B S R & Co. LLP
Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of ThePharmaNetwork LLC

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of ThePharmaNetwork LLC ("the Company"), which comprise the balance sheet as at 31 March 2022, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2022, and its loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing ('SAs') specified under section 143 (10) of the Companies Act, 2013 ("Act") . Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the consolidated financial statements.

Other Matter-Restriction on Use

As stated in note 2.1, these consolidated financial statements are prepared for the use of the Company and the ultimate holding Company, Alkem Laboratories, to comply with the requirements of the Act. These consolidated financial statements are not the statutory financial statements of the Company. As a result, these consolidated financial statements may not be suitable for any other purpose. Our report must not be copied, disclosed, quoted, or referred to, in correspondence or discussion, in whole or in part to anyone other than the purpose for which it has been issued without our prior written consent.

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

The Company's Management and Board of Directors are responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the state of affairs, profit and 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) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Company's Internal Control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the consolidated financial statements made by the Management and Board of Directors.

Auditor's Responsibilities (Continued)

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

Balajirao Pothana
Partner
Membership No. 122632
ICAI UDIN: 22122632AIXBME7607

Place: Mumbai
Date: 13 May 2022

ThePharmaNetwork, LLC

Consolidated Financial Statements
Balance Sheet as at 31 March 2022

Particulars	Note No.	As at 31 March 2022 USD	As at 31 March 2021 (Restated) USD
I. ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	3.1	32,628,495	37,322,766
(b) Capital work in progress	3.1	13,290,695	7,939,549
(c) Goodwill	3.28	4,799,766	4,799,766
(d) Other intangible assets	3.1	2,175,907	3,287,234
(e) Financial assets			
(i) Investments	3.2	3,399,199	809,029
(f) Deferred tax assets	3.3	24,831,589	281,000
(g) Other non-current assets	3.4	332,712	216,000
Total non-current assets		81,458,363	54,655,344
2 Current assets			
(a) Inventories	3.5	107,531,383	106,440,532
(b) Financial assets			
(i) Investments	3.2	57,407	2,073,906
(ii) Trade receivables	3.6	150,637,288	118,587,135
(iii) Cash and cash equivalents	3.7	4,886,371	9,775,909
(iv) Loans	3.8	193,059	593,059
(v) Other financial assets	3.9	741,054	23,716,062
(c) Other current assets	3.10	615,658	582,243
Total current assets		264,662,220	261,768,846
TOTAL ASSETS		346,120,583	316,424,190
II. EQUITY AND LIABILITIES			
1 Equity			
(a) Member's capital	3.11	118,283,162	98,283,649
(b) Other equity	3.11	57,459,427	42,680,017
Total equity		175,742,589	140,963,666
2 Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	3.12	-	4,770,667
(ii) Lease liabilities	3.34	174,734	781,122
Total non- current liabilities		174,734	5,551,789
3 Current liabilities			
(a) Financial liabilities			
(i) Borrowings	3.12	29,950,000	31,000,000
(ii) Lease liabilities	3.34	621,809	633,231
(iii) Trade payables	3.13	132,845,926	130,033,204
(iv) Other financial liabilities	3.14	4,211,872	4,501,841
(b) Provisions	3.16	1,984,626	3,429,108
(c) Other current liabilities	3.17	589,027	311,351
Total current liabilities		170,203,260	169,908,735
TOTAL EQUITY AND LIABILITIES		346,120,583	316,424,190

ThePharmaNetwork, LLC

Consolidated Financial Statements
Balance Sheet as at 31 March 2022

Significant accounting policies	*1B*
Notes to the consolidated financial statements	*3*

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

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

Balajirao Pothana
Partner
Membership No. 122632

Mumbai
13 May 2022

For and on behalf of the Board of Directors of ThePharmaNetwork, LLC

Amit Ghare
Director
Mumbai

John Dillaway
Director
Parsippany, New Jersey, USA

James Giuliano
Director
Parsippany, New Jersey, USA

12 May 2022

ThePharmaNetwork, LLC

Consolidated Financial Statements
Statement of Profit and Loss for the year ended 31 March 2022

Particulars	Note No.	For the Year ended 31 March 2022	For the Year ended 31 March 2021 (Restated)
		USD	USD
1 Income			
(a) Revenue from operations	3.18	319,370,982	341,487,360
(b) Other Income	3.19	653,057	1,118,535
Total Income		320,024,039	342,605,895
2 Expenses			
(a) Cost of materials consumed	3.20	15,163,512	17,588,634
(b) Purchases of stock-in-trade		244,877,123	273,332,381
(c) Changes in inventories of finished goods, stock-in-trade and work-in-progress	3.21	(149,085)	(7,711,659)
(d) Employee benefits expense	3.22	24,851,952	22,331,089
(e) Finance costs	3.23	604,818	810,137
(f) Depreciation and amortisation expense	3.1	6,843,719	5,770,242
(g) Other expenses	3.24	34,159,063	33,598,187
Total expenses		326,351,102	345,719,011
3 Profit before exceptional items and tax (1-2)		(6,327,063)	(3,113,116)
4 Exceptional item	3.2	(2,016,499)	-
5 Profit before tax (3) + (4)		(8,343,562)	(3,113,116)
6 Tax expense			
(a) Current tax		1,427,617	1,893,519
(b) Deferred tax		(24,550,589)	-
Tax expenses (refer note 3.30)		(23,122,972)	1,893,519
7 Profit for the year (5) - (6)		14,779,410	(5,006,635)
8 Other comprehensive income			
(a) (i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
(b) (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total of other comprehensive income for the year, net of tax		-	-
7 Total comprehensive income for the year (7) + (8)		14,779,410	(5,006,635)
8 Basic and diluted earnings per unit	3.26	0.15	(0.08)

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ThePharmaNetwork, LLC

Consolidated Financial Statements
Statement of Profit and Loss for the year ended 31 March 2022

Significant accounting policies	*1B*
Notes to the consolidated financial statements	*3*

The accompanying notes are an integral part of these financial statements

As per our report of even date attached.

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

Balajirao Pothana
Partner
Membership No. 122632

Mumbai
13 May 2022

For and on behalf of the Board of Directors of
ThePharmaNetwork, LLC

Amit Ghare
Director
Mumbai

John Dillaway
Director
Parsippany, New Jersey, USA

James Giuliano
Director
Parsippany, New Jersey, USA

12 May 2022

ThePharmaNetwork, LLC

Consolidated Financial Statements
Statement of Changes in Equity for the year ended 31 March 2022

(a) **Member's capital**

Balance as at 1 April 2021	Change in equity share capital during the year	Restated balance as at 1 April 2021	Change in equity share capital during the year	Balance as at 31 March 2022
98,283,649	-	98,283,649	19,999,513	118,283,162

Balance as at 1 April 2020	Change in equity share capital during the year	Restated balance as at 1 April 2020	Change in equity share capital during the year	Balance as at 31 March 2021
9,562,758	-	9,562,758	88,720,891	98,283,649

(b) **Other Equity**

Particulars	USD	
	Retained Earnings	Total other equity
Balance as at 1 April 2020 (Restated)	47,686,651	47,686,651
Total Comprehensive income		
Loss for the year	(5,006,634)	(5,006,634)
Other Comprehensive Income	-	-
Balance at 31 March 2021 (Restated)	42,680,017	42,680,017
Total Comprehensive income		
Profit for the year	14,779,410	14,779,410
Other Comprehensive Income	-	-
Balance as at 31 March 2022	57,459,427	57,459,427

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

Retained Earnings: Retained earnings are the profits that the company has earned till date, less any transfers to statutory reserve and dividends distributed to members.

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached.

