



To,  
The Board of Directors,  
**Alkem Laboratories Limited, India**

**Independent Accountant's Report on the financial statements of Pharmacor Pty. Limited, Australia, a foreign subsidiary of M/s Alkem Laboratories Limited, India (hereinafter referred to as "the holding company") on its translation in Indian currency and its presentation as per Division II of Schedule III to the Companies Act, 2013 and Ind AS required for the purposes of Section 129(3) of the Companies Act, 2013 and its consolidation with the financial statements of the holding company.**

1. The financial statements of **M/s Pharmacor Pty. Limited, Australia** for the year ended 31<sup>st</sup> March, 2019 (which comprises of its Balance Sheet as at 31<sup>st</sup> March, 2019, its Statement of Profit & Loss, the Statement of Changes in Equity, its 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 financial statements")) are prepared by its management in Australia in its reporting currency in Australian Dollars as per the requirements of Australian Laws and Australian GAAPs and have been audited by its auditors M/s Grant Thornton Audit Pty Ltd, Chartered Accountants in Australia.
2. Those financial statements have been translated by the management of its holding company M/s Alkem Laboratories Limited, India in Indian currency (INR) and is prepared in the formats as per the requirements of Division II of Schedule III to the Companies Act, 2013 and as per Ind AS, for the purpose of presenting to its shareholders as required by Section 129(3) of the Companies Act, 2013 and for the purpose of consolidation with the financial statements of the holding company.

#### **Management's Responsibility for the Financial Statements**

3. The Management of the holding company is responsible for translation of these financial statements in Indian currency and presentation as per Division II of Schedule III to the Companies Act, 2013 and as per Ind AS for the purpose of Section 129(3) of the Companies Act, 2013 and for the purpose of consolidation with the financial statements of the holding company.

#### **Auditor's Responsibility**

4. Our responsibility is to express an opinion on whether the financial statements dealt with by this report are translated from Australian Dollars to Indian Rupees by adopting the applicable rates of foreign currency for the period in accordance with Ind AS-21 prescribed by the Companies (Indian Accounting Standard) Rules, 2015 and is prepared in the formats as per the requirements of Division II of Schedule III to the Companies Act, 2013 and as per Ind AS.
5. We conducted our verification in accordance with the standards generally accepted in India and Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those standards require that we plan and perform our verification to obtain reasonable assurance about whether the financial statements are translated in Indian currency by adopting appropriate rates of foreign currency and are prepared in the formats and in the



manner required by Division II to Schedule III to the Companies Act, 2013 and as per Ind AS. We believe that our verification provides a reasonable basis for our opinion.

### Opinion

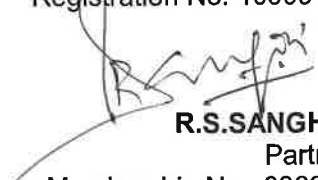
6. The financial statements dealt with by this report are prepared from and are in agreement with the financial statements of M/s Pharmacor Pty. Limited, Australia prepared in Australian Dollars as per Australian GAAP and audited by its auditors M/s Grant Thornton Audit Pty Ltd, Chartered Accountants in Australia for the year ended 31st March, 2019 which comprises its Balance Sheet as at 31<sup>st</sup> March, 2019, its Statement of Profit and Loss, the Statement of Changes in Equity, its Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.
7. In our opinion, the financial statements dealt with by this report are translated from Australian Dollars to Indian Rupees by adopting the applicable rates of foreign currency for the period in accordance with Ind AS-21 prescribed by the Companies (Indian Accounting Standard) Rules, 2015.
8. In our opinion and to the best of our information and according to the explanations given to us, the said financial statements read together with the significant accounting policies and notes thereto is prepared as per the formats and in the manner required by Division II of Schedule III to the Companies Act, 2013 and as per the requirements of Ind AS prescribed by the Companies (Indian Accounting Standard) Rules, 2015.

### Restriction on Distribution and use

9. This report is issued solely for the purpose of the requirements of Section 129(3) of the Companies Act, 2013 to present these financial statements to the shareholders of the holding company M/s Alkem Laboratories Limited, India and for its consolidation with the financial statements of the holding company and should not be used for any other purpose.
10. This report is not a report under Section 143 of the Companies Act, 2013 including the Companies (Auditors) Report Order, 2016, and accordingly does not include any statement on the matters specified therein.

For **R.S.SANGHAI & ASSOCIATES**  
Chartered Accountants  
Registration No. 109094W



  
**R.S.SANGHAI**  
Partner  
Membership No.: 036931

Place: Mumbai  
Date: 27<sup>th</sup> May, 2019

**PHARMACOR PTY LIMITED, (AUSTRALIA)**  
**FINANCIAL STATEMENTS**  
**BALANCE SHEET AS AT 31ST MARCH, 2019**

Particulars	Note No.	As at	As at	As at	As at
		31st March, 2019	31st March, 2019	31st March, 2018	31st March, 2018
		AUD	Rs.	AUD	Rs.
<b>I. ASSETS</b>					
<b>1 Non-current assets</b>					
(a) Property, plant and equipment	3.1	83,294	4,097,086	68,918	3,438,675
(b) Other intangible assets	3.1	87,015	4,280,090	23,594	1,177,200
(c) Financial assets					
(i) Others	3.2	79,787	3,924,567	116,151	5,795,321
(d) Deferred tax assets	3.3	210,970	10,377,210	-	-
(e) Other non-current assets	3.4	148,723	7,315,346	9,950	496,436
<b>Total Non-current assets</b>		<b>609,789</b>	<b>29,994,299</b>	<b>218,613</b>	<b>10,907,632</b>
<b>2 Current assets</b>					
(a) Inventories	3.5	9,477,388	466,174,693	5,573,360	278,082,221
(b) Financial assets					
(i) Trade receivables	3.6	4,703,631	231,362,664	4,197,078	209,412,785
(ii) Cash and cash equivalents	3.7	2,284,950	112,392,364	3,953,917	197,280,303
(iii) Loans	3.8	25,993	1,278,558	9,375	467,765
(c) Other current assets	3.9	114,817	5,647,615	133,446	6,658,252
<b>Total current assets</b>		<b>16,606,779</b>	<b>816,855,894</b>	<b>13,867,176</b>	<b>691,901,326</b>
<b>TOTAL ASSETS</b>		<b>17,216,568</b>	<b>846,850,193</b>	<b>14,085,789</b>	<b>702,808,958</b>
<b>II. EQUITY &amp; LIABILITIES</b>					
<b>1 Equity</b>					
(a) Equity share capital	3.10	2,305,000	88,063,123	2,305,000	88,063,123
(b) Other equity	3.11	934,950	71,303,748	(168,581)	18,533,218
<b>Total equity</b>		<b>3,239,950</b>	<b>159,366,871</b>	<b>2,136,419</b>	<b>106,596,341</b>
<b>2 Non-Current Liabilities</b>					
(a) Deferred tax liabilities (net)	3.12	-	-	68,071	3,396,406
<b>Total non-current liabilities</b>		<b>-</b>	<b>-</b>	<b>68,071</b>	<b>3,396,406</b>
<b>3 Current liabilities</b>					
(a) Financial liabilities					
(i) Trade payables					
total outstanding dues of micro enterprises & small enterprises	3.13	-	-	-	-
total outstanding dues of creditors other than micro enterprises & small enterprises	3.13	7,726,228	380,038,492	5,941,366	296,443,885
(ii) Borrowings	3.14	5,500,000	270,534,550	5,500,000	274,421,950
(iii) Other financial liabilities	3.15	352,204	17,324,235	35,569	1,774,735
(b) Other current liabilities	3.16	222,292	10,934,144	54,382	2,713,403
(c) Provisions	3.17	175,894	8,651,901	349,980	17,462,238
<b>Total current liabilities</b>		<b>13,976,618</b>	<b>687,483,322</b>	<b>11,881,299</b>	<b>592,816,211</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>17,216,568</b>	<b>846,850,193</b>	<b>14,085,789</b>	<b>702,808,958</b>

Significant accounting policies

1B & 2

Notes to accounts

3

The accompanying notes are an integral part of Financial statements

As per our attached report of even date

For **R.S.Sanghai & Associates**

Chartered Accountants

Firm's registration number: 109094VV

**R.S. Sanghai**

Partner

Membership number: 036931

Place : Mumbai

Dated : 27th May, 2019



**Rajesh Dubey**

Management Representative of Alkem Laboratories Ltd.

