

ASCEND LABORATORIES SAS, COLOMBIA
BALANCE SHEET AS AT 31ST MARCH, 2022

Particulars	Note No.	As at	As at	As at	As at
		31st March, 2022	31st March, 2022	31st March, 2021	31st March, 2021
		PESO	Rs.	PESO	Rs.
I. ASSETS					
1 Current assets					
(a) Inventories	3.1	408,387,023	8,208,579	338,956,147	6,643,540
(b) Financial assets					
(i) Trade receivables	3.2	324,880,434	6,530,097	278,904,055	5,466,519
(ii) Cash and cash equivalents	3.3	1,212,519,140	24,371,635	576,388,791	11,297,220
(iii) Other current financial assets	3.4	111,575,651	2,242,670	185,350,844	3,632,876
(c) Other current assets	3.5	21,424,771	430,638	776,160	15,213
Total current assets		2,078,787,019	41,783,619	1,380,375,997	27,055,368
TOTAL ASSETS		2,078,787,019	41,783,619	1,380,375,997	27,055,368
II. EQUITY AND LIABILITIES					
1 Equity					
(a) Equity share capital	3.6	1,123,329,000	21,855,991	322,000,000	6,966,000
(b) Other equity(Refer statement of changes in equity)	3.7	41,651,913	1,560,126	(96,387,927)	(2,544,003)
Total Equity		1,164,980,913	23,416,117	225,612,073	4,421,997
2 Non-Current Liabilities					
(a) Financial Liabilities					
(i) Borrowings	3.8	218,126,119	4,384,335	208,176,115	4,080,252
		218,126,119	4,384,335	208,176,115	4,080,252
2 Current liabilities					
(a) Financial liabilities					
(i) Trade payables					
- total outstanding dues of micro enterprises & small enterprises	3.9	-	-	-	-
- total outstanding dues of creditors other than micro enterprises & small enterprises	3.9	645,175,944	12,968,034	890,720,144	17,458,113
(ii) Other financial liability	3.10	29,718,692	597,347	7,663,125	150,197
(b) Other current liabilities	3.11	13,302,735	267,385	13,226,248	259,234
(c) Current Tax Liabilities (Net)	3.12	7,482,616	150,401	34,978,292	685,575
		695,679,987	13,983,167	946,587,809	18,553,119
TOTAL EQUITY AND LIABILITIES		2,078,787,019	41,783,619	1,380,375,997	27,055,368

Significant accounting policies
Notes to financial statements

1B & 2
3

The accompanying notes are an integral part of financial statements

Rajesh Dubey
Management Representative of Alkem Laboratories Ltd.
Place : Mumbai
Dated : 11th May, 2022

ASCEND LABORATORIES SAS, COLOMBIA
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2022

Particulars	Note No.	For the year ended	For the year ended	For the year ended	For the year ended
		31st March 2022	31st March 2022	31st March 2021	31st March 2021
		PESO	Rs.	PESO	Rs.
1 Income					
(a) Revenue from operations	3.13	2,139,392,946	41,290,284	1,284,721,914	25,437,494
(b) Other income	3.14	6,619,628	127,759	4,080,680	80,797
Total income		2,146,012,574	41,418,043	1,288,802,594	25,518,291
2 Expenses					
(a) Purchases of Stock-in-Trade		842,647,881	16,263,104	285,871,463	5,660,255
(b) Changes in inventories of Stock-in-trade	3.15	(69,430,876)	(1,340,016)	108,616,495	2,150,607
(c) Employee benefits expenses	3.16	660,914,306	12,755,646	316,356,925	6,263,867
(d) Finance cost	3.17	22,897,357	441,919	13,775,503	272,755
(e) Other expenses	3.18	461,207,051	8,901,296	349,598,039	6,922,040
Total expenses		1,918,235,719	37,021,950	1,074,218,425	21,269,524
3 Profit before tax (1) - (2)		227,776,855	4,396,093	214,584,169	4,248,767
4 Tax expenses					
(a) Current tax	3.24	89,737,015	1,731,924	74,723,198	1,479,519
		89,737,015	1,731,924	74,723,198	1,479,519
5 Profit for the period (3) - (4)		138,039,840	2,664,169	139,860,971	2,769,248
6 Other Comprehensive Income					
(a) Items that will be reclassified to profit or loss					
(i) Foreign currency translation difference		-	1,439,960	-	60,351
Total of other comprehensive income for the period, net of tax		-	1,439,960	-	60,351
Total comprehensive Income for the period (5) + (6)		138,039,840	4,104,129	139,860,971	2,829,599
8 Basic and diluted earnings per share	3.19	228.92	4.42	434.35	8.60

Significant accounting policies 1B & 2

Notes to financial statements 3

The accompanying notes are an integral part of financial statements

Rajesh Dubey

Management Representative of Alkem Laboratories Ltd.