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

Balajirao Pothana
Partner
Membership No. 122632

Mumbai
13 May 2022

For and on behalf of the Board of Directors of ThePharmaNetwork, LLC

Amit Ghare
Director
Mumbai

12 May 2022

John Dillaway
Director
Parsippany, New Jersey, USA

James Giuliano
Director
Parsippany, New Jersey, USA

ThePharmaNetwork, LLC

Consolidated Financial Statements
Statement of Cash Flow for the year ended 31 March 2022

Particulars	Year ended 31 March 2022	Year ended 31 March 2021 (Restated)
	USD	USD
A. Cash Flow from Operating activities		
Profit before Tax	(8,343,562)	(3,113,116)
Adjustments for :		
Depreciation	6,843,719	5,770,242
Loss on sale of Propoerty, Plant and Equipment	32,607	40,711
Interest expense	604,818	810,137
Interest income	(399)	(4,106)
Allowance for doubtful debts	86,646	-
Gain on fair valuation of investment	(510,247)	-
Provision for impairment in value of investments	2,016,499	-
Profit on Sale of Investments	(51,784)	(1,112,727)
Operating Profit before Working Capital Changes	678,297	2,391,141
Adjustments for :		
Increase in Inventories	(1,090,851)	(11,844,877)
Decrease / (Increase) in Trade receivables	(32,136,800)	11,636,261
Increase in Other current assets	23,340,434	1,018,637
(Decrease) / Increase in Trade Payables	2,812,722	(5,683,467)
Increase / (Decrease) in Other Current Liabilities	(12,293)	680,204
Increase in Provisions	(1,444,483)	314,552
Cash generated from / (used in) Operations	(7,852,973)	(1,487,549)
Less: Income taxes paid	(1,427,617)	(1,893,519)
Net cash used in operating activities	(9,280,591)	(3,381,068)
B. Cash Flow from Investing activities		
Purchase of property, plant and equipment	(6,537,425)	(6,469,844)
Investment in venture capital funds/shares	(2,028,139)	(239,401)
Interest received	399	4,106
Net cash used in Investing activities	(8,565,165)	(6,705,139)
C. Cash Flow from Financing activities		
Proceeds from current borrowings	(1,050,000)	2,868,891
Repayment of long term borrowings	(4,770,667)	(4,860,276)
Repayment of lease liabilities	(617,810)	(588,153)
Interest paid	(604,818)	(810,137)
Proceeds from issue of shares	19,999,513	12,998,984
Net cash generated from Financing activities	12,956,218	9,609,309
Net (decrease) / increase in cash and cash equivalents	(4,889,538)	(476,898)
Cash and cash equivalents at the beginning of the year	9,775,909	10,252,808
Cash and cash equivalents at the end of the year	4,886,371	9,775,909

Notes :
1) Cash and cash equivalents include :

Particulars	As at 31 March 2022	As at 31 March 2021
Cash and Bank balances (Refer Note 3.7)	4,886,371	9,775,909
Exchange difference (Unrealised (Gain) / Loss)	-	-
Total	4,886,371	9,775,909

Notes :

1. The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) - "Statement of Cash Flows"

2. Purchase of Property, Plant and Equipment includes movements of capital work-in-progress (including capital advances) during the year.

ThePharmaNetwork, LLC

Consolidated Financial Statements
Statement of Cash Flow for the year ended 31 March 2022

USD
3) Debt reconciliation in accordance with Ind AS 7

Particulars	Current Borrowings
As at 31 March 2020 (Restated)	28,131,109
Cash flows (net)	2,868,891
As at 31 March 2021 (Restated)	31,000,000
Cash flows (net)	(1,050,000)
As at 31 March 2022	29,950,000

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached.
For B S R & Co. LLP
Chartered Accountants
Firm's Registration No: 101248W/W-100022

Balajirao Pothana
Partner
Membership No. 122632

Mumbai
13 May 2022

For and on behalf of the Board of Directors of ThePharmaNetwork, LLC

Amit Ghare
Director
Mumbai

12 May 2022

John Dillaway
Director
Parsippany, New Jersey, USA

James Giuliano
Director
Parsippany, New Jersey, USA

1A General Information

ThePharmaNetwork, LLC (the "Company") together with its subsidiaries collectively referred to as ("the Group") is primarily engaged in manufacture, development, marketing, licensing of generic pharmaceuticals and active pharmaceutical ingredients (API). The Group is also engaged in formulation of API's into patent deliverable, contract research,development and analytical testing of drug substance for Alkem Laboratories Limited (Ultimate Holding Company) and other companies. The Group's products and services are sold in various strengths and sizes to major drug wholesalers, drug chains, mass merchandisers, supermarket pharmacies and managed care companies in the United States.

1B Significant Accounting Policies:

1.1 Basis of preparation of Financial Statements:

a) Statement of compliance

These financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Indian Companies Act, 2013 of the Indian Companies Act, 2013 (the "2013 Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015.

These financial statements have been prepared by the Company solely for the purpose of placing the audited consolidated financial statements of the Company along with the consolidated financial statements of Alkem Laboratories Limited ("the ultimate holding company") on the website of the ultimate holding company as required under Section 136 of the 2013 Act.

The consolidated financial statements are prepared in United States Dollar ("USD") except for unit data, per unit data and all the amounts have been rounded off to the nearest USD unless otherwise stated.

b) Basis of preparation and presentation

The financial statements have been prepared on historical cost basis except for certain financial instruments which are measured at fair value or amortized cost at the end of each reporting period. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.The preparation of financial statements in accordance with Ind AS requires the use of certain critical accounting estimates that affect the reported balances of assets and liabilities, disclosure of contingent liability of the financial statement and the reported amount of the income and expenses for the periods presented.

The Group 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 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 at least 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 Group classifies all other liabilities as non-current

c) Basis of measurement

These consolidated financial statements are prepared under historical cost convention unless otherwise indicated.

1B Significant Accounting Policies: *(Continued)*

1.1 Basis of preparation of Financial Statements: *(Continued)*

d) Functional and Presentation Currency

These consolidated financial statements are presented in USD, which is the functional currency of the Company and the currency of the primary economic environment in which the Company operates.

1.2 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities it controls.

(a) Accounting for Subsidiaries

A subsidiary is an entity over which the Group has control. Control is achieved when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statement from the date on which control commences until the date on which control ceases.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances. The accounting policies adopted in the preparation of financial statements are consistent with those of previous year. The financial statements of the Company and its subsidiaries have been combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and profits/losses, unless cost/revenue cannot be recovered.

The details of the subsidiaries consolidated are as below:

Name of Subsidiaries	Principal place of Business	% of Shareholding and voting power	
		As at March 31 2022	As at March 31 2021
Ascend Laboratories, LLC	United States of America	100%	100%
S & B Pharma LLC (w.e.f. 8th April, 2020)	United States of America	100%	100%
S&B Pharma , Inc (upto. 5th Jan, 2022)	United States of America	100%	NA

(b) Transaction eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

1B Significant Accounting Policies: *(Continued)*

(c) Business Combination

In accordance with Ind AS 103, the Group accounts for these business combinations using the acquisition method when control is transferred to the Group. The consideration transferred for the business combination is generally measured at fair value as at the date the control is acquired (acquisition date), as are the net identifiable assets acquired. Any goodwill that arises is tested annually for impairment. Transaction costs are expensed as incurred, except to the extent related to the issue of debt or equity securities.
The consideration transferred does not include amounts related to the settlement of pre-existing relationships with the acquiree. Such amounts are generally recognised in profit or loss.

The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (measured at fair value) of the identifiable assets acquired and liabilities (including contingent liabilities in case such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably) assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognised as capital reserve.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured subsequently and settlement is accounted for within equity. Other contingent consideration is remeasured at fair value at each reporting date and changes in the fair value of the contingent consideration are recognised in profit or loss.

Common control transactions are accounted for based on pooling of interests method where the assets and liabilities of the acquiree are recorded at their existing carrying values. The identity of reserves of the acquiree is preserved and the difference between consideration and the face value of the share capital of the acquiree is transferred to capital reserve, which is shown separately from other capital reserves.
The financial information in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the consolidated financial statements irrespective of the actual date of the combination.

1.3 Property, plant and equipment

i) Recognition and Measurement

a) Items of Property, plant and equipment are carried at cost less accumulated depreciation and impairment losses, if any. The cost of an item of Property, plant and equipment comprises its purchase price, including import duties and other non refundable taxes or levies and any directly attributable cost of bringing the assets to its working condition for its intended use and any trade discount and rebates are deducted in arriving at purchase price. Cost of the assets also includes interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use incurred up to that date.

b) If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of Property, plant and equipment.

c) Any gain or loss on disposal of an item of property plant and equipment is recognised in consolidated statement of profit and loss.

d) Cost of Items of Property, plant and equipment not ready for intended use as on the balance sheet date, is disclosed as capital work in progress. Advances given towards acquisition of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advance under other non-current assets.

ii) Subsequent expenditure

Subsequent expenditure relating to the property, plant and equipment (PPE) is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2022

1B Significant Accounting Policies: *(Continued)*

iii) Depreciation and amortisation:

Property, plant and equipment ('PPE') are stated at cost less accumulated depreciation. Depreciation and amortisation is computed using the straight-line basis over the useful lives of the assets. Maintenance, repairs, and renewals that neither materially add to the value of the property, nor appreciably prolong its life, are charged to expense as incurred.