**PHARMACOR PTY LIMITED, (AUSTRALIA)**  
**FINANCIAL STATEMENTS**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019**

Particulars	Note No.	For the Year ended 31st March, 2019	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018	For the Year ended 31st March, 2018
		AUD	Rs.	AUD	Rs.
<b>1 Income</b>					
(a) Revenue from operations	3.18	26,104,162	1,326,469,737	24,061,337	1,201,007,617
(b) Other income	3.19	18,032	916,268	87,393	4,380,713
<b>Total Income</b>		<b>26,122,194</b>	<b>1,327,386,005</b>	<b>24,148,730</b>	<b>1,205,388,330</b>
<b>2 Expenses</b>					
(a) Purchases of stock-in-trade		21,344,421	1,084,605,894	17,014,210	849,254,351
(b) Changes in inventories of finished goods, stock-in-trade and work-in-progress	3.20	(3,904,029)	(198,381,201)	(681,684)	(34,025,857)
(c) Employee benefits expenses	3.21	3,060,698	155,527,803	2,298,627	114,734,593
(d) Finance costs	3.22	208,082	10,573,558	229,965	11,478,559
(e) Depreciation and amortisation expense	3.1	38,730	1,968,025	18,528	924,826
(f) Other expenses	3.23	4,082,744	207,462,578	4,075,095	203,406,010
<b>Total expenses</b>		<b>24,830,646</b>	<b>1,261,756,657</b>	<b>22,954,741</b>	<b>1,145,772,482</b>
<b>3 Profit before tax (1) - (2)</b>		<b>1,291,548</b>	<b>65,629,348</b>	<b>1,193,989</b>	<b>59,615,848</b>
<b>4 Tax expenses</b>					
(a) Current tax	3.28	467,058	23,733,315	332,868	16,615,913
(b) Deferred tax	3.28	(279,041)	(14,179,327)	182,768	9,122,750
		<b>188,017</b>	<b>9,553,988</b>	<b>515,656</b>	<b>25,738,663</b>
<b>5 Profit for the period (3) - (4)</b>		<b>1,103,531</b>	<b>56,075,360</b>	<b>678,333</b>	<b>33,877,185</b>
<b>6 Other comprehensive Income</b>					
(a) Items that will be reclassified to profit or loss					
(i) Foreign currency translation difference		-	(3,304,830)	-	371,684
<b>Total of other comprehensive income for the period, net of tax</b>		<b>-</b>	<b>(3,304,830)</b>	<b>-</b>	<b>371,684</b>
<b>7 Total comprehensive income for the period (5) + (6)</b>		<b>1,103,531</b>	<b>52,770,529</b>	<b>678,333</b>	<b>34,248,869</b>
<b>8 Basic and diluted earnings per share</b>	3.24	<b>0.02</b>	<b>0.82</b>	<b>0.01</b>	<b>0.50</b>

Significant accounting policies

1B & 2

Notes to accounts

3

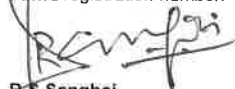
The accompanying notes are an integral part of Financial statements

As per our attached report of even date

For **R.S.Sanghai & Associates**

Chartered Accountants

Firm's registration number: 109094W

  
**R.S.Sanghai**

Partner

Membership number: 036931

Place : Mumbai

Dated : 27th May, 2019





**Rajesh Dubey**

Management Representative of Alkem Laboratories Ltd.

PHARMACOR PTY LIMITED, (AUSTRALIA)  
FINANCIAL STATEMENTS  
STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2019

AUD				
(a) Equity share capital	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	68,313,954	2,305,000	68,313,954	2,305,000
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	68,313,954	2,305,000	68,313,954	2,305,000
Rs.				
(a) Equity share capital	As at 31st March, 2019		As at 31st March, 2018	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	68,313,954	88,063,123	68,313,954	88,063,123
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting period	68,313,954	88,063,123	68,313,954	88,063,123

Alkem laboratories holds 100% equity in Pharmacor Pty Limited.

AUD			
Other equity			
Particulars	Retained Earnings	Other comprehensive income	Total other equity
Balance at 1st April, 2017	(846,914)	-	(846,914)
<b>Total comprehensive income</b>			
Profit for the year ended 31st March, 2018	678,333	-	678,333
Other comprehensive income	-	-	-
<b>Balance at 31st March, 2018</b>	<b>(168,581)</b>	<b>-</b>	<b>(168,581)</b>
<b>Total comprehensive income</b>			
Profit for the year ended 31st March, 2019	1,103,531	-	1,103,531
Other comprehensive income	-	-	-
<b>Balance at the end of the reporting period</b>	<b>934,951</b>	<b>-</b>	<b>934,951</b>

Rs.			
Other equity			
Particulars	Reserves and Surplus	Other comprehensive income	Total other equity
	Retained Earnings	Foreign Currency Translation Difference	
Balance at 1st April, 2017	(16,544,223)	828,573	(15,715,650)
<b>Total comprehensive</b>			
Profit for the year ended 31st March, 2018	33,877,184	-	33,877,184
Other comprehensive income	-	371,684	371,684
<b>Balance at 31st March, 2018</b>	<b>17,332,961</b>	<b>1,200,256</b>	<b>18,533,218</b>
<b>Total Comprehensive</b>			
Profit for the year ended 31st March, 2019	56,075,360	-	56,075,360
Other Comprehensive Income	-	(3,304,830)	(3,304,830)
<b>Balance at the end of the reporting period</b>	<b>73,408,321</b>	<b>(2,104,573)</b>	<b>71,303,747</b>

The Description of the nature and purpose of each reserve within equity:

**Retained Earnings:** Retained earnings are the profits that the company has earned till date, less any transfers to general reserve, dividends paid to shareholders.

As per our attached report of even date

For R.S.Sanghal & Associates

Chartered Accountants

Firm's registration number: 109094W

R.S.Sanghal

Partner

Membership number: 036931

Place : Mumbai

Dated : 27th May, 2019



Rajesh Dubey

Management Representative of Alkem Laboratories Ltd.

**PHARMACOR PTY LIMITED, (AUSTRALIA)**  
**FINANCIAL STATEMENTS**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2019**

Particulars	Year ending 31st March, 2019		Year ending 31st March, 2018	
	AUD	Rs.	AUD	Rs.
<b>A. Cash flow from operating activities</b>				
Profit before tax	1,291,548	65,629,348	1,193,989	59,615,848
Adjustments for :				
Depreciation	38,730	1,968,025	18,528	924,826
Provision for doubtful debts	43,836	2,227,498	80,000	3,993,153
Interest income	(15,190)	(771,848)	(21,694)	(1,082,893)
Finance cost	208,082	10,573,558	229,965	11,478,559
Loss on sale of property, plant and equipment	(2,102)	(106,796)	6,526	325,755
<b>Operating profit before working capital changes</b>	<b>1,564,904</b>	<b>79,519,785</b>	<b>1,507,314</b>	<b>75,255,249</b>
Adjustments for :				
Inventories	(3,904,028)	(198,381,201)	(681,683)	(34,025,832)
Trade receivables	(550,389)	(27,967,726)	(1,101,062)	(54,958,890)
Other assets and loans and advances	38,374	1,949,958	(110,902)	(5,535,620)
Trade payables	1,784,862	90,696,850	(106,519)	(5,316,835)
Other current liabilities	484,544	24,621,879	(499,821)	(24,948,285)
Provision	6,808	345,938	50,018	2,496,599
<b>Cash (used in) / generated from operations before tax</b>	<b>(574,924)</b>	<b>(29,214,517)</b>	<b>(942,655)</b>	<b>(47,033,614)</b>
Less: Tax paid	<b>(786,725)</b>	<b>(39,977,033)</b>	<b>(151,994)</b>	<b>(7,586,675)</b>
<b>Cash (used in) / generated from operations</b>	<b>(1,361,649)</b>	<b>(69,191,549)</b>	<b>(1,094,649)</b>	<b>(54,620,289)</b>
<b>Net cash (used in) / generated from operating activities</b>	<b>(1,361,649)</b>	<b>(69,191,549)</b>	<b>(1,094,649)</b>	<b>(54,620,289)</b>
<b>B. Cash flow from Investing activities</b>				
Purchase of fixed assets	(117,475)	(5,969,439)	(95,133)	(4,748,485)
Interest received	15,190	771,848	21,694	1,082,893
Sale of fixed assets	3,050	154,983	4,546	226,922
<b>Net cash (used in) / generated from Investing activities</b>	<b>(99,235)</b>	<b>(5,042,608)</b>	<b>(68,893)</b>	<b>(3,438,670)</b>
<b>C. Cash flow from financing activities</b>				
Interest paid	(208,082)	(10,573,558)	(229,965)	(11,478,559)
<b>Net cash (used in) / generated from financing activities</b>	<b>(208,083)</b>	<b>(10,573,558)</b>	<b>(229,965)</b>	<b>(11,478,559)</b>
<b>Net Increase / (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(1,668,968)</b>	<b>(84,807,715)</b>	<b>(1,393,507)</b>	<b>(69,537,518)</b>
Cash and cash equivalents at the beginning of the year	3,953,917	197,280,303	5,347,424	265,329,106
Cash and cash equivalents at the end of the year	2,284,950	112,472,590	3,953,917	195,791,588

Notes :

1) Cash and Cash Equivalents include :

Particulars	As at 31.03.2019		As at 31.03.2018	
	AUD	Rs.	AUD	Rs.
Cash and cash equivalents (Refer Note 3.7)	2,284,950	112,392,364	3,953,917	197,280,303
Exchange difference (Unrealised (Gain) / Loss)	-	80,226	-	(1,488,715)
<b>Total</b>	<b>2,284,950</b>	<b>112,472,590</b>	<b>3,953,917</b>	<b>195,791,588</b>

2) The above Cash flow statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) on Cash Flow Statement.

