R. MODI & CO. Chartered Accountants M. NO. 107574

Ajanta Pharma (Nigeria) Limited RC:1064785

Ajanta Pharma Nigeria Ltd.

Notes to the Financial Statements (Continued)
as at 31 March 2023

(Currency: NGN)

7 **Property, plant and equipment, capital work-in -progress, investment property and other intangible assets**

NN

		Gross Block (Cost Or Deemed Cost)					Accumulated Depreciation/Amortization					Net Block	
	Particulars	**01 April 2022** -	**Additions** -	**Disposals** -	**Adjustments** -	**31 March 2023** -	**01 April 2022** -	**For the Year**	**Disposals** -	**Adjustments** -	**31 March 2023** -	**31 March 2023** -	**31 Mar 2022**
(A)	**Tangible Assets**												
	Vehicles	10,000,000	-			10,000,000	7,397,222	2,468,056			9,865,278	134,722	2,602,778
	Total Tangible Assets	**10,000,000**	-	-	-	**10,000,000**	**7,397,222**	**2,468,056**	-	-	**9,865,278**	**134,722**	**2,602,778**
	Previous Year	10,000,000	-	-	-	10,000,000	4,897,222	2,500,000	-	-	7,397,222	2,602,778	5,102,778
(B)	**Intangible Assets**												
	Right to use	9,539,994	3,876,702	-		13,416,696	6,796,369	2,728,132	-		9,524,501	3,892,195	2,743,625
	Total Intangible Assets	**9,539,994**	**3,876,702**	-	-	**13,416,696**	**6,796,369**	**2,728,132**	-	-	**9,524,501**	**3,892,195**	**2,743,625**
	Previous Year	6,763,975	2,776,020	-	-	9,539,994	4,774,570	2,021,799	-	-	6,796,369	2,743,625	1,989,404
	Total Fixed Assets (A) + (B)											**4,026,918**	**5,346,403**

G. R. MODI & CO.
M. NO. 107574
Chartered Accountants

Ajanta Pharma (Nigeria) Limited
RC:1054785

Ajanta Pharma Nigeria Ltd.

Notes to the Financial Statements (Continued)
as at 31 March 2023

(Currency: NGN)

	31 March 2023 NN	31 March 2022 NN
8 Cash and cash equivalents		
Cash and Cash Equivalents		
Balance with Banks - In Current Accounts	3,283,826	5,255,916
	3,283,826	**5,255,916**
9 Other Current Assets		
Advances to Suppliers	-	2,400,000
Advances to Employees		-
	-	**2,400,000**

10 Equity Share Capital

	31 March 2023 Number of Shares	31 March 2023 NN	31 March 2022 Number of Shares	31 March 2022 NN
Authorised :				
Ordinary Shares of NN 1 each	60,000,000	60,000,000	60,000,000	60,000,000
Issued, Subscribed & Paid up :				
Ordinary Shares of NN 1 each fully paid up	60,000,000	60,000,000	60,000,000	60,000,000

(a) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year :

	31 March 2023 Number of Shares	31 March 2023 NN	31 March 2022 Number of Shares	31 March 2022 NN
Number of shares outstanding as at the beginning of the year	60,000,000	60,000,000	60,000,000	60,000,000
Add : Number of shares allotted as fully paid-up during the year	-	-	-	-
Less: Number of shares bought back during the year	-	-	-	-
Number of shares outstanding as at the end of the year	**60,000,000**	**60,000,000**	**60,000,000**	**60,000,000**

(b) Rights, preferences and restrictions attached to shares

The company has issued only one class of equity shares with voting rights having a par value of NN 1 per share.
The company have not declared any dividend.
In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company. The distribution will be in proportion to the numbers of equity shares held by shareholders.