Place : Mumbai

Dated : 11th May, 2022

ASCEND LABORATORIES SAS, COLOMBIA
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2022

PESO

(a) Equity share capital	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	322,000	322,000,000	322,000	322,000,000
Changes in equity share capital during the period	801,329	801,329,000	-	-
Balance at the end of the reporting year	1,123,329	1,123,329,000	322,000	322,000,000

Rs.

(a) Equity share capital	As at 31st March, 2022		As at 31st March, 2021	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting period	322,000	6,966,000	322,000	6,966,000
Changes in equity share capital during the period	801,329	14,890,000	-	-
Balance at the end of the reporting year	1,123,329	21,856,000	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, 2020	(236,248,898)	-	(236,248,898)
Total Comprehensive income			
Profit for the year	139,860,971	-	139,860,971
Other Comprehensive Income	-	-	-
Balance at 31st March, 2021	(96,387,927)	-	(96,387,927)
Total Comprehensive income			
Profit for the year	138,039,840	-	138,039,840
Other Comprehensive Income			
Balance at 31st March, 2022	41,651,913	-	41,651,913

Other Equity

INR

Particulars	Reserves and Surplus	Other comprehensive income	Total other equity
	Retained Earnings	Foreign Currency Translation Difference	
Balance at 1st April, 2020	(4,915,747)	(457,855)	(5,373,602)
Total Comprehensive income			
Profit for the year	2,769,248	-	2,769,248
Other Comprehensive Income	-	60,351	60,351
Balance at 31st March, 2021	(2,146,499)	(397,504)	(2,544,003)
Total Comprehensive income			
Profit for the period	2,664,169	1,439,960	4,104,129
Other Comprehensive Income			
Balance at 31st March, 2022	517,670	1,042,456	1,560,126

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.

Rajesh Dubey

Management Representative of Alkem Laboratories Ltd.

Place : Mumbai

Dated : 11th May, 2022

ASCEND LABORATORIES SAS, COLOMBIA
CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2022

Particulars	For the Year ended 31st March, 2022		For the Year ended 31st March, 2021	
	PESO	Rs.	PESO	Rs.
A. Cash Flow from Operating activities				
Profit before Tax	227,776,855	4,396,093	214,584,169	4,248,767
Adjustments for :				
Interest Expense	22,897,357	441,919	13,775,503	272,755
Operating Profit before Working Capital Changes	250,674,212	4,838,012	228,359,672	4,521,522
Adjustments for :				
Inventories	(69,430,876)	(1,340,015.91)	108,616,495	2,150,607
Trade receivables	(45,976,379)	(887,344.12)	(268,807,111)	(5,322,381)
Other assets and loans and advances	53,126,582	1,025,343.03	(159,653,144)	(3,161,132)
Trade Payables	(245,544,200)	(4,739,003.06)	403,479,421	7,988,893
Other liabilities	22,132,054	427,148.65	4,448,815	88,087
Cash (used in) / Generated from Operations before tax	(35,018,608)	(675,859)	316,444,148	6,265,594
Tax Paid	(117,232,691)	(2,262,591)	(39,178,620)	(775,737)
Net cash (used in) /generated from operating activities	(152,251,298)	(2,938,450)	277,265,528	5,489,858
B. Cash Flow from Investing activities	-	-	-	-
Net cash (used in) /generated from Investing activities	-	-	-	-
C. Cash Flow from Financing activities				
Proceeds from Long Term Borrowings	9,950,004	192,035	208,176,115	4,121,887.08
Proceed from issue of Shares	801,329,000	15,465,650	-	-
Interest Expense	(22,897,357)	(441,919)	(13,775,503)	(272,755)
Net cash (used in) /generated from Financing activities	788,381,647	15,215,766	194,400,612	3,849,132
Net Increase/(decrease) in cash and cash equivalents (A+B+C)	636,130,349	12,277,316	471,666,140	9,338,990
Cash and Cash Equivalents at the beginning of the year	576,388,791	11,283,691	104,722,651	1,944,700
Cash and Cash Equivalents at the end of the year	1,212,519,140	23,561,007	576,388,791	11,283,691

Notes :

1) Cash and Cash Equivalents include :

Particulars	For the Year ended 31st March, 2022		For the Year ended 31st March, 2021	
	PESO	Rs.	PESO	Rs.
Cash and Cash Equivalents (Refer Note 3.3)	1,212,519,140	24,371,635	576,388,791	11,297,220
Exchange difference (Unrealised (Gain) / Loss)	-	(810,628)	-	-13,530
Total	1,212,519,140	23,561,007	576,388,791	11,283,690

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.