Tangible Assets	Useful Life
Leasehold improvements	Period of Lease
Buildings	5-40 years
Plant & Machiney	5-40 years
Furniture and Fixtures	5 years
Office Equipments	5 Years

1.4 Intangible Assets:

i) Recognition and measurement

Research and development	Expenditure on research activities is recognised in profit or loss as incurred. Development expenditure is capitalised only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Otherwise, it is recognised in profit or loss as incurred. Subsequent to initial recognition, development expenditure is measured at cost less accumulated amortisation and any accumulated impairment losses.
Other intangible assets	Other intangible assets, such as computer software and trademarks and patents, that are acquired by the Group and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

iii) Amortisation

The Group amortizes intangible assets with finite lives over their estimated useful lives and reviews them for impairment annually or whenever impairment exists. The Group continually evaluates whether events or changes in circumstances might indicate that the remaining estimated useful life of long-lived assets may warrant revision, or that the remaining balance may not be recoverable. When factors indicate that long-lived assets should be evaluated for possible impairment, the Company uses an estimate of the related undiscounted cash flows in measuring whether the long-lived asset should be written down to fair value. Measurement of the amount of impairment would be based on generally accepted valuation methodologies, as deemed appropriate.

The estimated useful lives for current and comparative periods are as follows:

Intangible Assets	Useful Life
Computer Software	3 Years
Other Intangible assets -Technology	15 Years

1B Significant Accounting Policies: *(Continued)*

1.5 Impairment of non-financial assets:

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories and deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Intangible assets with indefinite useful life are tested annually for impairment. For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount. Impairment losses are recognised in profit or loss. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.
Goodwill on business combinations is included in intangible assets.Goodwill is not amortised but it is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired.

1.6 Leases:

The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:
(i) the contract involves the use of an identified asset;
(ii) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
(iii) the Group has the right to direct the use of the asset.

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using discount rates generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option. Lease liability and ROU asset have been separately presented in the Balance Sheet.

1B Significant Accounting Policies: *(Continued)*

1.7 Financial instruments

Recognition initial measurement:
Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.
A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

Classification and subsequent measurement
Financial Assets
On initial recognition, a financial asset is classified as measured at
• amortised cost;
• FVOCI -debt investment;
• FVOCI -equity investment; or
• FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

• the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

• the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

• the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets: Business model assessment
The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

• the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

• how the performance of the portfolio is evaluated and reported to the Group's management;

• the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

• how managers of the business are compensated -e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and

• the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.
Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

1B Significant Accounting Policies: *(Continued)*

1.7 Financial instruments *(Continued)*

Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets: subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCL. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

The three levels of inputs used to measure fair values are as follows:-

Level 1:- Observable prices in active markets for identical assets and liabilities.

Level 2:- Observable inputs other than quoted price in markets for identical assets and liabilities.

Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gains or loss on derecognition is also recognized in profit or loss.

1B Significant Accounting Policies: *(Continued)*

1.7 Financial instruments *(Continued)*

Derecognition

Financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers not retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognized on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognized.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expired. The Group also derecognises a financial liability when it terms are modified and the cash flow under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

1.8 Inventories:

a) Raw Materials and Packing Materials are valued at cost, if the finished products in which they will be incorporated are expected to be sold at or above cost. If the decline in price of materials indicate that the cost of finished goods exceeds net realisable value, the materials are written down to net realisable value; cost is calculated on moving weighted average basis.

b) Finished Goods and Work-in-Progress are valued at lower of cost (on Moving weighted average basis) and net realisable value. In respect of finished goods, cost includes materials, appropriate share of utilities and other overheads. Trading Goods are valued at lower of cost (on Moving weighted average basis) and net realisable value. Cost of inventories comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2022

1B Significant Accounting Policies: *(Continued)*

1.9 Revenue Recognition:

Sale of Goods:

The Company records revenue pursuant to Ind AS 115, Revenue from Contracts with Customers. This standard establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. Under the standard, an entity recognizes revenue when or as it satisfies a performance obligation. The performance obligation is usually satisfied by transferring control of a good or service to the customer, either at a point in time or over time. The standard also requires expanded disclosures, including how and when the Company satisfies performance obligations. The Company recognizes revenue by analyzing the nature of the products or services being provided as well as the terms and conditions of contracts or arrangements entered into with its customers.

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, chargebacks, rebates 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, chargebacks, rebates, 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) Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

c) Research and Development (R&D) revenues are derived from R&D services provided to the Ultimate Holding Company. R&D revenue is recorded over time using the cost plus contracted margin method.

d) A chargeback is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Company. Chargeback, rebates, returns and medicaid payments are variable consideration that is recognised and recorded based on historical experience, market conditions and specific contractual terms. The methodology and assumptions used to estimate rebates and returns are monitored and adjusted regularly in line with contractual and legal obligations, trade practices historical trends, past experience and projected market conditions.

e) 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.

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

1.10 Foreign currencies

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 and presentation currency of the Company is USD.

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.

1B Significant Accounting Policies: *(Continued)*

1.11 Provision, Contingent Liabilities and Contingent Assets:

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

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

1.12 Earnings per units

Earnings per unit is computed using the weighted average number of equity shares outstanding during the period. Diluted earnings per units is computed using the weighted average number of equity and dilutive equity equivalent units outstanding during the period except where the results would be anti-dilutive.

1.13 Cash and cash equivalents:

Cash and cash equivalents for the purpose of cash flow statement comprise cash at bank including fixed deposits (having original maturity of less than 3 months), cheques in hand and cash in hand.

1.14 Income Taxes

The Group accounts for income taxes pursuant to the asset and liability method which requires deferred tax assets and liabilities to be computed annually for temporary differences between the financial statement and tax bases of assets and liabilities that will result in taxable or deductible amounts in the future based on enacted tax laws and rates applicable to the periods in which the differences are expected to affect taxable income. Valuation allowances are established when necessary to reduce deferred tax assets to the amount expected to be realized. The income tax provision or benefit is the tax payable or refundable for the period plus or minus the change during the period in deferred tax assets and liabilities.

Related thereto, income tax expense or benefit is also based on the viability of the transfer pricing agreement among the related parties. Although management believes the transfer pricing agreements are based on objective arm's length analysis, such transfer pricing agreements are subject to challenge by relevant tax authorities. Management believes the potential effects of any such challenge would not have a material effect of the financial statements.

The Group recognizes deferred tax assets and liabilities to the extent of estimated future anticipated tax benefits (assets) or costs (liabilities). The recognition of the deferred tax asset and liability is adjusted for an estimated allowance based on projected realizability.

The beneficial tax positions taken or expected to be taken in the Company's income tax returns is recognized in the financial statements if such positions are more likely than not of being sustained.

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2022

1B Significant Accounting Policies: *(Continued)*

1.15 Segment reporting

The Group operates in one reportable business segment i.e. "Pharmaceuticals".

1.16 Borrowing Cost

Borrowing costs are interest and other costs incurred by the Company in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of those Property, plant and equipment which necessarily take a substantial period of time to get ready for their intended use are capitalised. Other borrowing costs are recognised as an expense in the Statement of Profit and Loss of the period in which they are incurred

1.17 Employee Benefits:

Defined Contribution Plan:

Group's contribution for the year paid/payable to defined contribution retirement benefit schemes are charged to Statement of Profit and Loss. The Group's contribution towards employee fund for eligible employees are considered to be defined contribution plan for which the Group made contribution on monthly basis.

1.18 Exceptional Items:

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to explain the performance of the enterprise for the period, the nature and amount of such items is disclosed separately as Exceptional items.

1.19 Recent accounting pronouncements

New and amended standards

The Group applied for the first-time certain standards and amendments, which are effective for annual periods beginning on or after 1 Apr 2021. The Group has not early adopted any other standard or amendment that has been issued but is not yet effective:

Interest Rate Benchmark Reform – Phase 2: Amendments to Ind AS 109, Ind AS 107, Ind AS 104 and Ind AS 116

The amendments provide temporary reliefs which address the financial reporting effects when an interbank offered rate (IBOR) is replaced with an alternative nearly risk-free interest rate (RFR).

