



**Report on the financial statements of Ascend Laboratories S.A.S, Colombia, a foreign subsidiary of Alkem Laboratories Limited, India required for the purposes of its consolidation with the financial statements of the holding company as required by Section 129(3) of the Companies Act, 2013**

**Independent Auditor's Report**

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

**Report on the Standalone Ind AS Financial Statements:**

At the request of Alkem Laboratories Ltd., India the holding company of **Ascend Laboratories S.A.S, Colombia** ('the Company'), we have audited the accompanying standalone Ind AS financial statements of the company **Ascend Laboratories S.A.S, Colombia** which comprise the Balance Sheet as at 31<sup>st</sup> March, 2020, the statement of Profit & Loss (including Other Comprehensive Income), the Statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "standalone Ind AS financial statements") prepared by its management in its reporting currency in Colombian Peso. These financial statements are translated by the management of the holding company Alkem Laboratories Ltd., India in Indian currency (INR) and are also presented in the formats and as per requirements of Division II of Schedule III to the Companies Act, 2013 and as per Ind AS, solely for the purpose of its consolidation with the financial statements of the holding company Alkem Laboratories Limited, India as required by Section 129(3) of the Companies Act, 2013.

**Management's Responsibility for the Standalone Financial Statements:**

The management of the holding company Alkem Laboratories Ltd., India and the Company's Board of Directors is responsible for preparation of these Ind AS standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



**Auditor's Responsibility:**

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI) and in particular SA 800 'Special Considerations – Audits of Financial Statements Prepared in accordance with Special Purpose Frameworks'. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether these standalone Ind AS financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in these financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of these financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of those financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these standalone Ind AS financial statements.

**Opinion:**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required in the manner so required and give a true and fair view in conformity with the Group Accounting Policies of Alkem Laboratories Ltd. and the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31<sup>st</sup> March, 2020, and its financial performance including other comprehensive income, the changes in equity and its cash flows for the year ended on that date.

**Restriction on Distribution or Use:**

Without modifying our opinion, we draw your attention to the fact that these financial statements are Special Purpose Financial Statements and do not constitute a set of statutory financial statements in accordance with the local laws of the country in which the company is incorporated and are prepared in Indian currency (INR) and in the formats and as per requirements of Division II of Schedule III to the Companies Act, 2013 as per Ind AS solely for the purpose of its consolidation with the financial statements of the holding company as per the



requirements of Section 129(3) of the Companies Act, 2013, and should not be used for any other purpose. This is not a report under Section 143 of the Companies Act, 2013, and accordingly does not include any statement on the matters specified in and required by Section 143 (11), 143(3)(g) and 143(3)(i) of the Companies Act, 2013 and Rule 11 of the Companies (Audit and Auditors') Rules, 2014 including the Companies (Auditors' Report) Order, 2016.

**For R.S.SANGHAI & ASSOCIATES**

Chartered Accountants

Firm Registration No. 109094W



A handwritten signature in blue ink, appearing to read "R. S. Sanghai", written over the circular stamp.

**R.S.SANGHAI**

Partner

Membership No.: 036931

Place: Mumbai

Date: 1<sup>st</sup> June, 2020

|          |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |   |
|----------|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| UDIN No. | 2 | 0 | 0 | 3 | 6 | 9 | 3 | 1 | A | A | A | A | P | Y | 5 | 1 | 3 | 0 |
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ASCEND LABORATORIES SAS, COLOMBIA  
BALANCE SHEET AS AT 31ST MARCH, 2020