(c) Details of equity shareholders holding more than 5%

Name of Shareholder	31 March 2023 Number of Shares	31 March 2023	31 March 2022 Number of Shares	31 March 2022 % Holding
Ajanta Pharma Ltd., India	60,000,000	100.00	60,000,000	100.00
(d) Shares reserved for issue under options	Nil		Nil	Nil

	31 March 2023	31 March 2022
11 OTHER EQUITY		
General Reserve		
Balance at the beginning of the year	(9,676,976)	(9,676,976)
Add : Transferred from Statement of Profit & Loss	-	-
	(9,676,976)	**(9,676,976)**
Exchange Fluctuation Reserve		-
Surplus in the Statement of Profit and Loss		
Balance at the beginning of the year	(65,320,557)	(53,496,980)
Profit for the year	(4,930,867)	(11,823,577)
Less: Appropriations		
-Transferred to Retained Earnings		-
Balance at the year end	(70,251,424)	(65,320,557)
Total Other Equity	(79,928,400)	(74,997,532)

G.R. MODI & CO. Chartered Accountants M. NO. 107574

Ajanta Pharma (Nigeria) Limited RC:1064785

Notes to the Financial Statements (Continued)
as at 31 March 2023

(Currency: NGN)

		31 March 2023 NN	31 March 2022 NN
12	**LEASE LIABILITY**		
	Lease liability	4,176,340	2,932,101
		4,176,340	**2,932,101**
13	**Other Current Liabilities**		
	Others payables	23,062,803	25,067,750
		23,062,803	**25,067,750**
14	**Empolyee Benefit Expenses**		
	Salaries, Wages, Bonus and Allowances	-	2,823,746
		-	**2,823,746**
15	**Finance Cost**		
	On Lease Liability	517,538	699,464
		517,538	**699,464**
16	**Depreciation**		
	Depreciation of Tangible Assets (Refer note 7)	2,468,056	2,500,000
	Depreciation of Right to use Assets (Refer note 7)	2,728,132	2,021,799
		5,196,188	**4,521,799**
17	**Other Expenses**		
	Travelling Expenses	179,000	561,784
	Telephone, Telex & Postage		31,100
	Repairs to Others	5,000	850,170
	Insurance		57,018
	Exchange Difference (Net)	(2,005,818)	(5,641,777)
	Miscellaneous Expenses	1,038,960	6,852,305
		(782,858)	**2,710,600**

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Nigeria) Limited RC:1064785

Ajanta Pharma Nigeria Ltd.

Notes to the Financial Statements for the year ended 31 March 2023

18. Capital Management

Company's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital, as well as the level of dividends to equity shareholders. The Company'sobjective for capital management is to maximise shareholder value, safeguard business continuity and support the growth of the Company. The company determined the capital requirement based on annual operating plans and long term and other strategic investment plans.

Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as debt less cash and cash equivalents and short term investments. Adjusted equity comprises all components of equity.

Company's policy is to keep the ratio below 1.00and its adjusted net debt to equity ratio at 31 March 2023 was as follows.

NGN

Particulars		31 March 2023	31 March 2022
Debt		-	-
Less: Cash and Cash equivalents		3,283,826	5,255,916
Net Debt	A	(3,283,826)	(5,255,916)
Equity	B	(19,928,400)	(14,997,532)
Net Debt to Equity ratio	**A/B**	**N/A**	**N/A**

19. Earnings Per share (EPS):

The numerator and denominator used to calculate Basic and Diluted Earnings per Share:

Particulars		31 March 2023	31 March 2022
Basic and Diluted Earnings Per Share:			
Profit attributable to Equity shareholders- for Basic EPS (NGN)	A	(4,930,867)	(11,823,577)
Add: Dilutive effect on profit (NGN)	B	-	-
Profit attributable to Equity shareholders for computing Diluted EPS (NGN)	C=A-B	(4,930,867)	(11,823,577)
Weighted Average Number of Equity Shares outstanding - for Basic EPS	D	60,000,000	60,000,000
Add: Dilutive effect of option outstanding- Number of Equity Shares	E	-	-
Weighted Average Number of Equity Shares for Diluted EPS	F=D+E	60,000,000	60,000,000
Face Value per Equity Share (NGN)		1	1
Basic Earnings Per Share (NGN)	**A/D**	**(0.08)**	**(0.20)**
Diluted Earnings Per Shares (NGN)	**C/F**	**(0.08)**	**(0.20)**

20. Employee Benefits

As required by Ind AS 19 'Employee Benefits',the Company offers its employees: Short-term employee benefits - These benefits include salaries and wages and other allowances which are paid immediately. The total consideration paid in 2021-22was NGN2,129,500 (Previous YearNGN2,823,746).