Rajesh Dubey

Management Representative of Alkem Laboratories Ltd.

Place : Mumbai

Dated : 11th May, 2022

1A GENERAL INFORMATION

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, 2022 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 ('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.

All other assets are classified as non-current.

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 form 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.

1.4 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

1.5 Taxation

Tax is recognised in the profit and loss account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

1.6 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.

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

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

- 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

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 amortised 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.

1.7 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.

1.8 Inventories:

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

1.9 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.

1.10 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.

1.11 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).

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.

1.12 Leases

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. The Company uses significant judgement in assessing the lease term and the applicable discount rate. The Company determines the lease term based on the term mentioned in lease agreements. The renewal aspect has not been added to the lease term since the option to renew the lease lies with both the lessor and the lessee.

The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Leases of Property, Plant and Equipment where the Company, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or the financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the Statement of Profit and Loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

The Company has elected not to apply the requirements of para 22 to 49 of Ind AS 116 to the short term leases and has opted for the exemption in accordance with para 5 of Ind AS 116 and has accounted the short term leases as per para 6 of the standard.

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 judgments 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, judgment 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 3 to the consolidated 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 Consolidated Statement of Profit and Loss and tax payments.

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.

b. 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.

c. 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.

d. 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.

ASCEND LABORATORIES SAS, COLOMBIA

NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

Particulars	As at 31st March, 2022	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2021
	PESO	Rs.	PESO	Rs.
3.1 : INVENTORIES:				
Stock-in-trade	408,387,023	8,208,579	338,956,147	6,643,540
TOTAL	408,387,023	8,208,579	338,956,147	6,643,540
3.2 : TRADE RECEIVABLES:				
Considered good ¹ - unsecured	324,880,434	6,530,097	278,904,055	5,466,519
Considered doubtful	-	-	-	-
Less: Loss allowances	-	-	-	-
TOTAL	324,880,434	6,530,097	278,904,055	5,466,519
3.3 : Cash and Cash Equivalents:				
Balance with Banks: In Current Accounts	1,212,519,140	24,371,635	576,388,791	11,297,220
TOTAL	1,212,519,140	24,371,635	576,388,791	11,297,220
3.4 : OTHER CURRENT FINANCIAL ASSETS:				
Other Receivable	108,243,651	2,175,697	182,018,844	3,567,569
Note Due from related parties PESO 108,243,651 Rs. 2,175,697 (Previous year PESO 182,018,844 Rs. 3,567,569) (refer note 3.23)				
Security Deposits	3,332,000	66,973	3,332,000	65,307
TOTAL	111,575,651	2,242,670	185,350,844	3,632,876
3.5: OTHER CURRENT ASSETS				
Advance to Supplier	21,424,771	430,638	776,160	15,213
TOTAL	21,424,771	430,638	776,160	15,213
3.6 : EQUITY SHARE CAPITAL:				
Authorised: 1,035,586 equity shares of PESO 1,000 each (Previous year 657,600 equity shares of PESO 1,000 each)	6,576,000,000	142,262,161	6,576,000,000	142,262,161
TOTAL	6,576,000,000	142,262,161	6,576,000,000	142,262,161
Issued, subscribed & paid-up : 322,000 equity shares of PESO 1,000 each 801,329 equity shares of PESO 1,000 each (Previous year 322,000 equity shares of PESO 1,000 each)	1,123,329,000	21,855,991	322,000,000	6,966,000
TOTAL	1,123,329,000	21,855,991	322,000,000	6,966,000

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

Particulars	As at 31st March 2022		As at 31st March 2021	
	Number	PESO	Number	PESO
At the commencement of the year	322,000	322,000,000	322,000	322,000,000
Addition during the Year	801,329	801,329,000	-	-
At the end of the year	1,123,329	1,123,329,000	322,000	322,000,000

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

Name of the shareholders:	As at 31st March 2022		As at 31st March 2021	
	Number of Shares	Percentage of Holding	Number of Shares	Percentage of Holding
Alkem Laboratories Limited	1,123,329	100.00%	322,000	100.00%