As per our attached report of even date  
**For R.S.Sanghai & Associates**  
Chartered Accountants  
Firm's registration number: 109094W

**R.S.Sanghai**  
Partner  
Membership number: 036931  
Place : Mumbai  
Dated : 27th May, 2019



*[Signature]*

**Rajesh Dubey**  
Management Representative of Alkem Laboratories Ltd.

**1 General Information**

Pharmacor Pty Limited ('the Company') was incorporated under Corporations Act 2001 of Australia.  
These financial statements are prepared solely for the purposes of consolidation by the holding company, Alkem Laboratories Ltd.  
The principal activity of the company was the sale of pharmaceutical products as approved by the Therapeutic Goods Administration (TGA).

**1A SIGNIFICANT ACCOUNTING POLICIES:****1.1 Basis of preparation of Financial Statements:****a) Statement of compliance**

The financial statements of the Company as at and for the year ended 31st March, 2019 have been prepared in accordance with Indian Accounting standards ('Ind AS') notified by the Ministry of Corporate Affairs in consultation with the National Advisory Committee on Accounting Standards, under section 133 of the Companies Act, 2013 ('Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant provisions of the Act.

The Financial statement are prepared in INR which is its presentation currency along with AUD which is its functional currency.

**b) Basis of preparation and presentation**

The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 2. Actual results could differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The Company presents assets and liabilities in Balance Sheet based on current/non-current classification.

An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading,
- 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 classified as current when:

- it is expected to be settled in normal operating cycle,
- it is held primarily for the purpose of trading,
- it is 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.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**1.2 Property, plant and equipment (PPE)**

a) Items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price.

b) Depreciation is recognised on a straight-line basis to write down the cost less estimated residual value of buildings, IT equipment and other equipment. The following useful rates are applied:

Assets	Depreciation Rates
Office Equipment's	20% - 40%
Furniture & Fixtures	20%

c) The asset's residual values and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period. As assets carrying amount is written down immediately to its recoverable amount if the assets carrying amount is greater than estimated recoverable amount.

d) Gains and losses on disposal are determined by comparing proceeds with the carrying amount and are recognised immediately in Statement of Profit and Loss Account. When revalued assets are sold, amount included in the revaluation surplus relating to that asset are transferred to retained earnings

**1.3 Trade and other receivables:**

Trade and other receivables include amounts due from customers for goods sold in the ordinary course of business. Receivables which are expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivable are classified as non-current assets.

**1.4 Trade and other payable:-**

Trade and other payable include amounts due for goods and services received by the entity at the end of the reporting period.

**1.5 Financial instruments**

Financial instruments are recognised when the Company becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

**(a) Financial Assets**

The Company determines the classification of its financial assets at initial recognition. The classification depends on the Company's business model for managing the financial assets and the contractual terms of the cash flows.

The financial assets are classified in the following measurement categories:

- Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- Those to be measured at amortised cost.



**PHARMACOR PTY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

**NOTE 1: SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss as incurred.

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the

The Company follows trade date accounting for all regular way purchase or sale of financial assets.

**(i) Amortised Cost**

The Company classifies its financial assets as at amortised cost only if both of the following criteria are met:

- The asset is held within a business model with the objective of collecting the contractual cash flows, and
- The contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding.

Financial assets at amortised cost include loans receivable, trade and other receivables, and other financial assets that are held with the objective of collecting contractual cash flows. After initial measurement at fair value, the financial assets are measured at amortised cost using the effective interest rate (EIR) method, less impairment.

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 in finance income in the statement of profit or loss. The losses arising from impairment are recognised in the Statement of Profit or Loss in other income.

**(ii) Fair value through other comprehensive income**

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method.

For equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the group may transfer the cumulative gain or loss within equity.

**(iii) Financial assets at fair value through profit or loss**

The Company classifies the following financial assets at fair value through profit or loss:

- Debt investments that do not qualify for measurement at amortised cost;
- Debt investments that do not qualify for measurement at fair value through other comprehensive income; and
- Debt investments that have been designated at fair value through profit or loss.

Financial assets at fair value through profit or loss include financial assets held for trading, debt securities and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets at fair value through profit or loss are carried in the Balance Sheet at fair value with net changes in fair value presented as finance costs in profit or loss. Interests, dividends and gain/loss on foreign exchange on financial assets at fair value through profit or loss are included separately in other income.

If Company elects to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments shall continue to be recognised in profit or loss as other income when the Company's right to receive payments is established. There are no impairment requirements for equity investments measured at fair value through other comprehensive income. Changes in the fair value of financial assets at fair value through profit or loss shall be recognised in other gain/(losses) in the statement of profit or loss as applicable.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the profit and loss.

**Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the assets expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of the transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

**Impairment of Financial Assets**

The Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- Trade receivables or any contractual right to receive cash or other financial asset that result from transactions that are within the scope of Ind AS 115

Expected credit losses is the probability-weighted estimate of credit losses (i.e. present value of all cash shortfalls) over the expected life of the financial asset. A cash shortfall is the difference between the cash flows that are due in accordance with the contract and the cash flows that the company expects to receive. The expected credit losses consider the amount and timing of payments and hence, a credit loss arises even if the Company expects to receive the payment in full but later than when contractually due. The expected credit loss method requires to assess credit risk, default and timing of collection since initial recognition. This requires recognising allowance for expected credit losses in profit or loss even for receivables that are newly originated or acquired.

Impairment of financial assets is measured as either 12 month expected credit losses or life time expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. '12 month expected credit losses' represent the expected credit losses resulting from default events that are possible within 12 months after the reporting date. 'Lifetime expected credit losses' represent the expected credit losses that result from all possible default events over the expected life of the financial asset.



**PHARMACOR PTY LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019****NOTE 1: SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

Trade receivables are of a short duration, normally less than 12 months and hence the loss allowance measured as lifetime expected credit losses does not differ from that measured as 12 month expected credit losses. The Company uses the practical expedient in Ind AS 109 for measuring expected credit losses for trade receivables using a provision matrix based on ageing of receivables.

The Company uses historical loss experience and derived loss rates based on the past twelve months and adjusts the historical loss rates to reflect the information about current conditions and reasonable and supportable forecasts of future economic conditions. The loss rates differ based on the ageing of the amounts that are past due and are generally higher for those with the higher ageing.

**Interest income**

For all financial instruments measured at amortised cost and interest bearing financial assets, interest income is recognised using the effective interest rate (EIR), which is the rate that discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset.

When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original EIR of the instrument, and continues unwinding the discount as interest income. Interest income on impaired financial asset is recognised using the original EIR.

**Cash and Cash Equivalents**

Cash and Cash Equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash, with original maturities of three months or less.

**Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the group's operations. Such changes are evident to external parties. A change in the business model occurs when the group either begins or ceases to perform an activity that is significant to its operations. If the group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in statement of profit and loss.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to statement of profit and loss at the reclassification date.

**(b) Financial Liabilities**

The Company determines the classification of its financial liabilities at initial recognition.

**Classification**

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, shall be subsequently measured at fair value.

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

**Financial liabilities at fair value through profit and loss**

Financial liabilities at fair value through profit and loss include financial liabilities held for trading. The Company has not designated any financial liabilities upon initial recognition at fair value through profit and loss. Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. Derivatives are classified as held for trading unless they are designated as effective hedging instruments. At initial recognition, the Company measures financial liabilities at its fair value. Financial liabilities at fair value through profit and loss are carried in the Balance Sheet at fair value with changes recognised in the Statement of Profit and Loss.



**Financial liabilities measured at amortised cost**

Financial liabilities are initially recognised at fair value, net of transaction cost incurred and are subsequently measured at amortised cost, using the EIR method. Any difference between the proceeds net of transaction costs and the amount due on settlement or redemption of borrowings is recognised over the term of the borrowing.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest charge over the relevant effective interest rate period. The effective interest rate is the rate that exactly discounts estimated future cash outflow (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

**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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**(c) Offsetting financial instruments**

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counter party.