| Particulars  | Note No. | As at<br>31st March, 2020 | As at<br>31st March, 2020 |
|--|----------|---------------------------|---------------------------|
|  |          | PESO                      | Rs.                       |
| <b>I. ASSETS</b>   |          |                           |                           |
| <b>1 Non-current assets</b>  |          |                           |                           |
| (a) Other non-current assets   | 2.1      | 566,287                   | 10,516                    |
| <b>Non-current assets</b>  |          | 566,287                   | 10,516                    |
| <b>2 Current assets</b>  |          |                           |                           |
| (a) Inventories  | 2.2      | 447,572,642               | 8,311,424                 |
| (b) Financial assets   |          |                           |                           |
| (i) Trade receivables  | 2.3      | 10,096,944                | 187,500                   |
| (ii) Cash and cash equivalents   | 2.4      | 104,722,651               | 1,944,700                 |
| (iii) Other current financial assets   | 2.5      | 26,469,521                | 491,538                   |
| (iv) Loans   | 2.6      | 4,338                     | 81                        |
| <b>Total current assets</b>  |          | 588,866,096               | 10,935,243                |
| <b>TOTAL ASSETS</b>  |          | 589,432,383               | 10,945,759                |
| <b>II. EQUITY AND LIABILITIES</b>  |          |                           |                           |
| <b>1 Equity</b>  |          |                           |                           |
| (a) Equity share capital   | 2.7      | 322,000,000               | 6,966,000                 |
| (b) Other equity( Refer statement of changes in equity)                              |          | (236,248,898)             | (5,373,602)               |
| <b>Total Equity</b>  |          | 85,751,102                | 1,592,398                 |
| <b>2 Current liabilities</b>   |          |                           |                           |
| (a) Financial liabilities  |          |                           |                           |
| (i) Trade payables   |          |                           |                           |
| total outstanding dues of micro enterprises & small enterprises                      | 2.8      | -                         | -                         |
| total outstanding dues of creditors other than micro enterprises & small enterprises | 2.8      | 487,240,723               | 9,048,060                 |
| (ii) Other financial liability   | 2.9      | 4,143,050                 | 76,936                    |
| (b) Other current liabilities  | 2.10     | 12,297,508                | 228,365                   |
|  |          | 503,681,281               | 9,353,361                 |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |          | 589,432,383               | 10,945,759                |

Significant accounting policies

1B

Notes to financial statements

2

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 : 1st June, 2020



For and on behalf of

Ascend Laboratories SAS

  
Kunal Desai  
Legal Representative

## ASCEND LABORATORIES SAS, COLOMBIA

## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD FROM 4TH JUNE, 2019 TO 31ST MARCH, 2020

| Particulars   | Note No. | For the period from<br>4th June, 2019 to<br>31st March, 2020 | For the period from<br>4th June, 2019 to<br>31st March, 2020 |
|---|----------|--|--|
|   |          | PESO   | Rs.  |
| <b>1 Income</b>   |          |  |  |
| (a) Revenue from operations   | 2.11     | 15,600,000   | 324,597  |
| (b) Other income  | 2.12     | 23,031,985   | 479,239  |
| <b>Total income</b>   |          | <b>38,631,985</b>  | <b>803,836</b>   |
| <b>2 Expenses</b>   |          |  |  |
| (a) Purchases of Stock-in-Trade   |          | 454,509,668  | 9,457,210  |
| (b) Changes in inventories of finished goods, Stock-in-trade and work-in-progress | 2.13     | (447,572,642)  | (9,312,868)  |
| (c) Employee benefits expenses  | 2.14     | 125,707,902  | 2,615,667  |
| (d) Finance cost  | 2.15     | 2,318,635  | 48,245   |
| (e) Other expenses  | 2.16     | 139,917,320  | 2,911,329  |
| <b>Total expenses</b>   |          | <b>274,880,883</b>   | <b>5,719,583</b>   |
| <b>3 Profit before tax (1) - (2)</b>  |          | <b>(236,248,898)</b>   | <b>(4,915,747)</b>   |
| <b>4 Tax expenses</b>   |          | -  | -  |
| <b>5 Profit for the period (3) - (4)</b>  |          | <b>(236,248,898)</b>   | <b>(4,915,747)</b>   |
| <b>6 Other Comprehensive Income</b>   |          |  |  |
| (i) Foreign currency translation difference                                       |          | -  | (457,855)  |
| <b>Total of other comprehensive income for the period, net of tax</b>             |          | -  | <b>(457,855)</b>   |
| <b>7 Total comprehensive Income for the period (5) + (6)</b>                      |          | <b>(236,248,898)</b>   | <b>(5,373,602)</b>   |
| <b>8 Basic and diluted earnings per share</b>                                     | 2.17     | <b>(733.69)</b>  | <b>(15.27)</b>   |