Retirement plan - No provision has been made in respect of employee retirement benefits as employees are not eligible for such benefits. Besides the company does not have any pension scheme or any contracted agreement binding itself to the employees.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Nigeria) Limited RC:1064785

Ajanta Pharma Nigeria Ltd.

Notes to the Financial Statements for the year ended 31 March 2023

21. Financial Instrument – fair values and risk management

Fair value measurements

	31 March 2023		31 March 2022 NGN	
Financial Instruments by category	**FVTPL**	**Amortised Cost**	**FVTPL**	**Amortised Cost**
Financial Assets				
Cash and cash equivalents	-	3,283,826	-	5,255,916
Total Financial Assets	-	**3,283,826**	-	**5,255,916**
Financial Liabilities				
Lease Liability	-	4,176,340	-	2,932,101
Other Current Liabilities	-	23,062,803	-	25,067,750
Total Financial Liabilities	-	**27,239,143**	-	**33,255,766**

Fair value measurement of lease liabilities is not required.

Level 1 – The hierarchy in level 1 includes financial instruments measured using quoted prices. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2 – The fair value of financial instruments that are not traded in an active market (like Mark to Market derivative and Non-convertible Debentures) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entityspecific estimates. If all significant inputs required to fair value as instrument are observable, the instrument is included in level 2.

Level 3 – If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

A. Financial risk management

Company has exposure to following risks arising from financial instruments:

- Credit risk
- Liquidity risk
- Market risk
- Currency risk

Risk management framework

Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Management is responsible for developing and monitoring the Company's risk management policies, under the guidance of Audit Committee.

Company's risk management policies are established to identify and analyse the risks faced by it, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. Company, through its training and procedures aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

Company's Audit committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Company. The audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

G. R. MODI & CO. Chartered Accountants M. NO. 107574

RC:1004785

Ajanta Pharma Nigeria Ltd.
Notes to the Financial Statements for the year ended 31 March 2023

i. **Credit risk**

Company's credit risk is minimal. The trade receivables arise mainly from transactions with its approved customers. The maximum exposure to credit on these transactions is equal to the carrying amount of these financial instruments. Customers are subject to stringent financial, credit and legal verification process. In addition, trade receivable balances are monitored on an ongoing basis to ensure timely collections. Accordingly, the Company's exposure to bad debts is not significant.

ii. **Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans, debt and overdraft from banks at an optimised cost. Working capital requirements are adequately addressed by internally generated funds. Trade receivables are kept within manageable levels.

iii. **Market risk**

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Financial instruments affected by market risk include loans and borrowings, deposits, investments, and derivative financial instruments. Company's activities expose it to a variety of financial risks, including the effects of changes in foreign currency exchange rates and interest rates. All transactions are carried out within the guidelines set by the risk management committee.

The sensitivity analysis hasbeen prepared on the basis of derivatives and the proportion of financial instruments in foreign currencies are all constant. The analysis excludes the impact of movements in market variables on the carrying value of postemployment benefit obligations, provisions and on the non-financial assets and liabilities.The sensitivity of the relevant income statement item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March 2023 and 31 March 2022.

iv. **Currency risk**

The Company's foreign exchange risk results primarily from movements of the Nigerian Naira against the US dollar with respect to US dollar denominated financial assets and liabilities. The Company's transactional currency exposures arise from its inventories which is purchases from Holding Company in US dollar. The Company regularly reviews the trend of the foreign exchange rates. Company does not have any assets / liability in USD.

a) **Interest rate risk**

The Company have no borrowings and hence there is no interest rate risk.

b) **Price risk**

Company does not have any exposure to price risk, as there is no equity investments.

22. Note on foreign currency exposures on assets and liabilities:

During the year, the Company has not entered into Forward Exchange Contract. The company does not have any asset / liability at the year ending on 31 March 2023 and 31 March 2022.

G. R. MODI & CO. Chartered Accountants M. NO. 107574

Ajanta Pharma (Nigeria) Limited RC: 1064785

Ajanta Pharma Nigeria Ltd.