**1.6 Equity Instruments**

Equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities and includes no obligation to deliver cash or other financial assets. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issuance costs.

**1.7 Inventories:**

Inventories are measured at the lower of cost and net realizable value. Costs are assigned on a weighted average cost basis.

**1.8 Revenue Recognition:**

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

a) Revenue from sale of goods is recognised when control of the goods are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods. The Company assesses promises in the contract that are separate performance obligations to which a portion of transaction price is allocated.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any trade discounts, allowances and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for discounts, probable saleable and non-saleable return of goods from the customers. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

b) Revenue (including in respect of insurance or other claims, etc.) is recognised when it is reasonable to expect that the ultimate collection will be made.

c) Interest income is recognized using the effective interest rate (EIR) method.

**1.9 Foreign currencies**

**i. Foreign currency transactions**

Transactions in foreign currencies are translated into the respective functional currency of the Company at the exchange rates at the dates of the transactions. The functional currency of the Company is Australian Dollar (AUD).

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. Foreign currency differences are generally recognised in profit or loss. Non-monetary items that are measured based on historical cost in a foreign currency are not translated.

**ii. Foreign Operations:**

The assets and liabilities of foreign operations, and fair value adjustments arising on acquisition, are translated into Indian Rupees at the exchange rates at the reporting date.

The income and expenses of foreign operations are translated into Rs. at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Foreign currency differences are recognized in OCI and accumulated in the translation reserve.

When a foreign operation is disposed of in its entirety or partially, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.



**PHARMACOR PTY LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**  
**NOTE - 1: SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

**1.10 Employee Benefits:**

**Short term employee benefits**

Provision is made for the company's obligation for short term employee benefits. Short term employee benefits are benefits (other than termination benefits) that are expected to be settled wholly before 12 months after the end of annual reporting period in which the employee rendered the related service, including wages, salaries and sick leaves. Short term employee benefits are measured at (undiscounted) amount expected to be paid when the obligation is settled. The company's obligations for short term employee benefits such as wages, salaries and sick leave are recognised as part of current trade and other payables in the balance sheet.

**Other long term employee benefits**

Provision is made for employees long service leave and annual leave entitlements not expected to be settled wholly within 12 months after the end of the annual reporting period in which the employees render the related service.

The company's obligations for long term employee benefits are presented as non current provisions in its balance sheet, except where the company does not have an unconditional right to defer settlement for at least 12 months after the end of the reporting period, in which case the obligations are presented as current provisions.

**1.11 Taxes on Income:**

The income tax expense (income) for the year comprises current income tax expense (income) and deferred tax expense (income).

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination or are recognised directly in equity or in other comprehensive income. Current tax liabilities (assets) are therefore measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred income tax expense reflects movements in deferred tax asset and deferred tax liability balances during the year as well as unused tax losses.

Current and deferred income tax expense (income) is charged or credited directly to equity instead of profit and loss when the tax relates to items that are credited or charged directly to equity.

Except for business combinations, no deferred income tax is recognised from the initial recognition of an asset or liability where there is no effect on accounting or taxable profit or loss.

Deferred tax assets and liabilities are calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled and their measurement also reflects the manner in which management expects to recover or settle the carrying amount of the related asset or liabilities.

Deferred tax asset relating to temporary timing difference and unused tax losses are recognised only to the extent that it is probable future taxable profit will be available.

Deferred income tax assets and liabilities are off-set against each other and the resultant net amount is presented in the Balance Sheet, if and only when the Company currently has a legally enforceable right to set-off the current income tax assets and liabilities.

**1.12 Provision, Contingent Liabilities and Contingent Assets:**

A provision is recognised if as a result of a past event, the Company has a present obligation (legal or constructive) that can be estimated reliably and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the expenditure required to settle the present obligation at the balance sheet date. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability.

A contingent liability exists when there is a possible but not probable obligation, or a present obligation that may, but probably will not, require an outflow of resources, or a present obligation whose amount can not be estimated reliably. Contingent liabilities do not warrant provisions but are disclosed unless the possibility of outflow of resources is remote. Contingent assets are neither recognised nor disclosed in the financial statements. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and its recognition is appropriate.

**1.13 Earnings per share ('EPS')**

Basic EPS is computed using the weighted average number of equity shares outstanding during the period. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the period except where the results would be anti-dilutive.



**Note 2 : Critical accounting judgements and key sources of estimation uncertainty**

The Company prepares its financial statements in accordance with Ind AS as issued by the MCA, the application of which often requires judgements to be made by management when formulating the Company's financial position and results. The Directors are required to adopt those accounting policies most appropriate to the Company's circumstances for the purpose of presenting fairly the Company's financial position, financial performance and cash flows.

In determining and applying accounting policies, judgement is often required in respect of items where the choice of specific policy, accounting estimate or assumption to be followed could materially affect the reported results or net asset position of the Company should it later be determined that a different choice would be more appropriate.

Management considers the accounting estimates and assumptions discussed below to be its critical accounting estimates and, accordingly, provide an explanation of each below. The discussion below should also be read in conjunction with the Company's disclosure of significant accounting policies which are provided in note 1 to the financial statements, 'Significant accounting policies'.

**a. Estimate of current and deferred tax**

The Company's tax charge on ordinary activities is the sum of the total current and deferred tax charges. The calculation of the Company's total tax charge necessarily involves a degree of estimation and judgement in respect of certain items whose tax treatment cannot be finally determined until resolution has been reached with the relevant tax authority or, as appropriate, through a formal legal process. The final resolution of some of these items may give rise to material profits/losses and/or cash flows.

The complexity of the Company's structure makes the degree of estimation and judgement more challenging. The resolution of issues is not always within the control of the Company and it is often dependent on the efficiency of the legal processes in the relevant taxing jurisdictions in which the Company operates. Issues can, and often do, take many years to resolve. Payments in respect of tax liabilities for an accounting period result from payments on account and on the final resolution of open items. As a result there can be substantial differences between the tax charge in the Statement of Profit and Loss and tax payments.

**b. Recognition of deferred tax assets**

The recognition of deferred tax assets is based upon whether it is more likely than not that sufficient and suitable taxable profits will be available in the future against which the reversal of temporary differences can be deducted. To determine the future taxable profits, reference is made to the latest available profit forecasts. Where the temporary differences are related to losses, relevant tax law is considered to determine the availability of the losses to offset against the future taxable profits.

**c. Estimation of useful life**

The useful life used to amortise or depreciate intangible assets or property, plant and equipment respectively relates to the expected future performance of the assets acquired and management's judgement of the period over which economic benefit will be derived from the asset. The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the Statement of Profit and Loss.

The useful lives and residual values of Company's assets are determined by management at the time the asset is acquired and reviewed annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events which may impact their life such as changes in technology.

**d. Provision for trade and other receivables**

Trade and other receivables are stated at their amortised cost as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balances and historical experience. Individual trade receivables are written off when management deems them not to be collectible.

**e. Provisions and contingent liabilities**

The Company exercises judgement in measuring and recognising provisions and the exposures to contingent liabilities related to pending litigation or other outstanding claims subject to negotiated settlement, mediation, arbitration or government regulation, as well as other contingent liabilities. Judgement is necessary in assessing the likelihood that a pending claim will succeed, or a liability will arise, and to quantify the possible range of the financial settlement. Because of the inherent uncertainty in this evaluation process, actual losses may be different from the originally estimated provision.



## 3.1 Property, Plant and Equipment and Other Intangible Assets

AUD

Particulars	Property, Plant and Equipment				Other Intangible assets	
	Furniture and Fixtures	Office Equipments	Improvements	Total	Computer Software	Total
<b>At Cost</b>						
As at 1st April, 2017	26,725	16,799	-	43,523	2,487	2,487
Additions		19,812	51,240	71,053	24,080	24,080
Deletions	(26,725)	(20,242)	-	(46,967)		-
<b>As at 31st March, 2018</b>	-	<b>16,369</b>	<b>51,240</b>	<b>67,609</b>	<b>26,567</b>	<b>26,567</b>
Additions	6,073	30,001	5,252	41,326	76,149	76,149
Deletions		(9,305)		(9,305)		-
<b>As at 31st March, 2019</b>	<b>6,073</b>	<b>37,065</b>	<b>56,492</b>	<b>99,630</b>	<b>102,716</b>	<b>102,716</b>
<b>Depreciation and Amortisation</b>						
As at 1st April, 2017	18,515	(1,972)	-	16,543	2,487	2,487
Depreciation/amortisation charge for the year	2,149	13,888	2,005	18,042	486	486
Deductions	(20,664)	(15,230)	-	(35,894)		
<b>As at 31st March, 2018</b>	-	<b>(3,314)</b>	<b>2,005</b>	<b>(1,309)</b>	<b>2,973</b>	<b>2,973</b>
Depreciation/amortisation charge for the year	202	14,553	11,246	26,002	12,728	12,728
Deductions		(8,357)		(8,357)		
<b>As at 31st March, 2019</b>	<b>202</b>	<b>2,882</b>	<b>13,251</b>	<b>16,336</b>	<b>15,701</b>	<b>15,701</b>
<b>Net Book Value</b>						
As at 31st March, 2018	-	19,683	49,235	68,918	23,594	23,594
As at 31st March, 2019	5,871	34,183	43,241	83,294	87,015	87,015

## 3.1 Property, Plant and Equipment and Other Intangible Assets (continued)

Rs.