Significant accounting policies

1B

Notes to financial statements

2

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 : 1st June, 2020



For and on behalf of

**Ascend Laboratories SAS****Kunal Desai**

Legal Representative



## ASCEND LABORATORIES SAS, COLOMBIA

## STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD FROM 4TH JUNE, 2019 TO 31ST MARCH, 2020

PESO

| (a) Equity share capital                          | As at 31st March, 2020 |             |
|---|------------------------|-------------|
|   | No. of Shares          | Amount      |
| Balance at the beginning of the reporting period  | -                      | -           |
| Changes in equity share capital during the period | 322,000                | 322,000,000 |
| Balance at the end of the reporting period        | 322,000                | 322,000,000 |
| Rs.   |                        |             |
| (a) Equity share capital                          | As at 31st March, 2020 |             |
|   | No. of Shares          | Amount      |
| Balance at the beginning of the reporting period  | -                      | -           |
| Changes in equity share capital during the period | 322,000                | 6,966,000   |
| Balance at the end of the reporting period        | 322,000                | 6,966,000   |

## Other Equity

PESO

| Particulars                 | Reserves and Surplus | Other comprehensive income              | Total other equity |
|-----------------------------|----------------------|---|--------------------|
|                             | Retained Earnings    | Foreign Currency Translation Difference |                    |
| Balance at 1st April, 2019  | -                    | -                                       | -                  |
| Total Comprehensive income  |                      |   |                    |
| Profit for the period       | (236,248,898)        | -                                       | (236,248,898)      |
| Other Comprehensive Income  | -                    | -                                       | -                  |
| Balance at 31st March, 2020 | (236,248,898)        | -                                       | (236,248,898)      |

## Other Equity

PESO

| Particulars                 | Reserves and Surplus | Other comprehensive income              | Total other equity |
|-----------------------------|----------------------|---|--------------------|
|                             | Retained Earnings    | Foreign Currency Translation Difference |                    |
| Balance at 1st April, 2019  |                      |   |                    |
| Total Comprehensive income  |                      |   |                    |
| Profit for the period       | (4,915,747)          | -                                       | (4,915,747)        |
| Other Comprehensive Income  | -                    | (457,855)                               | (457,855)          |
| Balance at 31st March, 2020 | (4,915,747)          | (457,855)                               | (5,373,602)        |

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.

**Foreign currency translation difference reserve:** This reserve is created as per IND AS 21 for the accounting of difference between presentation currency and functional currency i.e Rupees and Colombian Peso respectively.