The amendments include the following practical expedients:
- A practical expedient to require contractual changes, or changes to cash flows that are directly required by the reform, to be treated as changes to a floating interest rate, equivalent to a movement in a market rate of interest
- Permit changes required by IBOR reform to be made to hedge designations and hedge documentation without the hedging relationship being discontinued
- Provide temporary relief to entities from having to meet the separately identifiable requirement when an RFR instrument is designated as a hedge of a risk component

These amendments had no impact on the financial statements of the Group. The Group intends to use the practical expedients in future periods if they become applicable.

1B Significant Accounting Policies: *(Continued)*

1.19 Recent accounting pronouncements *(Continued)*

Conceptual framework for financial reporting under Ind AS issued by ICAI

The Framework is not a Standard and it does not override any specific standard. Therefore, this does not form part of a set of standards pronounced by the standard-setters. While, the Framework is primarily meant for the standard-setter for formulating the standards, it has relevance to the preparers in certain situations such as to develop consistent accounting policies for areas that are not covered by a standard or where there is choice of accounting policy, and to assist all parties to understand and interpret the Standards.

The amendments made in following standards due to Conceptual Framework for Financial Reporting under Ind AS .includes amendment of the footnote to the definition of an equity instrument in Ind AS 102- Share Based Payments, footnote to be added for definition of liability i.e. definition of liability is not revised on account of revision of definition in conceptual framework in case of Ind AS 37 - Provisions, Contingent Liabilities and Contingent Assets etc.
The MCA has notified the Amendments to Ind AS consequential to Conceptual Framework under Ind AS vide notification dated June 18, 2021, applicable for annual periods beginning on or after April 1, 2021. Accordingly, the Conceptual Framework is applicable for preparers for accounting periods beginning on or after 1 April 2021.
These amendments had no impact on the financial statements of the Group.

Ind AS 116: COVID-19 related rent concessions

MCA issued an amendment to Ind AS 116 Covid-19-Related Rent Concessions beyond 30 June 2021 to update the condition for lessees to apply the relief to a reduction in lease payments originally due on or before 30 June 2022 from 30 June 2021. The amendment applies to annual reporting periods beginning on or after 1 April 2021. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after 1 April 2020.

These amendments had no impact on the financial statements of the Group.

Ind AS 103: Business combination

The amendment states that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Framework for the Preparation and Presentation of Financial Statements in accordance with Indian Accounting Standards* issued by the Institute of Chartered Accountants of India at the acquisition date. Therefore, the acquirer does not recognise those costs as part of applying the acquisition method. Instead, the acquirer recognises those costs in its post-combination financial statements in accordance with other Ind AS.

These amendments had no impact on the financial statements of the Group.

Amendment to Ind AS 105, Ind AS 16 and Ind AS 28

The definition of "Recoverable amount" is amended such that the words "the higher of an asset's fair value less costs to sell and its value in use" are replaced with "higher of an asset's fair value less costs of disposal and its value in use". The consequential amendments are made in Ind AS 105, Ind AS 16 and Ind AS 28.

These amendments had no impact on the financial statements of the Group.

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2022

2 Critical accounting judgements and key sources of estimation uncertainty

The Group prepares its financial statements in accordance with Ind AS as issued by the ICAI, the application of which often requires judgments to be made by management when formulating the Group's financial position and results. The Directors are required to adopt those accounting policies most appropriate to the Group's circumstances for the purpose of presenting fairly the Group'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 Group 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 Group's disclosure of significant accounting policies which are provided in Note 1 to these consolidated financial statements, 'Significant accounting policies'.

a. 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 Group'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.

b. Provisions and contingent liabilities

The Group 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.

c. Chargebacks

The Group considers the following factors in the determination of estimates of sales chargebacks:

i) The historical data of chargebacks as a percentage of sales, as well as actual chargeback reports received from primary wholesaler customers are analyzed on a monthly basis.

ii) Volume of all products sold to wholesaler customers and the average chargeback rates for the prior 60 days as compared to the previous months prior 60 day average.

iii) The Group utilizes data on remaining inventories on hand at primary wholesaler customers at the end of each reporting period in the calculation of estimates for analytical reporting and audit purposes.

iv) The sales trends, wholesale acquisition cost (WAC), the contract prices with the retailers, chain stores, managed care organizations (end-users), and wholesaler customer's contract prices.

Such estimated amounts, in addition to certain other allowances, are deducted from the Group's gross sales to determine net revenues. The amount of actual chargebacks claimed could be either higher or lower than the amounts accrued. Changes in estimates, if any, would be recorded in the income statement in the period the change is determined. If the Group materially over or under estimates the amount that will ultimately be charged back to it by its wholesale customers, there could be a material impact on the Group's financial statements. The reasonableness of each reserve is reviewed on a monthly basis.

2 Critical accounting judgements and key sources of estimation uncertainty *(Continued)*

d. 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.

e. Fair value measurements and valuation processes

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*
as at 31 March 2022

3.1 Property, Plant and Equipment, Other Intangible Assets and Capital Work in Progress

USD

	Property, plant and equipment								Other Intangible assets					
	Freehold Land	Leasehold Improvements	Buildings	Plant and Machinery	Furniture and Fixtures	Vehicles	Office Equipments	Total	Computer Software	Right of use asset	Technology	Other Intangible assets	Total	Capital work in progress
At Cost														
As at 1 April 2020 (Restated)	-	1,977,428	18,633,554	28,177,933	325,663	-	3,095,479	52,210,057	1,012,315	2,593,925	2,416,938	150,000	6,173,178	
Additions	-	-	16,609	3,828,205	22,571	-	36,015	3,903,400	896,607	-	-	-	896,607	
Deletions	-	-	(8,131)	(1,604,282)	(14,800)	-	-	(1,627,213)	-	-	-	-	-	
As at 31 March 2021 (Restated)		1,977,428	18,642,032	30,401,856	333,434	-	3,131,494	54,486,244	1,908,922	2,593,925	2,416,938	150,000	7,069,785	
Additions	-	-	451,081	398,748	21,596	158,961	39,182	1,069,567	-	-	-		-	
Adjustments	1,855,155	(1,855,155)	-	-	-	-	-	-	-	-	-	-	-	
Deletions	-	-	-	(126,502)	-	-	-	(126,502)	-	-	-	-	-	
As at 31 March 2022	1,855,155	122,273	19,093,113	30,674,101	355,030	158,961	3,170,676	55,429,309	1,908,922	2,593,925	2,416,938	150,000	7,069,785	
Depreciation and Amortisation														
As at 1 April 2020 (Restated)	-	35,012	1,833,613	9,079,872	200,917	-	1,899,288	13,048,702	899,311	600,671	975,647	150,000	2,625,629	
Depreciation/amortisation charge for the year	-	7,698	512,303	3,432,870	29,410	-	630,839	4,613,120	361,540	600,471	195,111	-	1,157,122	
Adjustments	-	-	-	-	-	-	-	-	-200	-	-	-	-200	
Deductions	-	-	(7,212)	(481,562)	(9,573)	-	-	(498,348)	-	-	-	-	-	
As at 31 March 2021 (Restated)	-	42,710	2,338,704	12,031,180	220,754	-	2,530,127	17,163,474	1,260,651	1,201,142	1,170,758		3,782,551	
Depreciation/amortisation charge for the year	-	-	350,400	5,013,952	39,584	11,846	316,610	5,732,392	315,544	600,671	195,112	-	1,111,327	
Adjustments	-		-	-	-	-	-	-	-	-	-	-	-	
Deductions	-	-	-	(95,052)	-	-	-	(95,052)	-	-	-	-	-	
As at 31 March 2022	-	42,710	2,689,104	16,950,080	260,338	11,846	2,846,737	22,800,814	1,576,195	1,801,813	1,365,870		4,893,878	
Net Book Value														
As at 31 March 2021 (Restated)	-	1,934,718	16,303,328	18,370,676	112,680	-	601,367	37,322,770	648,271	1,392,783	1,246,180	-	3,287,234	7,939,549
As at 31 March 2022	1,855,155	79,563	16,404,009	13,724,021	94,692	147,115	323,939	32,628,495	332,727	792,112	1,051,068	-	2,175,907	13,190,695

Note:

1. Depreciation and amortisation expense

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021
Depreciation expense	5,732,392	4,613,120
Amortisation expense	1,111,327	1,157,122
Total	6,843,719	5,770,242

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ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*
as at 31 March 2022

	Particulars	As at 31 March 2022	As at 31 March 2021 (Restated)
		USD	USD
3.2	**Investments:**		
	(A) Non Current		
	Investment in venture capital fund (unquoted)	3,399,199	809,029
	TOTAL	3,399,199	809,029
	(B) Current		
	Investment - non-publicly traded (1,156,250 shares) (1)	2,016,499	2,016,499
	Less: Provision for impairment in the value of investment	(2,016,499)	-
	Investment - non-publicly traded (173,303 shares) (2)	57,407	57,407
		-	-
	TOTAL	57,407	2,073,906

Note:
1) This investment was paid with both cash and services as detailed in Common Stock Purchase Agreements. The investees is a non public company and there is no active trading market for the same.