Particulars	Property, Plant and Equipment				Other Intangible assets	
	Furniture and Fixtures	Office Equipments	Improvements	Total	Computer Software	Total
<b>At Cost</b>						
As at 1st April, 2017	1,326,034	833,508	-	2,159,545	123,400	123,400
Additions	-	988,920	2,557,625	3,546,546	1,201,939	1,201,939
Deletions	(1,333,968)	(1,010,344)	-	(2,344,311)	-	-
Foreign Exchange Differences	7,933	4,658	(1,000)	11,577	218	218
<b>As at 31st March, 2018</b>	-	<b>816,743</b>	<b>2,556,625</b>	<b>3,373,356</b>	<b>1,325,558</b>	<b>1,325,558</b>
Additions	308,615	1,524,481	266,858	2,099,954	-	-
Deletions	-	(472,838)	-	(472,838)	-	-
Foreign Exchange Differences	(9,896)	(45,229)	(44,758)	(99,864)	3,726,847	3,726,847
<b>As at 31st March, 2019</b>	<b>298,719</b>	<b>1,823,157</b>	<b>2,778,725</b>	<b>4,900,608</b>	<b>5,052,405</b>	<b>5,052,405</b>
<b>Depreciation and Amortisation</b>						
As at 1st April, 2017	918,674	(97,840)	-	820,833	123,401	123,401
Depreciation/amortisation charge for the year	107,256	693,214	100,082	900,552	24,274	24,274
Deductions	(1,031,432)	(760,203)	-	(1,791,635)	-	-
Foreign Exchange Differences	5,502	(520)	(39)	4,928	683	683
<b>As at 31st March, 2018</b>	-	<b>(165,349)</b>	<b>100,043</b>	<b>(65,321)</b>	<b>148,357</b>	<b>148,357</b>
Depreciation/amortisation charge for the year	10,274	739,512	571,480	1,321,266	646,759	646,759
Deductions		(424,651)	-	(424,651)	-	-
Foreign Exchange Differences	(338)	(7,735)	(19,708)	(27,772)	(22,802)	(22,802)
<b>As at 31st March, 2019</b>	<b>9,936</b>	<b>141,777</b>	<b>651,815</b>	<b>803,522</b>	<b>772,315</b>	<b>772,315</b>
<b>Net Book Value</b>						
As at 31st March, 2018	-	982,092	2,456,582	3,438,675	1,177,200	1,177,200
As at 31st March, 2019	288,783	1,681,380	2,126,910	4,097,086	4,280,090	4,280,090



PHARMACOR PTY LIMITED

NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

Particulars	As at 31st March, 2019 AUD	As at 31st March, 2019 Rs.	As at 31st March, 2018 AUD	As at 31st March, 2018 Rs.
<b>3.2 : OTHER FINANCIAL ASSETS:</b>				
Security deposits	79,787	3,924,567	116,151	5,795,321
<b>TOTAL</b>	<b>79,787</b>	<b>3,924,567</b>	<b>116,151</b>	<b>5,795,321</b>
<b>3.3 : DEFERRED TAX ASSETS:</b>				
Deferred tax on employee related liabilities	58,349	2,870,089	-	-
Deferred tax on expenses	152,621	7,507,121	-	-
<b>TOTAL</b>	<b>210,970</b>	<b>10,377,210</b>	<b>-</b>	<b>-</b>
<b>3.4 : OTHER NON-CURRENT ASSETS:</b>				
Advance payment of Income Tax (net of provisions)	148,722	7,315,346	9,950	496,436
<b>TOTAL</b>	<b>148,722</b>	<b>7,315,346</b>	<b>9,950</b>	<b>496,436</b>
<b>3.5 : INVENTORIES:</b>				
Stock-in-trade	9,223,720	453,697,283	4,714,153	235,212,182
Goods-in-transit	253,668	12,477,410	859,207	42,870,040
<b>TOTAL</b>	<b>9,477,388</b>	<b>466,174,693</b>	<b>5,573,360</b>	<b>278,082,222</b>
<b>3.6 : TRADE RECEIVABLES:</b>				
Considered good - unsecured	4,703,631	231,362,664	4,197,078	209,412,785
Considered doubtful	123,836	6,091,252	80,000	3,991,592
Less: Loss allowances	(123,836)	(6,091,252)	(80,000)	(3,991,592)
	4,703,631	231,362,664	4,197,078	209,412,785
<b>TOTAL</b>	<b>4,703,631</b>	<b>231,362,664</b>	<b>4,197,078</b>	<b>209,412,785</b>
<b>Note:</b>				
Due from related parties AUD 815,616 Rs. 40,118,617 (Previous Year AUD 344,180 Rs. 17,172,827) (refer note 3.27)				
<b>3.7 : CASH AND CASH EQUIVALENTS:</b>				
Cash on hand	624	30,705	1,179	58,812
Balance with banks:				
In current accounts	2,284,326	112,361,659	3,952,738	197,221,491
<b>TOTAL</b>	<b>2,284,950</b>	<b>112,392,364</b>	<b>3,953,917</b>	<b>197,280,303</b>
<b>3.8 : LOANS :</b>				
Considered Good - unsecured				
Loans and advances to employees	25,993	1,278,558	9,375	467,765
<b>TOTAL</b>	<b>25,993</b>	<b>1,278,558</b>	<b>9,375</b>	<b>467,765</b>
<b>3.9 : OTHER CURRENT ASSETS:</b>				
Balances with government authorities	-	-	67,971	3,391,383
Prepaid expenses	114,817	5,647,615	65,475	3,266,869
<b>TOTAL</b>	<b>114,817</b>	<b>5,647,615</b>	<b>133,446</b>	<b>6,658,252</b>



PHARMACOR PTY LIMITED

NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

Particulars	As at 31st March, 2019 AUD	As at 31st March, 2019 Rs.	As at 31st March, 2018 AUD	As at 31st March, 2018 Rs.
<b>3.10 : SHARE CAPITAL:</b>				
<b>Authorised:</b>				
68,313,954 equity shares (previous year 68,313,954 equity shares)	2,305,000	88,063,123	2,305,000	88,063,123
	2,305,000	88,063,123	2,305,000	88,063,123
<b>ISSUED, SUBSCRIBED &amp; PAID-UP :</b>				
68,313,954 equity shares	2,305,000	88,063,123	2,305,000	88,063,123
<b>TOTAL</b>	<b>2,305,000</b>	<b>88,063,123</b>	<b>2,305,000</b>	<b>88,063,123</b>

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

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	Number	AUD	Number	AUD
At the commencement of the year	68,313,954	2,305,000	68,313,954	2,305,000
At the end of the year	68,313,954	2,305,000	68,313,954	2,305,000

(b) Details of shareholders holding more than 5% shares in the Company:

Name of the shareholders:	As at 31st March, 2019		As at 31st March, 2018	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Alkem Laboratories Limited	68,313,954	100.00%	68,313,954	100.00%

Particulars	As at 31st March, 2019 AUD	As at 31st March, 2019 Rs.	As at 31st March, 2018 AUD	As at 31st March, 2018 Rs.
<b>3.11 : OTHER EQUITY:</b>				
<b>Retained earnings:</b>				
At the commencement of the period/year	(168,581)	17,332,961	(846,914)	(16,544,223)
Add: Profit for the period/year	1,103,531	56,075,360	678,333	33,877,184
<i>Less: Appropriations</i>	934,951	73,408,321	(168,581)	17,332,961
Transfer to general reserve	-	-	-	-
At the end of the period/year	934,951	73,408,321	(168,581)	17,332,961
<b>Other comprehensive Income:</b>				
At the commencement of the period/year	-	1,200,257	-	828,573
Add: Profit for the period/year	-	(3,304,830)	-	371,684
At the end of the period/year	-	(2,104,573)	-	1,200,257
<b>TOTAL</b>	<b>934,951</b>	<b>71,303,748</b>	<b>(168,581)</b>	<b>18,533,218</b>
<b>3.12 : DEFERRED TAX LIABILITIES (NET):</b>				
Deferred tax liability on expenses	-	-	68,071	3,396,406
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>68,071</b>	<b>3,396,406</b>
<b>3.13 : TRADE PAYABLES:</b>				
total outstanding dues of micro enterprises & small enterprises	-	-	-	-
total outstanding dues of creditors other than micro enterprises & small enterprises	7,726,228	380,038,492	5,941,366	296,443,885
<b>TOTAL</b>	<b>7,726,228</b>	<b>380,038,492</b>	<b>5,941,366</b>	<b>296,443,885</b>

Note:

Due to related parties AUD 6,585,731 Rs. 323,939,603 (Previous Year AUD 4,692,780 Rs. 234,145,777) (refer note 3.27)

Trade payable does not include dues to Micro, Medium and Small enterprises. Accordingly, disclosure under the Micro, Small and Medium Enterprises Development Act, 2006, (MSMED) not applicable.