As per our attached report of even date

For R.S.SANGHAI & ASSOCIATES

Chartered Accountants

Firm's registration number: 109094W

For and on behalf of

Ascend Laboratories SAS

R.S.SANGHAI

Partner

Membership Number: 036931

Place: Mumbai

Dated: 1st June, 2020



Kunal Desai  
Legal Representative

## ASCEND LABORATORIES SAS, COLOMBIA

## CASH FLOW STATEMENT FOR THE PERIOD FROM 4TH JUNE, 2019 TO 31ST MARCH, 2020

| Particulars   | Year ending 31st March, 2020 |             |
|---|------------------------------|-------------|
|   | PESO                         | Rs.         |
| <b>A. Cash Flow from Operating activities</b>                       |                              |             |
| Profit before Tax   | (236,248,898)                | (4,915,747) |
| <b>Adjustments for :</b>  |                              |             |
| Depreciation  | -                            | -           |
| Interest Expense  | 2,318,635                    | 48,245      |
| Operating Profit before Working Capital Changes                     | (233,930,263)                | (4,867,502) |
| <b>Adjustments for :</b>  |                              |             |
| Inventories   | (447,572,642)                | (9,312,868) |
| Trade receivables   | (10,096,944)                 | (210,092)   |
| Other assets and loans and advances                                 | (27,040,146)                 | (562,638)   |
| Trade Payables  | 487,240,723                  | 10,138,261  |
| Other liabilities   | 16,440,558                   | 342,087     |
| <b>Cash (used in) / Generated from Operations</b>                   | (214,958,714)                | (4,472,752) |
| <b>Net cash (used in) /generated from operating activities</b>      | (214,958,714)                | (4,472,752) |
| <b>B. Cash Flow from Investing activities</b>                       | -                            | -           |
| <b>Net cash (used in) /generated from Investing activities</b>      | -                            | -           |
| <b>C. Cash Flow from Financing activities</b>                       | -                            | -           |
| Proceed from issue of Shares  | 322,000,000                  | 6,700,015   |
| Interest Expense  | (2,318,635)                  | (48,245)    |
| <b>Net cash (used in) /generated from Financing activities</b>      | 319,681,365                  | 6,651,770   |
| <b>Net Increase/(decrease) in cash and cash equivalents (A+B+C)</b> | 104,722,651                  | 2,179,018   |
| Cash and Cash Equivalents at the beginning of the year              | -                            | -           |
| Cash and Cash Equivalents at the end of the year                    | 104,722,651                  | 2,179,018   |

## Notes :

1) Cash and Cash Equivalents include :

| Particulars                                    | Year ending 31st March, 2020 |                  |
|--|------------------------------|------------------|
|  | PESO                         | Rs.              |
| Cash and Cash Equivalents (Refer Note 2.4)     | 104,722,651                  | 1,944,700        |
| Exchange difference (Unrealised (Gain) / Loss) | -                            | 234,318          |
| <b>Total</b>                                   | <b>104,722,651</b>           | <b>2,179,018</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 &amp; ASSOCIATES

Chartered Accountants

Firm's registration number: 109094W

R.S.SANGHAI

Partner

Membership Number: 036931



For and on behalf of

Ascend Laboratories SAS

Kunal Desai

Legal Representative





**1.4 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:

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

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 asset. There are three measurement categories into which the Company classifies its debt instruments.

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:

- a) The asset is held within a business model with the objective of collecting the contractual cash flows, and
- b) 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 recognized 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.



**1A GENERAL**

These financial statements are prepared solely for the purposes of consolidation by the holding company, Alkem Laboratories Ltd

Ascend Laboratories SAS was incorporated on 4th June, 2019. The Company is a wholly owned subsidiary of Alkem Laboratories Ltd.

**1B 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, 2020 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 Colombian Peso 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:

- a) Expected to be realised or intended to be sold or consumed in normal operating cycle,
- b) Held primarily for the purpose of trading,
- c) Expected to be realised within twelve months after the reporting period, or
- d) Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for atleast twelve months after the reporting period.

A liability is classified as current when:

- a) it is expected to be settled in normal operating cycle,
- b) it is held primarily for the purpose of trading,
- c) it is due to be settled within twelve months after the reporting period
- d) 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 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.

**1.3 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.



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

The Company

- a) Debt investments that do not qualify for measurement at amortised cost;
- b) Debt investments that do not qualify for measurement at fair value through other comprehensive income; and
- c) 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:

- a) Financial assets that are debt instruments and are measured at amortised cost e.g., loans, deposits, trade receivables and bank balance
- b) 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.

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.

**(d) Derivative financial instruments**

The Company's activities expose it to the financial risks of changes in foreign exchange rates and interest rates. The use of financial derivatives is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of financial derivatives consistent with the Company's risk management strategy. Changes in values of all derivatives of a financing nature are included within financing costs in the Statement of Profit and Loss. The Company does not use derivative financial instruments for speculative purposes.

Derivative financial instruments are initially measured at fair value on the contract date and are subsequently remeasured to fair value at each reporting date.