ASCEND LABORATORIES SAS, COLOMBIA

NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

Particulars	As at	As at	As at	As at
	31st March, 2022	31st March, 2022	31st March, 2021	31st March, 2021
	PESO	Rs.	PESO	Rs.
3.7: OTHER EQUITY				
Retained Earnings:				
At the commencement of the year	(96,387,927)	(2,146,499)	(236,248,898)	(4,915,747)
Add: Profit for the year	138,039,840	2,664,169	139,860,971	2,769,248
	41,651,913	517,670	(96,387,927)	(2,146,499)
Other Comprehensive Income:				
At the commencement of the year	-	(397,504)	-	(457,855)
Add: Profit for the period year	-	1,439,960	-	60,351
At the end of the period year	-	1,042,456	-	(397,504)
TOTAL	41,651,913	1,560,126	(96,387,927)	(2,544,003)
3.8 : NON CURRENT BORROWINGS:				
<u>Unsecured:</u>				
Loans and Advances from related parties (including	218,126,119	4,384,335	208,176,115	4,080,252
Note :				
The loan is taken from fellow subsidiary - Ascend Laboratories (UK) Ltd @ 5% p.a. Tenure of Loan - 12 months, renewed automatically unless cancelled by either parties. (refer note 3.23)				
TOTAL	218,126,119	4,384,335	208,176,115	4,080,252
3.9 : TRADE PAYABLES:				
total outstanding dues of micro enterprises & small enterprises	-	-	-	-
total outstanding dues of creditors other than micro enterprises & small enterprises	645,175,944	12,968,034	890,720,144	17,458,113
Note:				
Due to related parties 31st March 2022 PESO 455,181,955 Rs.9,149,157 (31st March 2021 PESO 508,226,097 Rs.9,756,395 (refer note 3.23)				
TOTAL	645,175,944	12,968,034	890,720,144	17,458,113
3.10 : OTHER CURRENT FINANCIAL LIABILITIES				
Payable to employees	29,670,191	596,371	7,663,125	150,197
Other Payable	48,501	976	-	-
TOTAL	29,718,692	597,347	7,663,125	150,197
3.11 : OTHER CURRENT LIABILITIES:				
Due to statutory authorities	13,302,735	267,385	13,226,248	259,234
TOTAL	13,302,735	267,385	13,226,248	259,234
3.12 : CURRENT TAX LIABILITIES (Net):				
For Income Tax (Net of Advance Tax)	7,482,616	150,401	34,978,292	685,575
TOTAL	7,482,616	150,401	13,226,248	259,234

Particulars	For the year ended 31st March 2022	For the year ended 31st March 2022	For the year ended 31st March 2021	For the year ended 31st March 2021
	PESO	Rs.	PESO	Rs.
3.13 : REVENUE FROM OPERATIONS:				
Sale of products	2,139,392,946	41,290,284	1,284,721,914	25,437,494
TOTAL	2,139,392,946	41,290,284	1,284,721,914	25,437,494
3.14: OTHER INCOME:				
Interest on bank balance	6,615,412	127,677	2,509,616	49,690
Net gain/loss on foreign currency transactions and translation	-	-	1,492,611	29,554
Miscellaneous Income	4,216	81	78,453	1,553
TOTAL	6,619,628	127,759	4,080,680	80,797
3.15 : CHANGES IN INVENTORIES OF STOCK-IN-TR				
Opening Stock:				
Stock-in-trade	338,956,147	6,643,540	447,572,642	8,311,424
	338,956,147	6,643,540	447,572,642	8,311,424
Less: Closing stock:				
Stock-in-trade	408,387,023	8,208,579	338,956,147	6,643,540
	408,387,023	8,208,579	338,956,147	6,643,540
Exchange Rate Difference	-	225,023	-	482,723
TOTAL	(69,430,876)	(1,340,016)	108,616,495	2,150,607
3.16 : EMPLOYEE BENEFITS EXPENSE:				
Salaries, wages and bonus	546,034,491	10,538,466	260,758,319	5,163,015
Contribution to provident and other funds	114,879,815	2,217,180	55,598,606	1,100,852
TOTAL	660,914,306	12,755,646	316,356,925	6,263,867
3.17: FINANCE COST:				
Interest on borrowings	10,047,004	193,907	9,176,115	181,687
Bank charges	12,850,353	248,012	4,599,388	91,068
TOTAL	22,897,357	441,919	13,775,503	272,755
3.18: OTHER EXPENSES:				
Rent	35,845,000	691,809	38,395,500	760,231
Rates and taxes	12,763,662	246,339	5,408,400	107,086
Insurance	61,479	1,187	38,000	752
Marketing and promotions	931,500	17,978	-	-
Selling and distribution expenses	115,569,810	2,230,497	83,868,462	1,660,596
Legal and professional Fees	210,379,172	4,060,318	185,182,806	3,666,619
Commission	-	-	6,303,830	124,816
Travelling and conveyance	136,927	2,643	619,190	12,260
Communication and printing expenses	1,100,095	21,232	937,372	18,560
License, registration & technology fees	48,663,335	939,202	24,886,031	492,743
Net gain/loss on foreign currency transactions and tran	18,040,188	348,176	-	-
Office expenses				
Miscellaneous expenses	17,715,883	341,917	3,958,448	78,377
TOTAL	461,207,051	8,901,296	349,598,039	6,922,040