PHARMACOR PTY LIMITED

NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

Particulars	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018	As at 31st March, 2018
	AUD	Rs.	AUD	Rs.
<b>3.14 : BORROWINGS:</b>				
<b>Secured</b>				
Loan from bank	5,500,000	270,534,550	5,500,000	274,421,950
<b>TOTAL</b>	<b>5,500,000</b>	<b>270,534,550</b>	<b>5,500,000</b>	<b>274,421,950</b>
<b>Notes:</b>				
The company currently holds a 3 year loan with HSBC Bank. The letter of offer was signed in October 2016 for AUD5.5m and loan was drawn down in January 2017 and is due on 30 Jan 2020. From perusal of the letter of offer, we noted the following informat				
The loan is on demand - extract from the signed letter of offer "HSBC may at any time, at its sole and absolute discretion and without having to explain or provide any reason or notice, exercise its Cancellation rights.				
<b>3.15 : OTHER CURRENT FINANCIAL LIABILITIES</b>				
Accrual for expenses	352,204	17,324,235	35,569	1,774,735
<b>TOTAL</b>	<b>352,204</b>	<b>17,324,235</b>	<b>35,569</b>	<b>1,774,735</b>
<b>3.16 : OTHER CURRENT LIABILITIES:</b>				
Due to statutory authorities*	222,293	10,934,144	54,383	2,713,403
<b>TOTAL</b>	<b>222,293</b>	<b>10,934,144</b>	<b>54,383</b>	<b>2,713,403</b>
* Statutory dues payable includes GST Payable, Superannuations and Withholding Tax.				
<b>3.17 : PROVISIONS:</b>				
Provision for income tax (net of advance tax)	-	-	180,894	9,025,693
Provision for employee benefits:				
Compensated absences	175,894	8,651,901	169,086	8,436,545
<b>TOTAL</b>	<b>175,894</b>	<b>8,651,901</b>	<b>349,980</b>	<b>17,462,238</b>



**PHARMACOR PTY LIMITED**
**NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

Particulars	For the Year ended 31st March, 2019	For the Year ended 31st March, 2019	For the Year ended 31st March, 2018	For the Year ended 31st March, 2018
	AUD	Rs.	AUD	Rs.
<b>3.18 : REVENUE FROM OPERATIONS:</b>				
Sale of products	26,104,162	1,326,469,737	24,061,337	1,201,007,617
<b>TOTAL</b>	<b>26,104,162</b>	<b>1,326,469,737</b>	<b>24,061,337</b>	<b>1,201,007,617</b>
<b>3.19 : OTHER INCOME:</b>				
Other interest	15,190	771,848	21,695	1,082,893
Gain on sale of fixed assets (net)	2,102	106,796	-	-
Applicable net gain/loss on foreign currency transactions and translation	-	-	39,198	1,975,120
Other income	740	37,624	26,499	1,322,701
<b>TOTAL</b>	<b>18,032</b>	<b>916,268</b>	<b>87,393</b>	<b>4,380,713</b>
<b>3.20 : CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE:</b>				
Opening Stock:				
Stock-in-trade	5,573,360	278,082,221	4,891,676	242,715,677
	5,573,360	278,082,221	4,891,676	242,715,677
Less: Closing stock:				
Stock-in-trade	9,477,388	466,174,693	5,573,360	278,082,221
	9,477,388	466,174,693	5,573,360	278,082,221
Exchange Rate Difference	-	(10,288,729)	-	1,340,687
<b>TOTAL</b>	<b>(3,904,028)</b>	<b>(198,381,201)</b>	<b>(681,684)</b>	<b>(34,025,857)</b>
<b>3.21 : EMPLOYEE BENEFITS EXPENSE:</b>				
Salaries, wages and bonus	2,529,175	128,518,765	1,890,341	94,355,260
Contribution to provident and other funds	222,597	11,311,157	167,527	8,362,003
Employees' welfare expenses	308,925	15,697,881	240,759	12,017,330
<b>TOTAL</b>	<b>3,060,698</b>	<b>155,527,803</b>	<b>2,298,627</b>	<b>114,734,593</b>
<b>3.22 : FINANCE COST:</b>				
Interest on borrowings	191,403	9,726,034	208,270	10,395,666
Other borrowing cost	16,679	847,524	21,695	1,082,893
<b>TOTAL</b>	<b>208,082</b>	<b>10,573,558</b>	<b>229,965</b>	<b>11,478,559</b>
<b>3.23 : OTHER EXPENSES:</b>				
Power and fuel	5,072	257,708	6,897	344,275
Rent	142,492	7,240,671	148,958	7,435,127
Rates and taxes	106,164	5,394,650	66,565	3,322,549
Insurance	59,436	3,020,212	42,725	2,132,602
Marketing and promotions	607,151	30,852,076	380,409	18,987,880
Selling and distribution expenses	2,123,666	107,913,032	2,223,213	110,970,358
Legal and professional Fees	155,225	7,887,689	137,380	6,857,256
Commission and cash discount	106,015	5,387,112	77,253	3,856,029
Travelling and conveyance	228,982	11,635,583	177,906	8,880,099
Repairs:				
- Others	3,095	157,262	392	19,566
Loss on sale of fixed assets (net)	-	-	6,526	325,755
Communication and printing expenses	144,926	7,364,327	123,026	6,140,760
Provision for doubtful debts	43,836	2,227,498	80,000	3,993,153
License, registration & technology fees	241,480	12,270,672	562,678	28,085,753
Applicable net gain/loss on foreign currency transactions and translation	72,703	3,694,355	-	-
Miscellaneous expenses	42,502	2,159,732	41,167	2,054,848
<b>TOTAL</b>	<b>4,082,744</b>	<b>207,462,578</b>	<b>4,075,095</b>	<b>203,406,010</b>



PHARMACOR PTY LIMITED

NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

3.24 Earnings per share (EPS)

AUD

Particulars			Year ended 31st March, 2019	Year ended 31st March, 2018
Profit /(loss) after tax attributable to equity shareholders	AUD	A	1,103,531	678,333
Weighted average number of equity shares outstanding during the year	Nos.	B	68,313,954	68,313,954
Basic and diluted earnings per equity share	AUD	(A / B)	0.02	0.01

Rs.

Particulars			Year ended 31st March, 2019	Year ended 31st March, 2018
Profit /(loss) after tax attributable to equity shareholders	Rs.	A	56,075,360	33,877,185
Weighted average number of equity shares outstanding during the year	Nos.	B	68,313,954	68,313,954
Basic and diluted earnings per equity share	Rs.	(A / B)	0.82	0.50

3.25 Average exchange rate as on 31st March, 2019 considered for the purpose of translation is Rs. 50.814/1 AU\$ (Rs. 49.914/1 AU\$). Closing exchange rate as on 31st March, 2019 considered for the purpose of translation Rs. 49.188/1 AU\$ (Rs. 49.895 /1 AU\$).

3.26 Segment Reporting

The Company is in the pharmaceutical business. As the Company has a single reportable segment, the segment wise disclosure requirements of Ind AS 108 on Operating Segment is not applicable. In compliance to the said standard, Entity-Wise disclosures are as under :

Sr	Particulars	For the year ended 31st March, 2019		For the year ended 31st March, 2018	
		AUD	Rs.	AUD	Rs.
a)	Revenues from sale of products from external customers attributed to the country of domicile and attributed to all foreign countries from which the company derives revenues				
	Revenue from sale of products from the Country of Domicile- Australia	26,104,162	1,326,469,737	24,061,337	1,201,007,617
	Revenue from foreign countries	-	-	-	-
		26,104,162	1,326,469,737	24,061,337	1,201,007,617

b) Major Customers having external revenue exceeded 10% of total revenue

AUD

Customer Name	31st March, 2019		31st March, 2018	
	Sales Value	Cont %	Sales Value	Cont %
Australian Pharmaceutical Industries	5,733,006	22.0%	2,311,846	9.6%

Rs.