**(e) Embedded derivatives**

If the hybrid contract contains a host that is a financial asset within the scope Ind-AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss, unless designated as effective hedging instruments. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.





### 1.5 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.

### 1.6 Inventories:

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

### 1.7 Revenue Recognition:

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.

### 1.8 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.

### 1.9 Foreign currencies Transactions & Translation

#### 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 Colombian Pesos (PESO).

#### 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.



## ASCEND LABORATORIES SAS, COLOMBIA

## NOTE 2: NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD FROM 4TH JUNE, 2019 TO 31ST MARCH, 2020

| Particulars                                       | As at<br>31st March, 2020 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
|   | PESO                      | Rs.                       |
| <b>2.1 : OTHER NON-CURRENT ASSETS:</b>            |                           |                           |
| Advance payment of Income Tax (Net of Provisions) | 566,287                   | 10,516                    |
| <b>TOTAL</b>                                      | <b>566,287</b>            | <b>10,516</b>             |
| <b>2.2 : INVENTORIES:</b>                         |                           |                           |
| Stock-in-trade                                    | 447,572,642               | 8,311,424                 |
| <b>TOTAL</b>                                      | <b>447,572,642</b>        | <b>8,311,424</b>          |
| <b>2.3 : TRADE RECEIVABLES:</b>                   |                           |                           |
| Considered good- unsecured                        | 10,096,944                | 187,500                   |
| Considered doubtful                               | -                         | -                         |
| Less: Loss allowances                             | -                         | -                         |
| <b>TOTAL</b>                                      | <b>10,096,944</b>         | <b>187,500</b>            |
| <b>2.4 : Cash and Cash Equivalents:</b>           |                           |                           |
| Balance with Banks:                               |                           |                           |
| In Current Accounts                               | 104,722,651               | 1,944,700                 |
| <b>TOTAL</b>                                      | <b>104,722,651</b>        | <b>1,944,700</b>          |
| <b>2.5 : OTHER CURRENT FINANCIAL ASSETS:</b>      |                           |                           |
| Other Receivable                                  | 26,469,521                | 491,539                   |
|   | 26,469,521                | 491,539                   |
| <b>2.6 : SHORT-TERM LOANS AND ADVANCES:</b>       |                           |                           |
| Loans and Advances to Employees                   | 4,338                     | 81                        |
| <b>TOTAL</b>                                      | <b>4,338</b>              | <b>81</b>                 |



| Particulars                               | As at<br>31st March, 2020 | As at<br>31st March, 2020 |
|---|---------------------------|---------------------------|
|   | PESO                      | Rs.                       |
| <b>2.7 : EQUITY SHARE CAPITAL:</b>        |                           |                           |
| <u>Authorised:</u>                        |                           |                           |
| 6,576,000 equity shares                   | 6,576,000,000             | 142,262,161               |
|   | 6,576,000,000             | 142,262,161               |
| <u>Issued, subscribed &amp; paid-up :</u> |                           |                           |
| 322,000 equity shares                     | 322,000,000               | 6,966,000                 |
| <b>TOTAL</b>                              | <b>322,000,000</b>        | <b>6,966,000</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, 2020 |                    |
|-------------------------------|------------------------|--------------------|
|                               | Number                 | PESO               |
| Addition during the Year      | 322,000                | 322,000,000        |
| <b>At the end of the year</b> | <b>322,000</b>         | <b>322,000,000</b> |