3.19 Earnings per share (EPS)

PESO

Particulars			For the year ended 31st March 2022	For the year ended 31st March 2021
Profit/(loss) after tax attributable to equity shareholders	CAD	A	138,039,840	139,860,971
Number of equity shares at the beginning of the period	Nos.		322,000	322,000
Equity shares issued during the period	Nos.		801,329	-
Number of equity shares outstanding at the end of the period	Nos.		1,123,329	322,000
Weighted average number of equity shares outstanding during the period	Nos.	B	603,014	322,000
Basic and diluted earnings per equity share	CAD	(A / B)	228.92	434.35

Rs.

Particulars			For the year ended 31st March 2022	For the year ended 31st March 2021
Profit/(loss) after tax attributable to equity shareholders	Rs.	A	2,664,169	2,769,248
Number of equity shares at the beginning of the period	Nos.		322,000	322,000
Equity shares issued during the period	Nos.		801,329	-
Number of equity shares outstanding at the end of the period	Nos.		1,123,329	322,000
Weighted average number of equity shares outstanding during the period	Nos.	B	603,014	322,000
Basic and diluted earnings per equity share	Rs.	(A / B)	4.42	8.60

3.20 Closing exchange rate as on 31st March, 2022 considered for the purpose of translation as referred in note no. 1.9 is **Rs. 0.0201/1 PESO**

(As on 31st March 2021 Rs. 0.0196/1 PESO)

Average exchange rate as on 31st March, 2022 considered for the purpose of translation as referred in note no. 1.9 is **Rs. 0.0193/1 PESO**

(As on 31st March 2021 Rs. 0.0198/1 PESO)

3.21 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, geography-wise disclosures are as under :

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:

Particulars	For the year ended 31st March 2022		For the year ended 31st March 2021	
	PESO	Rs.	PESO	Rs.
Revenue from sale of products from the Country of Domicile- Colombia	2,139,392,946	41,290,284	1,284,721,914	25,437,494
Revenue from foreign countries	-	-	-	-
	2,139,392,946	41,290,284	1,284,721,914	25,437,494

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

PESO

Customer Name	For the year ended 31st March 2022		For the year ended 31st March 2021	
	Sales Value	Contribution(%)	Sales Value	Contribution(%)
Laboratorios Legrand S. A.	790,768,241	37%	1,065,416,514	83%

Rs.

Customer Name	For the year ended 31st March 2022		For the year ended 31st March 2021	
	Sales Value	Contribution(%)	Sales Value	Contribution(%)
Laboratorios Legrand S. A.	15,261,827.04	37%	21,095,247	83%

3.22 Tax expense

(a) Amounts recognised in profit and loss

Particulars	For the year ended 31st March 2022		For the year ended 31st March 2021	
	PESO	Rs.	PESO	Rs.
Current income tax	89,737,015	1,731,924	74,723,198	1,479,519
Deferred income tax liability / (asset), net				
Origination and reversal of temporary differences	-	-	-	-
Deferred tax expense	-	-	-	-
Tax expense for the year	89,737,015	1,731,924	74,723,198	1,479,519

(b) Reconciliation of effective tax rate

Particulars	Effective tax rate	For the year ended 31st March 2022		For the year ended 31st March 2021	
		PESO	Rs.	PESO	Rs.
Profit before tax		227,776,855	4,396,093	214,584,169	4,248,767
Tax using the Company's domestic tax rate (Current year 32%) (Previous year 32%)	32.00%	72,888,594	1,443,194	68,666,934	1,359,605
Tax effect of:					
Permanent difference	6.41%	14,611,505	289,308	6,056,264	119,914
	38.41%	87,500,099	1,732,502	74,723,198	1,479,519

The Company's weighted average tax rates for the years ended 31st March, 2022 was **32%**. Income tax expense was **PESO 120,087,442 Rs. 2,317,688** for the year ended 31st March, 2022. (31st March, 2021 - PESO 74,723,198 Rs. 1,479,519)

The Company's effective tax rate for the year ended 31st March, 2022 was **36.43%**. (31st March, 2021 - 34.82%)

3.23 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, 2022.