Customer Name	31st March, 2019		31st March, 2018	
	Sales Value	Cont %	Sales Value	Cont %
Australian Pharmaceutical Industries	291,319,786	22.0%	115,394,445	9.6%



## 3.27 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31 March 2019.

## List of related parties and their relationship

## A Company whose control exists

Name of the Company	Country of Incorporation
Alkem Laboratories Ltd.	India

## B Fellow Subsidiaries

Name of the Companies	Country of Incorporation
Cachet Pharmaceuticals Pvt. Ltd.	India
Indchemie Health Specialities Pvt. Ltd.	India
Enzene Biosciences Ltd.	India
Alkem Foundation	India
The Pharmanetwork, LLC (wholly owned subsidiary of S & B holdings B.V.)	United States of America
Ascend Laboratories, LLC (wholly owned by The Pharma Network, LLP)	United States of America
S & B Pharma Inc.	United States of America
Ascend Laboratories (UK) Ltd.	United Kingdom
S & B Holdings B.V.	Netherlands
Alkem Laboratories (PTY) Limited	South Africa
Ascend Laboratories Ltd.	Canada
The Pharma Network, LLP	Kazakhstan
Ascends Laboratories SpA	Chile
Pharma Network SpA (Wholly owned by Ascend Laboratories SpA)	Chile
Alkem Laboratories Corporation	Philippines
Ascend GmbH (formerly known as Alkem Pharma GmbH)	Germany
Ascends Laboratories SDN BHD.	Malaysia
Alkem Laboratories Korea Inc.	Korea
Pharmacor Ltd.	Kenya
Alkem Laboratories (NIG) Limited (Liquidated on 6th May 2018)	Nigeria

## C Key Managerial Personnel ("KMP")

Name of the KMP	Designation
Basudeo N. Singh	Director
Sandeep Singh	Director
Amit Ghare	Director
Joseph Diago Fernandes	Director
Andre Guy Phillips	Director
Richard Mlynarcik	Director

## Details of transactions with related parties

Sr. No.	Particulars	Holding Company	
		AUD	Rs.
1	Interest expense on loans taken from Alkem	(29,138)	(1,454,427)
2	Guarantee commission	13,750	698,699
3	Purchase of stock in trade	15,076,950	766,127,560
		(11,706,244)	(584,310,325)
4	Remuneration to KMP - Richard Mlynarcik	260,365	13,230,315
		(238,354)	(11,897,301)
5	Remuneration to KMP - Ashish Mallela	232,922	11,835,813
		(211,366)	(10,550,190)

## Balance due from / to the related Parties

Sr. No.	Particulars	Holding Company	
		AUD	Rs.
1	Trade payable	6,585,731	323,939,603
		(4,692,780)	(234,145,777)
2	Trade receivable	815,616	40,118,617
		(344,180)	(17,172,827)
3	Advances given	-	-
		(98,560)	(4,917,641)

\* All the related party transactions were made on terms equivalent to those that prevail in an arm's length transactions.

\* Figures in the brackets are the corresponding figures of the previous year.



PHARMACOR PTY LIMITED

NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

3.28 Tax expense

(a) Amounts recognised in profit and loss					
Particulars		For the year ended 31 March 2019	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2018
		AUD	Rs.	AUD	Rs.
Current income tax		467,058	23,733,315	332,888	16,615,913
Deferred income tax liability / (asset), net					
Origination and reversal of temporary differences		(279,041)	(14,179,327)	182,768	9,122,750
Deferred tax expense		(279,041)	(14,179,327)	182,768	9,122,750
Tax expense for the year		188,017	9,553,988	515,656	25,738,663
(b) Reconciliation of effective tax rate					
Particulars	Effective tax rate	For the year ended 31 March 2019	For the year ended 31 March 2019	For the year ended 31 March 2018	For the year ended 31 March 2018
		AUD	Rs.	AUD	Rs.
Profit before tax		1,291,548	65,629,348	1,193,989	59,615,848
Tax using the Company's domestic tax rate (Current year 30% and Previous Year 30%)	30.00%	387,465	19,688,812	358,197	17,879,192
Tax effect of:					
Disallowances under income tax (net)	5.96%	77,010	3,913,215	89,388	4,461,735
Brought forward losses adjusted	0.00%	-	-	(114,697)	(5,725,021)
Permanent difference	0.20%	2,584	131,287	-	-
	36.16%	467,058	23,733,315	332,888	16,615,906

The Company's weighted average tax rates for the years ended March 31, 2019 and 2018 were 30.00% and 30.00%, respectively. Income tax expense was AUD 467,058 Rs. 23,733,315 for the year ended March 31, 2019, as compared to income tax expense of AUD 332,888 Rs. 16,615,906 for the year ended March 31, 2018.

The Company's effective tax rate for the year ended March 31, 2019 was 36.16% (March 31, 2018 : 27.88%)



PHARMACOR PTY LIMITED  
NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

3.29 Financial Instruments - Fair Value and Risk Management

A. Accounting classification and fair values

3.29 Financial Instruments - Fair Value and Risk Management

A. Accounting classification and fair values

	As at 31st March, 2019							
	AUD				Rs.			
	Carrying amount				Carrying amount			
	FVTPL	FVTOCI	Amortised Cost	Total	FVTPL	FVTOCI	Amortised Cost	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	2,284,950	2,284,950	-	-	112,392,364	112,392,364
Short-term loans and advances	-	-	25,993	25,993	-	-	1,278,558	1,278,558
Trade and other receivables	-	-	4,703,631	4,703,631	-	-	231,362,664	231,362,664
Other Non-current financial asset	-	-	79,787	79,787	-	-	3,924,567	3,924,567
	-	-	7,094,361	7,094,361	-	-	348,958,153	348,958,153
<b>Financial liabilities</b>								
Term loans from banks	-	-	5,500,000	5,500,000	-	-	270,534,550	270,534,550
Trade and other payables	-	-	7,726,228	7,726,228	-	-	380,038,492	380,038,492
Other Current financial liabilities	-	-	352,204	352,204	-	-	17,324,235	17,324,235
	-	-	13,578,432	13,578,432	-	-	667,897,277	667,897,277

	As at 31st March, 2018							
	AUD				Rs.			
	Carrying amount				Carrying amount			
	FVTPL	FVTOCI	Amortised Cost	Total	FVTPL	FVTOCI	Amortised Cost	Total
<b>Financial assets</b>								
Cash and cash equivalents	-	-	3,953,917	3,953,917	-	-	197,280,303	197,280,303
Short-term loans and advances	-	-	9,375	9,375	-	-	467,765	467,765
Trade and other receivables	-	-	4,197,078	4,197,078	-	-	209,412,785	209,412,785
Other Non-current financial asset	-	-	116,151	116,151	-	-	5,795,321	5,795,321
	-	-	8,276,521	8,276,521	-	-	412,956,174	412,956,174
<b>Financial liabilities</b>								
Term loans from banks	-	-	5,500,000	5,500,000	-	-	274,421,950	274,421,950
Trade and other payables	-	-	5,941,366	5,941,366	-	-	296,443,885	296,443,885
Other Current financial liabilities	-	-	35,569	35,569	-	-	1,774,735	1,774,735
	-	-	11,476,935	11,476,935	-	-	572,640,570	572,640,570

The Company has exposure to the following risks arising from financial instruments:

- Credit risk ;
- Liquidity risk ;
- Market risk

i. Risk management framework

The Company's board of directors has overall responsibility for the establishment and oversight of the Company's risk management framework.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, 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. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.



**3.29 Financial Instruments - Fair Value and Risk Management****II. Credit risk**

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities.

The carrying amount of following financial assets represents the maximum credit exposure:

**Trade and other receivables**

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the factors that may influence the credit risk of its customer base, including the default risk of the industry and country in which customers operate.

The company sells the products in local markets only.

Goods are sold subject to retention of title clauses, so that in the event of non-payment the Company may have a secured claim. The Company does not otherwise require collateral in respect of trade and other receivables

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables.

At 31st March, 2018, the company did not have any significant customer. No single customer's balance was more than 10% of the total receivables

**Impairment**

At March 31, 2019, the ageing of trade and other receivables that were not impaired was as follows.

Neither past due nor impaired  
Past due 1-180 days  
Past due more than 180 days

March 31, 2019	March 31, 2018
2,335,378	3,597,806
1,984,992	459,688
383,260	139,584
<b>4,703,630</b>	<b>4,197,078</b>

Management believes that the unimpaired amounts that are past due by more than 180 days are still collectible in full, based on historical payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings if they are available.



## 3.29 Financial Instruments - Fair Value and Risk Management

## iii. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The majority of the Company's Trade receivables are due for maturity within 30 days from the date of billing to the customer. Further, the general credit terms for Trade payables are approximately 30 days. The difference between the above mentioned credit period provides sufficient headroom to meet the short-term working capital needs for day-to-day operations of the Company. Any short-term surplus cash generated, over and above the amount required for working capital management and other operational requirements, are retained as Cash and Investment in short term deposits with banks. The said investments are made in instruments with appropriate maturities and sufficient liquidity.