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

| Name of the shareholders:  | As at 31st March, 2020 |                       |
|----------------------------|------------------------|-----------------------|
|                            | Number of Shares       | Percentage of Holding |
| Alkem Laboratories Limited | 322,000                | 100.00%               |

| Particulars  | As at<br>31st March, 2020 | As at<br>31st March, 2020 |
|--|---------------------------|---------------------------|
|  | PESO                      | Rs.                       |
| <b>OTHER EQUITY</b>  |                           |                           |
| <b>Retained Earnings:</b>  |                           |                           |
| At the commencement of the period/year   | -                         | -                         |
| Add: Profit for the period/year  | (236,248,898)             | (4,915,747)               |
| At the end of the period/year  | (236,248,898)             | (4,915,747)               |
| <b>Other Comprehensive Income:</b>   |                           |                           |
| At the commencement of the period/year   | -                         | -                         |
| Add: Profit for the period/year  | -                         | (457,855)                 |
| At the end of the period/year  | -                         | (457,855)                 |
| <b>TOTAL</b>   | <b>(236,248,898)</b>      | <b>(5,373,602)</b>        |
| <b>2.8 : TRADE PAYABLES:</b>   |                           |                           |
| total outstanding dues of micro enterprises & small enterprises                      | -                         | -                         |
| total outstanding dues of creditors other than micro enterprises & small enterprises | 487,240,723               | 9,048,060                 |
| Note: Due to related parties PESO 20,04,41,106 Rs. 312,754,402 (refer note 2.19)     |                           |                           |
| <b>TOTAL</b>   | <b>487,240,723</b>        | <b>9,048,060</b>          |
| <b>2.9 : OTHER CURRENT FINANCIAL LIABILITIES</b>                                     |                           |                           |
| Employee payables  | 4,143,050                 | 76,936                    |
| <b>TOTAL</b>   | <b>4,143,050</b>          | <b>76,936</b>             |
| <b>2.10 : OTHER CURRENT LIABILITIES:</b>   |                           |                           |
| Due to statutory authorities*  | 12,297,508                | 228,365                   |



| Particulars  | For the period from<br>4th June, 2019 to<br>31st March, 2020 | For the period from<br>4th June, 2019 to<br>31st March, 2020 |
|--|--|--|
|  | PESO   | Rs.  |
| <b>2.11 : REVENUE FROM OPERATIONS:</b>   |  |  |
| Sale of products   | 15,600,000   | 324,597  |
|  | 15,600,000   | 324,597  |
| <b>2.12: OTHER INCOME:</b>   |  |  |
| Other Interest   | 796,420  | 16,572   |
| Applicable net gain/loss on foreign currency transactions and tran                               | 22,223,320   | 462,412  |
| Other Income   | 12,245   | 255  |
| <b>TOTAL</b>   | <b>23,031,985</b>  | <b>479,239</b>   |
| <b>2.13 : CHANGES IN INVENTORIES OF FINISHED GOODS,<br/>WORK-IN-PROGRESS AND STOCK-IN-TRADE:</b> |  |  |
| Opening Stock:   |  |  |
| Stock-in-trade   | -  | -  |
|  | -  | -  |
| Less: Closing stock:   |  |  |
| Stock-in-trade   | 447,572,642  | 8,311,424  |
|  | 447,572,642  | 8,311,424  |
| Exchange Rate Difference   | -  | (1,001,444)  |
| <b>TOTAL</b>   | <b>(447,572,642)</b>   | <b>(9,312,868)</b>   |
| <b>2.14 : EMPLOYEE BENEFITS EXPENSE:</b>   |  |  |
| Salaries, wages and bonus  | 103,496,716  | 2,153,508  |
| Contribution to provident and other funds  | 22,211,186   | 462,159  |
| <b>TOTAL</b>   | <b>125,707,902</b>   | <b>2,615,667</b>   |
| <b>2.15: FINANCE COST:</b>   |  |  |
| Bank charges   | 2,318,635  | 48,245   |
| <b>TOTAL</b>   | <b>2,318,635</b>   | <b>48,245</b>  |
| <b>2.16: OTHER EXPENSES:</b>   |  |  |
| Rent   | 10,536,700   | 219,242  |
| Rates and taxes  | 1,787,200  | 37,187   |
| Marketing and promotions   | 250,000  | 5,202  |
| Selling and distribution expenses  | 1,705,327  | 35,484   |
| Legal and professional Fees  | 107,098,911  | 2,228,461  |
| Travelling and conveyance  | 1,048,000  | 21,806   |
| License, registration & technology fees  | 450,000  | 9,363  |
| Miscellaneous expenses   | 17,041,182   | 354,584  |
| <b>TOTAL</b>   | <b>139,917,320</b>   | <b>2,911,329</b>   |