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
Connect 2 Clinic India Private Limited (w.e.f 12th June, 2020)	India
The PharmaNetwork, LLC (subsidiary of S & B Holdings B.V.)	United States of America
Ascend Laboratories, LLC (wholly owned by ThePharmaNetwork, LLC)	United States of America
S & B Pharma Inc. (wholly owned subsidiary of TPN LLC from 4 October 2021 till 5 January 2022) .Dissolved on 5th January 2022	United States of America
S & B Pharma, LLC (wholly owned by The PharmaNetwork, LLC) (w.e.f 8th April, 2020)	United States of America
Ascend Laboratories (UK) Ltd.	United Kingdom
S & B Holdings B.V.	Netherlands
Ascend Laboratories (PTY) Limited (formerly known as 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
Ascend Laboratories S.A. DE C.V. (Wholly owned by Ascend Laboratories SpA w.e.f 2 Sept , 2021)	Mexico
Alkem Laboratories Corporation	Philippines
Ascend 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 (resigned w.e.f 30th August , 2020)	Legal Representative
Mr. Pankaj Sawant (appointed w.e.f 24th February 2021)	Legal Representative

Details of transactions with related parties for the year ended

Sr. No.	Particulars	Holding Company		Fellow Subsidiaries	
		PESO	Rs.	PESO	Rs.
1	Purchase of stock in trade	754,031,596	14,552,810	-	-
		(325,258,388)	(6,440,116)	-	-
3	Interest expense on loan taken	-	-	10,047,004	193,907
		-	-	(9,176,115)	(181,687)
4	Reimbursement of Expenses	418,974,429	8,295,694	-	-
		(182,018,844)	(3,603,973)	-	-

Remuneration to KMP

Sr. No	Particulars	PESO	Rs.
1	Remuneration to KMP	309,818,250	6,134,401
		(158,734,158)	(3,142,936)

Balance due from / to the related Parties

Sr. No.	Particulars	Holding Company		Fellow Subsidiaries	
		PESO	Rs.	PESO	Rs.
1	Trade payable	455,181,955	9,149,157	-	-
		(508,266,097)	(9,962,016)	-	-
2	Borrowings (including interest)	-	-	218,126,119	4,384,335
		-	-	(208,176,115)	(4,080,252)
3	Other Receivable	108,243,651	2,175,697	-	-
		(182,018,844)	(3,567,569)	-	-

* 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.

ASCEND LABORATORIES SAS, COLOMBIA
 NOTE 3: NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2022

3.24 Trade Receivable and Trade Payable Ageing Schedule

a) Trade Receivable Ageing

As at 31 March , 2022
 PESO

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	Between 6 months - 1 year	Between 1- 2 years	Between 2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	103,552,546	221,327,887	-	-	-	-	324,880,433

INR

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	Between 6 months - 1 year	Between 1- 2 years	Between 2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	2,081,406	4,448,691	-	-	-	-	6,530,097

As at 31 March , 2021
 PESO

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	Between 6 months - 1 year	Between 1- 2 years	Between 2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	175,411,800	105,085,235	-	-	-	-	280,497,035

INR

Particulars	Outstanding for following periods from due date of payment						Total
	Not Due	Less than 6 months	Between 6 months - 1 year	Between 1- 2 years	Between 2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	3,438,071	2,059,671	-	-	-	-	5,466,519

b) Trade Payable Ageing

As at 31 March , 2022
 PESO

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	Between 1- 2 years	Between 2-3 years	More than 3 years	
Undisputed dues - Others	609,502,754	5,700,870	162,850	29,809,470	-	645,175,944
Disputed dues - Others	-	-	-	-	-	-

INR

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	Between 1- 2 years	Between 2-3 years	More than 3 years	
Undisputed dues - Others	12,251,005	114,587	3,273	599,170	-	12,968,036
Disputed dues - Others	-	-	-	-	-	-

As at 31 March , 2021
 PESO

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	Between 1- 2 years	Between 2-3 years	More than 3 years	
Undisputed dues - Others	307,824,991	289,520,041	293,375,113	-	-	890,720,145
Disputed dues - Others	-	-	-	-	-	-

INR

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	Between 1- 2 years	Between 2-3 years	More than 3 years	
Undisputed dues - Others	6,033,370	5,674,593	5,750,152	-	-	17,458,115
Disputed dues - Others	-	-	-	-	-	-