## 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.

Interest payments and exclude the impact of netting agreements.

	Contractual cash flows						
31st March, 2019	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
AUD							
Non-derivative financial liabilities							
Term loans from banks	5,500,000	5,660,856	-	5,660,856	-	-	-
Trade and other payables	7,726,228	7,726,228	4,011,445	3,714,783	-	-	-
Other financial liabilities	352,204	352,204	352,204	-	-	-	-
Rs.							
Non-derivative financial liabilities							
Term loans from banks	270,534,550	278,446,751	-	278,446,751	-	-	-
Trade and other payables	380,038,492	380,038,492	197,315,375	182,723,118	-	-	-
Other financial liabilities	17,324,235	17,324,235	17,324,235	-	-	-	-
	Contractual cash flows						
31st March, 2018	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
AUD							
Non-derivative financial liabilities							
Term loans from banks	5,500,000	5,885,000	-	192,500	5,692,500	-	-
Trade and other payables	5,941,366	5,941,366	2,468,535	3,472,831	-	-	-
Other financial liabilities	35,569	35,569	-	35,569	-	-	-
Rs.							
Non-derivative financial liabilities							
Term loans from banks	274,421,950	293,631,487	-	9,604,768	284,026,718	-	-
Trade and other payables	296,443,885	296,443,885	123,167,307	173,276,578	-	-	-
Other financial liabilities	1,774,735	1,774,733	-	1,774,733	-	-	-

## iv. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates, interest rates and equity prices – which will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt. The exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currency.

## Currency risk

The Company is not exposed to currency risk on account of its borrowings, other payables, receivables and loans and advances in foreign currency, as such items are transacted at the functional currency of the Company, which is Australian Dollars (AUD).

## Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing investments because of fluctuations in the interest rates. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing investments will fluctuate because of fluctuations in the interest rates.

The Company is not exposed to interest rate risk as the borrowing is at fixed interest rate

Thus, the Company is not exposed to market risk related to Currency risk and Interest rate risk.



### 3.30 Capital Management

The 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 ordinary shareholders.

The Company monitors capital using a ratio of 'adjusted net debt' to 'adjusted equity'. For this purpose, adjusted net debt is defined as total liabilities, comprising interest-bearing loans and borrowings and obligations under finance leases, less cash and cash equivalents. Adjusted equity comprises all components of equity.

The Company's adjusted net debt to equity ratio at March 31, 2019 was as follows.

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	AUD	Rs.	AUD	Rs.
Total borrowing	5,500,000	270,534,550	5,500,000	274,421,950
Less : Cash and cash equivalent	(2,284,950)	(112,392,364)	(3,953,917)	(197,280,303)
<b>Adjusted net debt</b>	<b>3,215,050</b>	<b>158,142,186</b>	<b>1,546,083</b>	<b>77,141,647</b>
Total equity	3,239,950	159,366,871	2,136,419	106,596,341
Less : Hedging reserve	-	-	-	-
<b>Adjusted equity</b>	<b>3,239,950</b>	<b>159,366,871</b>	<b>2,136,419</b>	<b>106,596,341</b>
<b>Adjusted net debt to adjusted equity ratio</b>	<b>0.99</b>	<b>0.99</b>	<b>0.72</b>	<b>0.72</b>

### 3.31 Lease commitments

#### Operating leases as lessee

Operating leases relate to leases of an office and production building with a lease term of 4 years. The future minimum lease payments are as follows:

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	AUD	Rs.	AUD	Rs.
Payable – minimum lease payments:				
- not later than twelve (12) months	109,284	5,375,472	104,732	5,225,593
- between twelve (12) months and five (5) years	303,670	14,936,951	410,536	20,483,652
- greater than five (5) years				
<b>Total minimum lease payments</b>	<b>412,954</b>	<b>20,312,423</b>	<b>515,268</b>	<b>25,709,245</b>

### 3.32 Payment to auditors

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	AUD	Rs.	AUD	Rs.
<b>As Auditor</b>	<b>34,650</b>	<b>1,760,722</b>	<b>35,900</b>	<b>1,791,928</b>
Audit fees				
<b>In other capacity</b>	<b>13,500</b>	<b>685,996</b>	<b>7,900</b>	<b>394,324</b>
In any other services such as certification, etc.	48,150	2,446,718	43,800	2,186,251
<b>Total</b>				

### 3.33 Disclosure As per Indian Accounting Standard 115 :

Reconciliation the amount of revenue recognised in the statement of profit and loss with the contracted price:

Particulars	As at 31st March, 2019		As at 31st March, 2018	
	AUD	Rs.	AUD	Rs.
Revenue as per contracted price	29,388,057	1,493,339,159	26,581,752	1,325,814,364
Adjustments:				
Discount	(3,283,895)	(166,869,448)	(2,500,415)	(124,806,747)
<b>Revenue from contract with customers</b>	<b>26,104,162</b>	<b>1,326,469,711</b>	<b>24,081,337</b>	<b>1,201,007,617</b>
Other operating revenue	-	-	-	-
<b>Revenue from Operations</b>	<b>26,104,162</b>	<b>1,326,469,711</b>	<b>24,081,337</b>	<b>1,201,007,617</b>

### 3.34 Recent accounting pronouncements

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2018 has notified the following new and amendments to Ind ASs which the Company has not applied as they are effective for annual periods beginning on or after 1 April 2019:

#### Ind AS 116, Leases

The Company is required to adopt Ind AS 116, Leases from 1 April 2019. The Company has assessed the estimated impact that initial application of Ind AS 116 will have on its standalone financial statements, as described below:

Ind AS 116 introduces a single, on-balance sheet lease accounting model for lessees. A lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. It replaces existing leases guidance, Ind AS 17, Leases.

The Company will recognise new assets and liabilities for its operating leases of offices, warehouse and factory facilities. The nature of expenses related to those leases will now change because the Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities.



**PHARMACOR PTY LIMITED**

**NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019**

Previously, the Company recognised operating lease expense on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

No significant impact is expected for the Company's finance leases.

Based on the information currently available, the Company estimates that it will recognise additional lease liabilities of **AUD 380,914** equivalent to Rs. **18,741,001** as at 1st April, 2019.

The Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the Company records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset as an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognised under Ind AS 17 immediately before the date of initial application.

The Company has elected certain available practical expedients on transition.

In addition to the above, the following amendments to existing standards have been issued, are not yet effective and are not expected to have a significant impact on the Company's standalone financial statements:

- Amendments to **Ind AS 103, Business Combinations**, and **Ind AS 111, Joint Arrangements**: This interpretation clarifies how an entity accounts for increasing its interest in a joint operation that meets the definition of a business.

- Amendments to **Ind AS 109, Financial Instruments**: amendments relating to the classification of particular pre payable financial assets

- Amendments to **Ind AS 12, Income Taxes**, clarify that all income tax consequences of dividends (including payments on financial instruments classified as equity) are recognized consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income or equity. Further Appendix C, uncertainty over income tax treatments has been added to clarify how entities should reflect uncertainties over income tax treatments, in particular when assessing the outcome a tax authority might reach with full knowledge and information if it were to make an examination.

- Amendment to **Ind AS 19, Employee Benefits** - The amendment to Ind AS 19 clarifies that on amendment, curtailment or settlement of a defined benefit plan, the current service cost and net interest for the remainder of the annual reporting period are calculated using updated actuarial assumptions – i.e. consistent with the calculation of a gain or loss on the plan amendment, curtailment or settlement. This amendment also clarifies that an entity first determines any past service cost, or a gain or loss on settlement, without considering the effect of the asset ceiling. This amount is recognized in profit or loss. The entity then determines the effect of the asset ceiling after plan amendment, curtailment or settlement. Any change in that effect is recognized in other comprehensive income (except for amounts included in net interest).

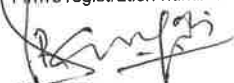
- Amendments to **Ind AS 23, Borrowing Costs**, clarify that the general borrowings pool used to calculate eligible borrowing costs excludes only borrowings that specifically finance qualifying assets that are still under development or construction.

As per our attached report of even date

For **R.S.Sanghai & Associates**

Chartered Accountants

Firm's registration number: 109094W



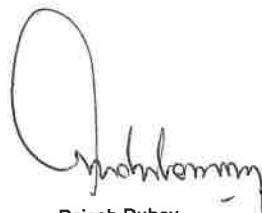
**R.S.Sanghai**

Partner

Membership number: 036931

Place : Mumbai

Dated : 27th May, 2019



**Rajesh Dubey**

Management Representative of Alkem Laboratories Ltd.