2) This investment resulted from conversion of unpaid balance of one customer accounts receivable into equity shares.

The Group assesses fair value of its investments periodically. If events arise which indicate that the fair value of these investments has decreased below their costs, loss will be recognized to reduce the investments to fair value. As of 31 March 2022, the Group recorded impairment loss of $2,016,499 for these investments. The same has been shown as an exceptional item.

As of 31 March 2022, the Group possesses a total of 1,156,250 shares and 173,303 shares in the two Investees, respectively. The Group doesn't have significant influence over both investees. Therefore, the investees are not considered Associates of the Group.

3.3	**Deferred tax assets:**		
	Deferred tax assets (net)	24,831,589	281,000
	TOTAL	24,831,589	281,000

During the current year, pursuant to the restructuring as mentioned in detail in note 3.30, deferred tax assets have been created on the carry forward losses of erstwhile S & B Pharma Inc.. Additionally, due to the election of 'check the box' with the IRS during the year, deferred tax assets have been recognised in books of the Company which were earlier recorded in the books of its Holding company S & B Holdings BV.

3.4	**Other non-current assets:**		
	Unsecured - Considered Good - otherwise stated		
	Capital Advances	332,712	216,000
		332,712	216,000

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements (Continued)

as at 31 March 2022

		As at 31 March 2022	As at 31 March 2021 (Restated)
		USD	USD
3.5	**Inventories:**		
	Raw and packing materials	10,291,867	9,350,101
	Work-in-progress	3,193,885	2,132,508
	Finished goods	1,279,399	5,046,659
	Stock-in Trade	92,766,232	89,911,264
	TOTAL	107,531,383	106,440,532

Note: The Group follows suitable provisioning norms for writing down the value of inventories towards slow moving, non moving, expired and non saleable inventory. Write down of inventory for the year ended 31 March 2022 is USD 21,321362 (31 March 2021: USD 22,792,036)

3.6	**Trade Receivables:**		
	(Unsecured)		
	Considered good	150,680,352	118,589,717
	Less: Loss allowances	(43,064)	(2,582)
	TOTAL	150,637,288	118,587,135

Note: Above trade receivable include amount due from related parties USD 9,537,481 (31 March 2022: USD 3,743,122) - Refer Note 3.31

3.7	**Cash and cash equivalents:**		
	Cash on hand	964	964
	Balance with Banks:		
	In Current Accounts	4,885,407	8,472,375
	In deposit account less than 3 months	-	1,302,570
	TOTAL	4,886,371	9,775,909
3.8	**Current Loans:**		
	Loans and Advances to Employees	193,059	593,059
	TOTAL	193,059	593,059

Note: Above loans include amount due from related parties USD 193,059 (31 March 2021: USD 593,059) - Refer Note 3.31

3.9	**Other Financial Assets:**		
	Other receivables	711,054	23,716,062
	Security Deposits	30,000	-
	TOTAL	741,054	23,716,062

Note: Above include amount due from related parties USD 711,054 (31 March 2021: USD 23,716,063) - Refer Note 3.31

3.10	**Other Current Assets**		
	Advance to Suppliers	20,000	482,839
	Prepaid Expenses	595,658	99,404
	TOTAL	615,658	582,243

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*
as at 31 March 2022

	Particulars	As at 31 March 2022 USD	As at 31 March 2021 (Restated) USD
3.11	**Member's Capital:**		
	Member's Capital	118,283,162	98,283,649
	TOTAL	118,283,162	98,283,649
3.11	**Other equity**		
	Retained Earnings:		
	At the commencement of the year	42,680,017	47,686,651
	Add: Profit for the year	14,779,410	(5,006,634)
	At the end of the year	57,459,427	42,680,017
	TOTAL	57,459,427	42,680,017
3.12	**Borrowings**		
	Non Current		
	Secured		
	Loan from Citibank	-	2,500,000
	Unsecured		
	Loans and Advances from related parties	-	2,270,667
	TOTAL (A)	-	4,770,667
	Current		
	Secured		
	Loans repayable on demand from Banks	29,950,000	26,000,000
	Loan from Citibank	-	5,000,000
	TOTAL (B)	29,950,000	31,000,000
	TOTAL (A)+(B)	29,950,000	35,770,667

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements (Continued)
as at 31 March 2022

Note:
1. In 2017, the Group entered into a term loan agreement with Citibank for $15,000,000. The loan matures on 15 August 2022. The interest rate applicable to this loan varies based on LIBOR rate plus 125 basis points. Interest on the loan is paid quarterly. This loan is secured by a standby letter of credit (SBLC) issued by the Ultimate Holding Company. As of 31 March 2022, the Group prepaid the loan and there is no outstanding balance.

2. On 20 December 2012, the Group entered into an agreement with the Ultimate Holding Company that established a revolving credit facility between the Group and the Ultimate Holding Company. The terms of the agreement provide the Group a $10,000,000 borrowing capacity. The interest rate applicable to outstanding amounts borrowed under the facility is 7% per annum. On 3 September 2021, the Group paid off the $2,270,667(including interest) outstanding balance. As of 31 March 2022 and 2021, the outstanding balance was Nil and $2,270,667 (including interest) respectively.

3. Working Capital loan of USD 29,950,000 (31 March 2021 USD 26,000,000) from bank includes revolving credit line taken on 3 October 2017 ('closing date') by the Company are secured upto USD 30,000,000 by issue of ABF Revolving Credit Facility by Citi bank NA which is secured by a continuing lien on security interest in all of the Collateral, whether in the form of cash or other property and whether tangible or intangible as well as Inventory, Receivables, Equipment and intellectual property of the Company. Interest on this Revolving Credit Facility is payable monthly in arrears on the first business day of each month at a rate equal to 1.25% plus daily LIBOR. This agreement is in affect until 2 April 2023 at that time payment to be made in full unless renewal is finalized.

3.13	**Trade Payables:**		
	Trade Payables	132,845,926	130,033,204
	TOTAL	132,845,926	130,033,204

Note: Above Trade payables include amount due to related parties USD 122,793,959 (31 March 2021: USD 122,229,886) - Refer Note 3.31

3.14	**Other Current Financial Liabilities**		
	Interest accrued but not due on borrowings	-	12,962
	Employee payables	1,993,134	2,400,414
	Accrual for Expenses	1,878,579	2,088,465
	Others payables	340,159	-
	TOTAL	4,211,872	4,501,841

3.16	**Provisions:**		
	Provision for employee benefits:		
	Compensated absences	774,815	847,425
	Provision for anticipated sales returns (Refer note 3.27)	1,209,811	2,581,684
	TOTAL	1,984,626	3,429,108

3.17	**Other Current Liabilities:**		
	Due to statutory authorities	143,952	153,850
	Advances from Customer	445,075	157,501
	TOTAL	589,027	311,351

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2022

	Particulars	For the Year ended 31 March 2022 USD	For the Year ended 31 March 2021 (Restated) USD
3.18	**Revenue from Operations:**		
	Sale of products	318,759,394	341,487,360
	Sale of Services	611,588	-
	TOTAL	319,370,982	341,487,360

Disclosure as required under Ind AS 115 - Revenue from contracts with customers

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

Particulars	Year ended 31 March 2022 USD	Year ended 31 March 2021 USD (Restated)
Revenue as per contracted price	852,580,302	834,008,654
Adjustments:		
Less: Sales return	11,649,168	8,311,432
Less: Chargebacks, discounts & rebates	521,560,152	484,209,863
Revenue from contract with customers	319,370,982	341,487,359
Other operating revenue	-	-
Revenue from Operations	319,370,982	341,487,359