## 2.17 Earnings per share (EPS)

PESO

| Particulars  |      |         | For the period from<br>4th June, 2019 to<br>31st March, 2020 |
|--|------|---------|--|
| Profit /(loss) after tax attributable to equity shareholders           | CAD  | A       | (236,248,898)  |
| Number of equity shares at the beginning of the period                 | Nos. |         | -  |
| Equity shares issued during the period                                 | Nos. |         | 322,000  |
| Number of equity shares outstanding at the end of the period           | Nos. |         | 322,000  |
| Weighted average number of equity shares outstanding during the period | Nos. | B       | 322,000  |
| Basic and diluted earnings per equity share                            | CAD  | (A / B) | (733.69)   |

Rs

| Particulars  |      |         | For the period from<br>4th June, 2019 to<br>31st March, 2020 |
|--|------|---------|--|
| Profit /(loss) after tax attributable to equity shareholders           | Rs   | A       | (4,915,747)  |
| Number of equity shares at the beginning of the period                 | Nos. |         | -  |
| Equity shares issued during the period                                 | Nos. |         | 322,000  |
| Number of equity shares outstanding at the end of the period           | Nos. |         | 322,000  |
| Weighted average number of equity shares outstanding during the period | Nos. | B       | 322,000  |
| Basic and diluted earnings per equity share                            | Rs.  | (A / B) | (15.27)  |

2.18 Closing exchange rate as on 31st March, 2020 considered for the purpose of translation as referred in note no. 1.9 is Rs. 0.0186/1 PESO

Average exchange rate as on 31st March, 2020 considered for the purpose of translation as referred in note no. 1.9 is Rs. 0.0208/1 PESO





- 2.19 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31st March, 2020.

List of related parties and their relationship

A Company whose control exists

| Name of the Company        | Country of Incorporation |
|----------------------------|--------------------------|
| Alkem Laboratories Limited | India                    |

B Fellow Subsidiaries

| Name of the Company   | 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, LLC)      | 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                   |
| Pharmacor Pty Limited   | Australia                |
| The Pharma Network, LLP   | Kazakhstan               |
| Ascend 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                  |
| Ascend Laboratories SDN BHD   | Malaysia                 |
| Alkem Laboratories Korea Inc  | Korea                    |
| Pharmacor Ltd.  | Kenya                    |

C Key Managerial Personnel ("KMP")

| Name of the KMP                   | Designation                     |
|-----------------------------------|---------------------------------|
| Mr. Tovar Rodrigues Daniel Felipe | Main Legal Representative       |
| Mr. Kunal Desai                   | Substitute Legal Representative |

Details of transactions with related parties

| Sr. No. | Particulars                                     | Holding Company |           |
|---------|---|-----------------|-----------|
|         |   | PESO            | Rs.       |
| 1       | Purchase of stock in trade from Holding Company | 200,441,106     | 4,170,678 |

Balance due from / to the related Parties

| Sr. No. | Particulars   | Holding Company |           |
|---------|---------------|-----------------|-----------|
|         |               | PESO            | Rs.       |
| 1       | Trade payable | 200,441,106     | 3,722,191 |