3.25: Financial instrument fair values and risk management

A. Accounting classification and fair values

Particulars	As at 31st March 2022							
	PESO				RS.			
	FVTPL	FVTOCI	Amortised Cost	Total	FVTPL	FVTOCI	Amortised Cost	Total
Financial assets								
Cash and cash equivalents	-	-	1,212,519,140	1,212,519,140	-	-	24,371,635	24,371,635
Trade and other receivables	-	-	324,880,434	324,880,434	-	-	6,530,097	6,530,097
Other Current financial asset	-	-	111,575,651	111,575,651	-	-	2,242,670	2,242,670
	-	-	1,648,975,225	1,648,975,225	-	-	33,144,401	33,144,401
Financial liabilities								
Other financial liability	-	-	29,718,692	29,718,692	-	-	597,347	597,347
Borrowings	-	-	218,126,119	218,126,119	-	-	4,384,335	4,384,335
Trade and other payables	-	-	674,894,636	674,894,636	-	-	12,968,034	12,968,034
	-	-	922,739,447	922,739,447	-	-	17,949,716	17,949,716

Particulars	As at 31st March 2021							
	PESO				RS.			
	FVTPL	FVTOCI	Amortised Cost	Total	FVTPL	FVTOCI	Amortised Cost	Total
Financial assets								
Cash and cash equivalents	-	-	576,388,791	576,388,791	-	-	11,297,220	11,297,220
Trade and other receivables	-	-	278,904,055	278,904,055	-	-	5,466,519	5,466,519
Other Current financial asset	-	-	185,350,844	185,350,844	-	-	3,632,876	3,632,876
	-	-	1,040,643,689	1,040,643,689	-	-	20,396,615	20,396,615
Financial liabilities								
Other financial liability	-	-	7,663,125	7,663,125	-	-	150,197	150,197
Borrowings	-	-	208,176,115	208,176,115	-	-	4,080,252	4,080,252
Trade and other payables	-	-	890,720,144	890,720,144	-	-	17,458,113	17,458,113
	-	-	1,106,559,384	1,106,559,384	-	-	21,688,562	21,688,562

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

- Credit risk ;
- Liquidity risk ; and
- Market risk

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.

3.25 Financial instrument fair values and risk management**i. 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.

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's review includes external ratings, if they are available, and in some cases bank references.

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, 2022; the maximum exposure to credit risk for trade and other receivables by geographic region was as follows:

Particulars	PESO		Rs.	
	As at 31st March, 2022	As at 31st March, 2021	As at 31st March, 2022	As at 31st March, 2021
Colombia	324,880,434	278,904,055	6,530,097	5,466,519
Other regions	-	-	-	-
Total	324,880,434	278,904,055	6,530,097	5,466,519

At March 31, 2021, the Company had exposure to only one type of counter party.

Company has exposure to following customer's, having balance more than 10% of the total receivables.

PESO

Customers Name	As at 31st March, 2022		As at 31st March, 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Distribuidora Colombiana De Medicamentos Sas	36,152,332	11.13%	29,360,954	11%
Droguerías Y Farmacias Cruz Verde S A S	106,731,494	32.85%	-	-
Caja Colombiana De Subsidio Familiar Colsubsidio	-	0.00%	39,364,276	14%
Laboratorios Legrand S. A.	63,940,957	19.68%	153,986,513	55%
Eticos Serrano Gomez Ltda	-	0.00%	32,344,475	12%

Rs

Customers Name	As at 31st March, 2022		As at 31st March, 2021	
	Amount	Percentage (%)	Amount	Percentage (%)
Distribuidora Colombiana De Medicamentos Sas	726,662	11.13%	575,475	11%
Droguerías Y Farmacias Cruz Verde S A S	2,145,303	32.85%	-	-
Caja Colombiana De Subsidio Familiar Colsubsidio	-	0.00%	771,540	14%
Laboratorios Legrand S. A.	1,285,213	19.68%	3,018,136	55%
Eticos Serrano Gomez Ltda	-	0.00%	633,952	12%

Cash and cash equivalents

The Company held cash and cash equivalents of **PESO 1,212,519,140/ Rs. 24,371,635** at **31st March, 2022** (31st March, 2021: PESO 576,388,791/ Rs. 11,297,220). The cash and cash equivalents are held with banks.

3.25 Financial instrument fair values and risk management

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 and undiscounted.