	Particulars	For the Year ended 31 March 2022 USD	For the Year ended 31 March 2021 (Restated) USD
3.19	**Other Income:**		
	Profit on sale of investments	51,784	1,112,727
	Gain on fair valaution	510,247	-
	Miscellaneous income	91,026	5,807
	TOTAL	653,057	1,118,535
3.20	**Cost of materials consumed:**		
	Cost of raw and packing materials consumed	15,163,512	17,588,634
	TOTAL	15,163,512	17,588,634
3.21	**Changes in Inventories of Finished Goods, Stock-in-Trade and Work-in-Progress:**		
	Opening Stock:		
	Finished goods	5,046,659	3,244,243
	Stock-in-trade	89,911,264	84,535,841
	Work-in-progress	2,132,508	1,598,688
		97,090,431	89,378,772
	Less: Closing stock:		
	Finished goods	1,279,399	5,046,659
	Stock-in-trade	92,766,232	89,911,264
	Work-in-progress	3,193,885	2,132,508
		97,239,516	97,090,431
	TOTAL	(149,085)	(7,711,659)

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements ***(Continued)***

for the year ended 31 March 2022

Particulars	For the Year ended 31 March 2022	For the Year ended 31 March 2021 (Restated)
	USD	USD
3.22 Employee Benefits Expense:		
Salaries, wages and bonus	21,264,040	19,087,775
Contribution to employee funds	873,899	760,416
Employees' welfare expenses	2,714,013	2,482,898
TOTAL	24,851,952	22,331,089
3.23 Finance Costs:		
Interest on borrowings	449,430	609,613
Other borrowing cost	155,388	200,524
TOTAL	604,818	810,137
3.24 Other Expenses:		
Power and fuel	1,242,872	1,155,272
Rent (Refer note 3.33)	210,129	95,511
Rates and taxes	1,886,461	1,650,683
Insurance	1,622,632	1,386,358
Marketing and promotions	504,803	223,327
Processing charges	6,305,340	9,600,887
Selling and distribution expenses	11,406,051	9,061,932
Legal and professional Fees	3,278,812	3,006,273
Commission on sales	-	97,553
Travelling and conveyance	409,363	33,083
Repairs:	-	-
- Buildings	464,755	587,309
- Plant and machineries	396,198	324,088
- Others	1,063,192	985,643
Loss on sale of property, plant and equipments (net)	32,607	40,711
Communication and printing expenses	426,487	265,256
Allowances for doubtful debts	86,646	2,943
License, registration & technology fees	589,487	467,892
Royalty Expenses	2,890,361	3,351,322
Miscellaneous expenses	1,342,867	1,262,144
TOTAL	34,159,063	33,598,187

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2022

3.25 Contingent Liabilities and Commitments

a) Contingent Liabilities

The Group has reviewed all its pending litigations and proceedings and has adequately provided for, where provisions are required in its financial statements.

b) Commitments

Sr. No.	Particulars	As at 31 March 2022	As at 31 March 2021(Restated)
1	As of 31 March 2022, the Company signed contracts for equipment purchase and construction service for total amount of $618,826, for which it has paid $4,871, with a commitment due of $613,955.	613,955	3,931,245
2	Uncalled/ Unpaid contribution towards investment in funds	2,590,170	255,628

3.26 Earnings per unit of common stock

Particulars	Year ended 31 March, 2022	Year ended 31 March 2021
Profit /(loss) after tax attributable to members	14,779,410	(5,006,635)
Weighted average number of units of common stock outstanding during the year (in numbers)	95,603,433	66,501,766
Basic and diluted earnings per unit of common stock	0.15	(0.08)

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2022

3.27 Disclosure as per Indian Accounting Standard (Ind AS 37) for provisions is as under:

Provision for anticipated sales return:
The Company as a trade practice, accepts sales return from market which are primarily in the nature of expired or near expiry products. Provision is made for such returns on the basis of historical experience, market conditions and specific contractual terms.

Particulars	As at 31 March 2022	As at 31 March 2021 (Restated)
Carrying amount at the beginning of the year	2,581,684	2,457,304
Add: Provision made during the year	11,649,168	8,311,432
Less: Amount used/utilized during the year	(13,021,041)	(8,187,052)
Carrying amount at the end of the year	1,209,811	2,581,684

Particulars	As at 31 March 2022	As at 31 March 2021 (Restated)
Non current provision	-	-
Current provision	1,209,811	2,581,684
Total	1,209,811	2,581,684

3.28 Impairment testing for cash operating unit (CGU) containing goodwill

The goodwill at each CGU level and goodwill acquired separately are tested for impairment at least annually and when events occur or changes in circumstances indicate that the recoverable amount is less than its carrying value. The recoverable amount is based on a value-in-use calculation using the discounted cash flow method. The value-in-use calculation is made using pre-tax Budgeted EBITDA projections of the next five years and the Terminal Value at the end of the fifth year (after considering the relevant long-term growth rate) which is considered by the Board as a reasonable period given the long development and life cycle of medicine

Particulars	As at 31 March 2022	As at 31 March 2021 (Restated)
Medical Speciality Consultants (MSC)	857,098	857,098
Norac	2,595,020	2,595,020
St. Louis	1,347,648	1,347,648
	4,799,766	4,799,766

The Group evaluated goodwill for impairment using cash flow projections for next five years and have determined the value of those cash flows to be in excess of the current carrying value of goodwill. As revenues are forecasted to continue, the Group concluded that a positive assertion can be made from the qualitative assessment that it is not more likely than not that the fair value of the reporting unit is less that it's carrying amount.

These assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These estimates may differ from actual results. The values assigned to each of the key assumptions reflect the Management's past experience as their assessment of future trends, and are consistent with external / internal sources of information.

Based on the above assumptions and analysis, no impairment was identified for above goodwill as at 31 March 2022 and 31 March 2021 as the recoverable value of the goodwill exceeded the carrying value.

The Group has also performed sensitivity analysis calculations on the projections used and discount rate applied. The Directors have concluded that, given the significant headroom that exists, and the results of the sensitivity analysis performed, there is no significant risk that reasonable changes in any key assumptions would cause the carrying value of goodwill to exceed its value in use.

The table below shows the key assumptions used in the value in use calculations:

Particulars	MSC	Norac	St. Louis
Pre-tax adjusted discount rate (in %)	13.83%	14.00%	14.00%
Long-term growth rate (in %)	2.00%	2.00%	2.00%

Key assumptions used in the value-in-use calculations

Assumptions	How determined
Long-term growth rate	The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations on market development. The weighted average growth rates used were consistent with
Pre-tax risk adjusted discount rate	Management estimates discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and is derived from its weighted average cost of capital (WACC)

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements ***(Continued)***
for the year ended 31 March 2022

3.29 Segment Reporting

Basis for Segmentation
The operations of the Group are limited to one segment viz. Pharmaceutical and related products. The products being sold under this segment are of similar nature and comprises of pharmaceutical products only.

The Company's Chief Operating Decision Maker (CODM) reviews the internal management reports prepared based on an aggregation of financial information for all entities in the Group (adjusted for intercompany eliminations, adjustments etc.) on a periodic basis.

Entity-wide disclosures
The geographical information analyses the group's revenues and non-current assets by the company's country of domicile (i.e. USA) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of customers and segment assets have been based on the geographic location of the assets.

The Group derives external revenue mainly from its country of domicile i.e. United States of America.

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

USD

Sr	Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021 (Restated)
a)	**Revenues from external customers attributed to the country of domicile and attributed to all foreign countries from which the company derives revenues**		
	Revenue from the Country of Domicile	305,840,245	325,822,824
	Revenue from foreign countries	13,530,738	15,664,536
		319,370,982	341,487,360

b) The Group has external revenue from three customers which exceeded 10% of total revenue (Gross) individually and in aggregate account for 76% and 73% for the year ended 31 March 2022 and 31 March 2021 respectively.