## 2.20: Financial instrument fair values and risk management

## A. Accounting classification and fair values

| Particulars                   | Carrying amount as at 31st March 2020 |        |                    |                    |       |        |                  |                  |
|-------------------------------|---------------------------------------|--------|--------------------|--------------------|-------|--------|------------------|------------------|
|                               | PESO                                  |        |                    |                    | RS.   |        |                  |                  |
|                               | FVTPL                                 | FVTOCI | Amortised Cost     | Total              | FVTPL | FVTOCI | Amortised Cost   | Total            |
| <b>Financial assets</b>       |                                       |        |                    |                    |       |        |                  |                  |
| Cash and cash equivalents     | -                                     | -      | 104,722,651        | 104,722,651        | -     | -      | 1,944,700        | 1,944,700        |
| Short-term loans and advances | -                                     | -      | 4,338              | 4,338              | -     | -      | 81               | 81               |
| Trade and other receivables   | -                                     | -      | 10,096,944         | 10,096,944         | -     | -      | 187,500          | 187,500          |
| Other Current financial asset | -                                     | -      | 26,469,521         | 26,469,521         | -     | -      | 491,538          | 491,538          |
|                               | -                                     | -      | <b>141,293,454</b> | <b>141,293,454</b> | -     | -      | <b>2,623,819</b> | <b>2,623,819</b> |
| <b>Financial liabilities</b>  |                                       |        |                    |                    |       |        |                  |                  |
| Other financial liability     | -                                     | -      | 4,143,050          | 4,143,050          | -     | -      | 76,936           | 76,936           |
| Trade and other payables      | -                                     | -      | 487,240,723        | 487,240,723        | -     | -      | 9,048,060        | 9,048,060        |
|                               | -                                     | -      | <b>491,383,773</b> | <b>491,383,773</b> | -     | -      | <b>9,124,997</b> | <b>9,124,997</b> |

The Company has no 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.

## ii. 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.

## Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross

| 31st March, 2020                            | Contractual cash flows |             |                  |             |           |           |                   |
|---|------------------------|-------------|------------------|-------------|-----------|-----------|-------------------|
|   | Carrying amount        | Total       | 2 months or less | 2-12 months | 1-2 years | 2-5 years | More than 5 years |
| <b>PESO</b>                                 |                        |             |                  |             |           |           |                   |
| <b>Non-derivative financial liabilities</b> |                        |             |                  |             |           |           |                   |
| Trade and other payables                    | 487,240,723            | 487,240,723 | -                | 487,240,723 | -         | -         | -                 |
| Other financial liability                   | 4,143,050              | 4,143,050   | -                | 4,143,050   | -         | -         | -                 |
| <b>Rs.</b>                                  |                        |             |                  |             |           |           |                   |
| <b>Non-derivative financial liabilities</b> |                        |             |                  |             |           |           |                   |
| Trade and other payables                    | 9,048,060              | 9,048,060   | -                | 9,048,060   | -         | -         | -                 |
| Other financial liability                   | 76,936                 | 76,936      | -                | 76,936      | -         | -         | -                 |



## iii. Market risk

Market risk is the risk that changes in market prices – such as foreign exchange rates and interest rates – 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

## Currency risk

The Company is exposed to currency risk on account of its trade payables in foreign currency. The functional currency of the Company is Colombian Peso. The Company has exposure to USD. The Company has not hedged this foreign currency exposure

## Exposure to currency risk

The currency profile of financial assets and financial liabilities as at 31st March 2020:

| Particulars           | As at<br>31st March, 2020<br>USD |
|-----------------------|----------------------------------|
| Financial liabilities |                                  |
| Trade payables        | 48,552                           |
| <b>Total</b>          | <b>48,552</b>                    |

The following significant exchange rates have been applied during the year.

| Currency | 31st March, 2020 |
|----------|------------------|
| USD      | 4,020            |

| Currency              | Profit or loss |            |
|-----------------------|----------------|------------|
|                       | Strengthening  | Weakening  |
| 10% movement in USD   |                |            |
| <b>Effect in PESO</b> |                |            |
| 2019-20               | (19,518,681)   | 19,518,681 |
| <b>Effect in INR</b>  |                |            |
| 2019-20               | (362,462)      | 362,462    |

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

**R.S.SANGHAI**

Partner

Membership Number: 036931

Place : Mumbai

Dated : 1st June, 2020



For and on behalf of  
**Ascend Laboratories SAS**

**Kunal Desai**  
Kunal Desai  
Legal Representative