As at 31st March, 2022	Contractual cash flows						
	Carrying amount	Total	2 months or less	2-12 months	1-2 years	2-5 years	More than 5 years
PESO							
Non-derivative financial liabilities							
Non-current borrowings	218,126,119	227,737,997	-	-	-	227,737,997	-
Trade and other payables	645,175,944	645,175,944	-	645,175,944	-	-	-
Other Current Financial Liabilities	29,718,692	29,718,692	-	29,718,692	-	-	-
	893,020,755	902,632,633	-	674,894,636	-	227,737,997	-
Rs.							
Non-derivative financial liabilities							
Non-current borrowings	4,384,335	4,577,534	-	-	-	4,577,534	-
Trade and other payables	12,968,034	12,968,034	-	12,968,034	-	-	-
Other Current Financial Liabilities	597,347	597,347	-	597,347	-	-	-
	17,949,716	18,142,915	-	13,565,381	-	4,577,534	-
Contractual cash flows							
As at 31st March, 2021	Carrying amount	Total	2 months	2-12 months	1-2 years	2-5 years	More than 5 years
PESO							
Non-derivative financial liabilities							
Non-current borrowings	208,176,115	217,516,115	-	-	-	217,516,115	-
Trade and other payables	890,720,144	890,720,144	-	890,720,144	-	-	-
Other Current Financial Liabilities	7,663,125	7,663,125	-	7,663,125	-	-	-
	1,106,559,384	1,115,899,384	-	898,383,269	-	217,516,115	-
Rs.							
Non-derivative financial liabilities							
Non-current borrowings	4,080,252	4,263,316	-	-	-	4,263,316	-
Trade and other payables	17,458,113	17,458,115	-	17,458,115	-	-	-
Other Current Financial Liabilities	150,197	150,197	-	150,197	-	-	-
	17,608,310	17,608,312	-	17,608,312	-	-	-

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.

iv. Currency risk

The Company is exposed to currency risk on account of its trade payables and non current borrowings in foreign currency. The functional currency of the Company is 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 2022 and 31st March 2021

Particulars	As at 31st March, 2022	As at 31st March, 2021
	USD	USD
Financial assets		
Other financial assets	28,187	50,700
Total	28,187	50,700
Financial liabilities		
Non current borrowings	54,903	52,403
Trade payables	119,127	133,448
Total	174,030	133,448

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

Currency	Year end spot rate	
	31st March 2022	31st March 2021
USD	3844.75	3,738.18

Sensitivity analysis

A reasonably possible strengthening (weakening) of the PESO against various foreign currencies at 31st March would have affected the measurement of financial instruments denominated in foreign currencies and affected equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases.

PESO

Currency	Profit or loss		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
10% movement in USD				
2021-22	56,072,931	(56,072,931)	38,129,593	(38,129,593)
2020-21	50,521,865	(50,521,865)	34,354,868	(34,354,868)

Rs.

Currency	Profit or loss		Equity (net of tax)	
	Strengthening	Weakening	Strengthening	Weakening
10% movement in USD				
2021-22	1,082,208	(1,082,208)	735,901	(735,901)
2021-21	1,000,333	(1,000,333)	680,226	(680,226)

v. 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.

3.26 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 as at 31st March, 2022 was as follows:

Particulars	As at 31st March, 2022		As at 31st March, 2021	
	PESO	Rs.	PESO	Rs.
Total borrowing	218,126,119	4,384,335	208,176,115	4,080,252
Less : Cash and cash equivalent	1,212,519,140	24,371,635	576,388,791	11,297,220
Adjusted net debt	(994,393,021)	(19,987,300)	(368,212,676)	(7,216,968)
Total equity	1,164,980,913	23,416,117	225,612,073	4,421,997
Adjusted equity	1,164,980,913	23,416,117	225,612,073	4,421,997
Adjusted net debt to adjusted equity ratio	(0.85)	(0.85)	(1.63)	(1.63)

3.27 Disclosure of Ind AS 115

Particulars	For the year ended 31st March 2022		For the year ended 31st March 2021	
	PESO	Rs.	PESO	Rs.
Revenue as per Contracted price	2,139,392,946	41,290,284	1,284,721,914	25,437,494
Adjustments:				
Discount	-	-	-	-
Revenue from contract with Customers	2,139,392,946	41,290,283.86	1,284,721,914	25,437,494
Other Operating revenue	-	-	-	-
Revenue from operations	2,139,392,946	41,290,284	1,284,721,914	25,437,494

3.28 Leases

Particulars	For the year ended 31st March 2022		For the year ended 31st March 2021	
	PESO	Rs.	PESO	Rs.
Amount recognised in profit or loss				
Short term lease rent expenses	35,845,000	691,809	38,395,500	760,231

Note : The company has opted for the exemption in accordance with para 5 of Ind AS 116 for the short term leases

3.29 Contingent Liabilities

There are no contingent liabilities as at 31st March , 2022

Rajesh Dubey

Management Representative of Alkem Laboratories Ltd.

Place : Mumbai

Dated : 11th May, 2022