Name of Customer	For the year ended 31 March 2022	For the year ended 31 March 2021 (Restated)
Customer A	215,531,318	176,238,291
Customer B	275,455,483	280,138,468
Customer C	149,951,571	160,142,863

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2022

3.30 Tax expense

As at 31st March, 2022 the Group's deferred tax assets and liabilities consisted of the effects of temporary differences attributable to the following:

Particulars	As at 31st March, 2022	As at 31st March, 2021 (Restated)
	USD	USD
Deferred tax assets:		
Net operating losses	19,885,000	281,000
Goodwill	2,433,078	-
Change in Fair value of investment through profit or loss	541,000	-
Other deductions	5,630,511	-
Valuation Allowance	-	-
Deferred tax assets, net of valuation allowance	28,489,589	281,000
Deferred tax liabilities:		
Property and equipment	(3,633,000)	-
Goodwill	-	-
Other adjustments	(25,000)	-
Deferred tax liabilities	(3,658,000)	-
Deferred tax assets - net	24,831,589	281,000

b) Reconciliation of effective tax rate

Particulars	%	As at 31st March, 2022	%	As at 31st March, 2021 (Restated)
		USD		USD
Loss before tax		(8,343,562)		(3,113,116)
Tax using the Company's applicable tax rate	22%	(1,793,866)	22%	(669,320)
Tax effect of:				
Deferred tax assets on brought forward losses not recognised earlier	267%	(22,318,078)	-	-
Current tax where the Company is not liable as assessee	5%	(448,235)	11%	(357,977)
Withholding tax	-17%	1,427,617	-61%	1,893,519
Others - permanent difference	0%	9,590	0%	13,946
Unrecognised deferred tax asset	0%	-	-33%	1,013,351
	277%	(23,122,972)	-61%	1,893,519

3.31 Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31 March 2022

The Group's principal related parties consist of its ultimate holding company, holding company, key managerial personnel and fellow subsidiaries. The Group's material related party transactions and outstanding balances are with related parties with whom the Group routinely enter into transactions in the ordinary course of business.

A. List of related parties and their relationship

A Company whose control exists (Ultimate Holding Company)	
Alkem Laboratories Limited	India
B Company whose control exists (Holding Company)	
S & B Holdings B.V.	Netherlands
C Key Managerial Personnel ("KMP")	
Mr. B.N. Singh	Director
Mr. Sandeep Singh	Director
Mr. Amit Ghare	Director
Mr. William Moran	Director
Mr. John Dillaway	Director
Mr. James Giuliano	Director
Mr. R L Shenoy	Director
Mr. Hindy Schiff	Director
Mr. Schuyler Van Winkl	Director

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*

for the year ended 31 March 2022

3.31 **Information on related party transactions as required by Indian Accounting Standard 24 (Ind AS 24) on related party disclosures for the year ended 31 March 2022 *(continued)***

USD

Details of Transactions with Related Parties

Sr. No.	Particulars	Key Managerial personnel	Ultimate Holding Company	Holding Company
1	Purchase of stock in trade	-	206,530,548	-
		-	(213,224,236)	-
2	Purchase of Raw material/Consumables	-	640,721	-
		-	(23,280)	-
3	Freight Charges	-	2,105,905	-
		-	-	-
4	Analytical and development services(Sales)	-	13,530,738	-
		-	(15,664,536)	-
5	Issue of Share Capital (including securities premium)	-	19,999,513	-
		-	(12,998,984)	-
6	Sale of Property , plant & equipmets	-	1,700	-
		-	(1,091,400)	-
7	Bank guarantee reimbursement and guarantee commission charges	-	47,272	-
		-	(79,778)	-
8	Reimbursement of expenses by	-	74,099	-
		-	(269,721)	-
9	Reimbursement of expenses to	-	-	-
		-	(3,456,689)	-
10	Interest on loan given	-	58,333	-
		-	(140,000)	-
11	Royalty expense	-	930,083	-
		-	(678,119)	-
12	Tax paid by the Company on behalf of	-	-	23,056,265
		-	-	(5,271,004)
13	Loan repaid to	-	2,270,667	-
		-	-	-
14	Loan and advances given to Key Managerial Personnel	-	-	-
		(700,749)	-	-
15	Loan and advances repaid by Key Managerial Personnel	400,000	-	-
		(107,690)	-	-
16	Remuneration to Key Managerial Personnel Short term employee benefits - Salary and allowances	3,409,051	-	-
		(1,857,840)	-	-

The Company's management is of the view that 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 restated previous year.

USD

Balance due from / to the related Parties as at 31 March 2022

Sr. No.	Particulars	Holding Company	Ultimate Holding Company	Total
1	Trade Payables	-	122,956,990	122,956,990
2	Other receivables	-	711,054	711,054
3	Trade receivables	-	9,537,481	9,537,481
4	Other Payable	340,159	-	340,159

Sr. No.	Particulars	Key Managerial personnel	Total
1	Loan receivable	193,059	193,059

USD

Balance due from / to the related Parties as at 31 March 2021 (restated)

Sr. No.	Particulars	Holding Company	Ultimate Holding Company	Total
1	Trade Payables	-	122,229,886	122,229,886
2	Trade receivables	-	3,743,122	3,743,122
3	Other receivables	22,716,106	999,956	23,716,063
4	Borrowings (including interest)	-	2,270,667	2,270,667

Sr. No.	Particulars	Key Managerial personnel	Total
1	Loan receivable	593,059	593,059

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2022

USD

3.32 Business Combination

(i) Pursuant to the Board of Directors approval of the Ultimate Holding Company at its meeting held on 25 May 2021 on the proposed plan for restructuring of the USA business operations by bringing both the subsidiaries namely, S & B Pharma Inc, USA ("S & B") and the Company under a single umbrella by removing intermediary holding company S & B Holdings BV, Netherlands ("S & B BV"), the transaction has been consummated whereby the Company has acquired 100% shares of S & B from the Ultimate Holding Company in exchange of the Company's shares. Subsequently, with effect from 5 January 2022, S & B now stands dissolved and all its assets and liabilities are transferred by the Company as capital contribution in its wholly owned subsidiary S & B Pharma LLC.

(ii) In terms of the restructuring, the whole of undertaking of S & B as a going concern stands transferred to and vested in the wholly owned subsidiary S & B Pharma LLC with effect from 5 January 2022. Business combination is accounted with effected from 1 April 2020.

(iii) Accounting treatment of the arrangement

Business combination is accounted for using the 'pooling of interests' method as per Appendix C of Ind AS 103 - Business Combinations which involves the following:

a) The Company has recorded the asset and liabilities of the S & B Pharma Inc. vested in it pursuant to this restructuring at the respective book values appearing in its books.
b) No adjustments are made to reflect fair values, or recognise any new assets or liabilities
c) The difference between the net assets of S & B Pharma Inc. were transferred to S & B Pharma LLC was adjusted in 'Other Equity' of the Company.

Accordingly, the restructuring has resulted in transfer of assets and liabilities at the following summarised values:

Particulars	As on 1 April 2020
Non-current assets	
Property, plant and equipment	38,875,077
Capital work in progress	4,832,268
Goodwill	3,942,668
Other intangible assets	1,059,395
Deferred tax assets	281,000
Current assets	
Inventories	3,462,067
Financial assets	
(i) Investments	977,406
(ii) Trade receivables	3,885,177
(iii) Cash and cash equivalents	4,526,704
Other current assets	552,348
Total assets (A)	62,394,110
Non-Current Liabilities	
Financial liabilities	
(i) Borrowings	11,233,430
Current liabilities	
Financial liabilities	
(i) Trade payables	4,899,525
(ii) Other financial liabilities	5,931,592
Other current liabilities	216,700
Provisions	749,202
Total liabilities (B)	23,030,449
Total Net Identifiables Assets acquired (C = A-B)	39,363,662
Cost of Investment in S & B Pharma Inc. (D)	75,723,109
Net impact transferred to other equity (E = D-C)	36,359,447

3.33 Financial instruments – Fair values and risk management

A. Accounting classification and fair values

	As at 31 March 2022							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	4,886,371	4,886,371	-	-	-	-
Investments	3,456,606	-	-	3,456,606	-	3,456,606	-	3,456,606
Trade receivable and other financial assets	-	-	151,378,342	151,378,342	-	-	-	-
Loans	-	-	193,059	193,059	-	-	-	-
	3,456,606	-	156,457,772	159,914,379	-	3,456,606	-	3,456,606
Financial liabilities								
Lease laibilities			796,543	796,543				-
Borrowings	-	-	29,950,000	29,950,000	-	-	-	-
Trade payables	-	-	132,845,926	132,845,926	-	-	-	-
Other financial liabilities	-	-	4,211,872	4,211,872	-	-	-	-
	-	-	167,804,341	167,804,341	-	-	-	-