Notes to the Financial Statements for the year ended 31 March 2023

23. Disclosure for operating leases under Ind AS 116- "Leases":

The Group have taken various premises under operating lease. These are generally cancellable and ranges from 11 months to 5 years and are renewable by mutual consent on mutually agreeable terms. Some of these lease agreements have price escalation clauses. There are no restrictions imposed by these lease arrangements and there are no sub leases. There are no contingent rents. Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

Rightofuse assets

	31 March 2023	31 March 2022
Cost		
Opening Balance	9,539,994	6,763,975
Additions	3,876,702	2,776,020
Disposals	-	-
Closing Balance	**13,416,696**	**9,539,994**
Accumulated depreciation and impairment		
Opening Balance	6,796,369	4,774,570
Depreciation	2,728,132	2,021,799
Impairment loss	-	-
Eliminated on disposals of assets	-	-
Closing Balance	**9,524,501**	**6,796,369**

Carrying amounts	**31 March 2023**	**31 March 2022**
Gross	**13,416,696**	9,539,994
Net	**3,892,195**	2,743,625

Cash outflow on leases

	31 March 2023	31 March 2022
(Repayment)/ Addition of lease liabilities	1,244,239	425,484
Total cash outflow on leases	1,244,239	425,484

Maturity analysis

	Less than 1 year	Over 1 years
31 March 2023		
Lease liabilities	-	4,176,340
31 March 2022		
Lease liabilities	-	2,932,101

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Nigeria) Limited RC:1064785

Ajanta Pharma Nigeria Ltd.

Notes to the Financial Statements for the year ended 31 March 2023

24. Contingent Liabilities and commitments:

There are no contingent liabilities and commitments by the Company.

25. Related party disclosure as required by Ind AS 24 are given below:

A) Relationships:

Category I – Holding Company & Fellow Subsidiary

Ajanta Pharma Ltd., India (Holding Company)

B) Following transactions were carried out with related parties: NGN

Sr. No.	Particulars	Category	31 March 2023	31 March 2022
2.	**Expense Reimbursement:**			
	Ajanta Pharma Ltd., India	I	15,201,000	13,191,815

C) Amount outstanding as on 31 March 2023 NGN

Sr. No.	Particulars	Category	31 March 2023	31 March 2022
1.	**Advance Payable:**			
	Ajanta Pharma Ltd., India	I	2,155,052	4,160,000

26. Remuneration to Auditors:

NGN

Particulars	31 March 2023	31 March 2022
Audit Fees	537,500	537,500

27. Additional disclosures required by Schedule III (amendments dated 24 March 2021) to the Companies Act, 2013:

A. Relationship with struck off company

The Group has no transactions with the companies struck off under Companies Act, 2013 or Companies Act,1956.

B. Undisclosed income

There is no income surrendered or disclosed as income during the current or previous year in the tax assessments under the Income Tax Act, 1961, that has not been recorded in the books of account.

C. Utilisation of borrowings availed from banks

The borrowings obtained by The Group from banks have been applied for the purposes for which such loans were taken.

D. Details of benami property held

No proceedings have been initiated on or are pending against The Group for holding benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and Rules made thereunder.

E. Wilful defaulter

The Group has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

F. Compliance with number of layers of companies

The Group has complied with the number of layers prescribed under the Companies Act, 2013.

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Ajanta Pharma (Nigeria) Limited RC:1064785

Ajanta Pharma Nigeria Ltd.

Notes to the Financial Statements for the year ended 31 March 2023

G. Compliance with approved scheme(s) of arrangements

The Group has not entered into any scheme of arrangement which has an accounting impact on current or previous financial year.

H. Details of crypto currency or virtual currency

The Group has not traded or invested in crypto currency or virtual currency during the current or previous year.

I. Utilisation of borrowed funds and share premium

i. 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:
   a. 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
   b. provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

ii. 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:
   a. 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
   b. (b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

28. Previous year figures have been regrouped / re-classified wherever necessary, to confirm to current period's classification in order to comply with the requirements of the amended Schedule III to the Companies Act, 2013 effective from 01 April 2022.

29. **The Company has one segment of activity namely "Pharmaceuticals".**

In terms of our report attached

For G. R. Modi & Co.
Chartered Accountants
(ICAI FRN: 112617W)

G. R. MODI & CO. M. NO. 107574 Chartered Accountants

Swapnil Modi
Partner

Mumbai, 24th April, 2023

UDIN NO.: 23107574BGTKDV3958

For and on behalf of Board of Directors of
Ajanta Pharma Nigeria Ltd.

Gaurang Shah
Director

Ajanta Pharma (Nigeria) Limited RC:1064785