	As at 31 March 2021 (Restated)							
	Carrying amount				Fair value			
	FVTPL	FVTOCI	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Cash and cash equivalents	-	-	9,775,909	9,775,909	-	-	-	-
Investments	2,882,935	-	-	2,882,935	-	2,882,935	-	2,882,935
Trade receivable and other financial assets	-	-	142,303,197	142,303,197	-	-	-	-
Loans	-	-	593,059	593,059	-	-	-	-
	2,882,935	-	152,672,165	155,555,100	-	2,882,935	-	2,882,935
Financial liabilities								
Lease Liabilities	-	-	1,414,353	1,414,353	-	-	-	-
Borrowings	-	-	35,770,667	35,770,667	-	-	-	-
Trade payables	-	-	130,033,204	130,033,204	-	-	-	-
Other financial liabilities	-	-	4,501,841	4,501,841	-	-	-	-
	-	-	171,720,064	171,720,064	-	-	-	-

The Group has exposure to the following risks arising from financial instruments:
- Credit risk ;
- Liquidity risk ; and
- Market risk

I. Risk management framework

The Company's Board of Directors ("Board") has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2022

USD

3.33 Financial instruments – Fair values and risk management *(Continued)*

ii Credit risk

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

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

Trade and other receivables

Trade receivable of the Group are typically unsecured. Credit risk is managed through credit accrual and periodic monitoring of the creditworthiness of customers to which Group grants credit terms in the normal course of business. The Group'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 Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade receivables.

At 31 March 2022 and 31 March 2021, the entire exposure to credit risk for trade receivable is majorly from its country of domicile i.e. United States of America.

At 31 March 2022 the Group had exposure to only one type of counter party i.e. wholesalers. Three customers represented approximately 79% of gross trade receivable balance as on 31 March 2022.

At 31 March 2022, the maximum exposure (net of rebates and chargebacks) to credit risk for trade and other receivables by geographic region was as follows.

Particulars	31 March 2022	31 March 2021 (Restated)
Country of Domicile	141,129,808	114,844,014
India	10,248,534	4,743,078
Other Countries	-	22,716,106
	151,378,342	142,303,197

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

Particulars	31 March 2022	31 March 2021 (Restated)
Balance as at beginning of the year	2,582	128,553
Impairment loss recognised	46,646	2,943
Amounts written off/ reversed	(6,164)	(128,914)
Balance as at the end of the year	43,064	2,582

Other financial assets

Credit risk on cash and cash equivalents, deposits with banks is generally low as the said deposits have been made with the banks who have been assigned high credit rating by international and domestic credit rating agencies.

3.33 Financial instruments – Fair values and risk management ***(Continued)***

iii Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group'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, and include estimated interest payments and exclude the impact of netting agreements.

		Contractual cash flows					
31 March 2022	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
USD							
Non-derivative financial liabilities							
Lease liabilities	796,543	835,093	-	649,065	186,027	-	-
Current borrowings	29,950,000	29,950,000	29,950,000	-	-	-	-
Trade payables	132,845,926	132,845,926	132,845,926	-	-	-	-
Other financial liabilities	4,211,872	4,211,872	4,211,872	-	-	-	-

		Contractual cash flows					
31 March 2021 (Restated)	**Carrying amount**	**Total**	**2 months or less**	**2-12 months**	**1-2 years**	**2-5 years**	**More than 5 years**
USD							
Non-derivative financial liabilities							
Lease liabilities	1,414,353	1,508,402	-	693,472	814,930	-	-
Borrowings	35,770,667	36,152,667	26,000,000	5,085,000	2,517,000	2,550,667	-
Trade and other payables	130,033,203	130,033,203	130,033,203	-	-	-	-
Other financial liabilities	4,409,893	4,409,893	4,409,893	-	-	-	-

iv Market risk

Market risk refers to risk of fluctuation in fair values or future cash flows because of changes in market rates or prices. The Group's exposure from market risk is primarily on account of interest rate risk.

3.33 Financial instruments – Fair values and risk management *(Continued)*

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.

Exposure to interest rate risk
Group's interest rate risk arises from borrowings and fixed income securities. Fixed income securities exposes the Group to fair value interest rate risk. The interest rate profile of the Group's interest-bearing financial instruments as reported to the management of the Group is as follows.

	Carrying amount in USD	
	31 March 2022	31 March 2021(Restated)
Variable-rate instruments		
Financial liabilities	29,950,000	26,000,000
Total	29,950,000	26,000,000

Cash flow sensitivity analysis for variable-rate instruments

Interest rate sensitivity - variable rate instruments
A reasonably possible change of 5% in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange rates, remain constant.

USD

Particulars	Profit or loss			
	31-Mar-22		31-Mar-21	
	5% increase	5% decrease	5% increase	5% decrease
Variable-rate instruments	16,566	(16,566)	14,283	(14,283)
Cash flow sensitivity (net)	16,566	(16,566)	14,283	(14,283)

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2022

USD

3.34 Leases

Leases as lessee

i. Right-of-use assets
Right-of-use assets related to leased properties that do not meet the definition of investment property are presented as property, plant and equipment

Particulars	As at 31 March 2022 Land and Buildings	As at 31 March 2021 (Restated) Land and Buildings
Adoption of IND AS 116 "Leases" (Opening balance)	1,392,783	1,993,254
Amortisation charge for the year	(600,671)	(600,471)
Additions to right-of-use assets	-	-
Derecognition of right-of-use assets	-	-
Foreign Exchange Differences	-	-
Closing balance	792,112	1,392,783

ii. Lease liability

Particulars	As at 31 March 2022	As at 31 March 2021 (Restated)
Maturity analysis of lease liability - undiscounted contractual cash flows		
Less than one year	649,065	633,231
One to three years	186,027	781,122
More than three years	-	-
Total undiscounted cash flows	835,093	1,414,353

iii. Amount recognised in profit or loss

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021 (Restated)
General and administrative expenses		
Short-term lease rent expense	210,129	95,511
Amortisation and impairment losses		
Amortisation of right of use lease asset	600,671	600,471
Finance cost		
Interest expense on lease liability	60,241	85,415
	871,042	781,397

iv. Amount recognised in statement of cash flows

Particulars	For the year ended 31 March 2022	For the year ended 31 March 2021 (Restated)
Cash outflow for short-term leases	210,129	95,511
Principal component of Cash outflow for long-term leases	617,810	588,153
Interest component of Cash outflow for long-term leases	60,241	85,415
Total cash outflow for leases	888,180	769,081

ThePharmaNetwork, LLC

Notes to the Consolidated Financial Statements *(Continued)*
for the year ended 31 March 2022

USD

3.35 Capital Management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors the return on capital as well as the level of dividends to ordinary shareholders.

The Group 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 Group's adjusted net debt to equity ratio was as follows.

Particulars	As at 31 March 2022	As at 31 March 2021(Restated)
Total Borrowings (including current maturities)	29,950,000	35,770,667
Less : Cash and cash equivalent	4,886,371	9,775,909
Adjusted net debt	25,063,629	25,994,758
Total equity	175,742,589	140,963,666
Adjusted equity	175,742,589	140,963,666
Adjusted net debt to total equity ratio	0.14	0.18

3.36 For business synergies, ease of administration and simplification in the organization structure for its business operations in USA market, the Ultimate Holding Company's Board of Directors at its meeting held on 25 May 2021 has approved the proposed plan for restructuring of the USA business operations by bringing both the subsidiary entities namely, S & B Pharma Inc, USA (engaged in manufacturing of pharmaceutical products and contract research) and The PharmaNetwork LLC, USA (engaged in sales & marketing of pharmaceuticals products) under a single umbrella by removing intermediary holding company S & B Holdings BV, Netherlands. This Board approved restructuring is subject to necessary statutory and regulatory approvals.

As per our report of even date attached.

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

Balajirao Pothana
Partner
Membership No. 122632

Mumbai
13 May 2022

For and on behalf of the Board of Directors of ThePharmaNetwork, LLC

Amit Ghare
Director
Mumbai

12 May 2022

John Dillaway
Director
Parsippany, New Jersey, USA

James Giuliano
Director
Parsippany, New Jersey, USA