NeoBiocon FZ - LLC
Dubai Development Authority
Dubai - United Arab Emirates

Auditor's report and financial statements
For the year ended March 31, 2021

NeoBiocon FZ - LLC
Dubai Development Authority
Dubai - United Arab Emirates

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For identification purpose only
UHY
James

NeoBiocon FZ - LLC
Dubai Development Authority
Dubai - United Arab Emirates

Directors' report

The Directors have pleasure in presenting their report and the audited financial statements for the year ended March 31, 2021.

Principal activities of the Entity:

The Entity is licensed to engage in marketing and sales promotion, import and re-export and storage of pharmaceuticals including providing support services.

Financial review:

The table below summarizes the results denoted in Arab Emirates Dirham (AED).

	2021	2020
Revenue	**17,245,354**	32,110,524
Gross profit	**8,714,891**	10,130,527
Gross profit margin	**50.53%**	31.55%
(Loss) for the year	**(10,202,039)**	(30,278,470)

Role of the Directors:

The Directors are the Entity's principal decision-making forum. The Directors have the overall responsibility for leading and supervising the Entity for delivering sustainable shareholder value through their guidance and supervision of the Entity's business. The Directors set the strategies and policies of the Entity. They monitor performance of the Entity's business, guide and supervise its management.

Events after year end:

In the opinion of the Directors, no transaction or event of a material and unusual nature, favourable or unfavourable has arisen in the interval between the end of the financial year and the date of this report, that is likely to affect, substantially the result of the operations or the financial position of the Entity.

Auditor:

M/s. UHY James Chartered Accountants, Dubai - United Arab Emirates is willing to continue in office and a resolution to re-appoint them will be proposed in the Annual General Meeting.

Statement of Directors' responsibilities:

The applicable requirements, require the Directors to prepare the financial statements for each financial year which presents fairly in all material respects, the financial position of the Entity and its financial performance for the year then ended.

The audited financial statements for the year under review, have been prepared in conformity and in compliance with the relevant statutory requirements and other governing laws. The Directors confirm that sufficient care has been taken for the maintenance of proper and adequate accounting records that disclose with reasonable accuracy at any time, the financial position of the Entity and enables them to ensure that the financial statements comply with the requirements of applicable statute. The Directors also confirm that appropriate accounting policies have been selected and applied consistently in order that the financial statements reflect fairly the form and substance of the transactions carried out during the year under review and reasonably present the Entity's financial conditions and results of its operations.

These financial statements were approved by the Board and signed on its behalf by the authorized representatives of the Entity.

(Authorised signatory)
April 28, 2021

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NeoBiocon
P. O. Box 505176
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NeoBiocon FZ - L.L.C.

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Ref: JM/AR/2021/3101

Independent auditor's report

To,

The Shareholders
M/s. NeoBiocon FZ - LLC
Dubai Development Authority
Dubai - United Arab Emirates

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of **M/s. NeoBiocon FZ - LLC** ("Entity") comprise the statement of financial position as at March 31, 2021 and statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at March 31, 2021 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Entity in accordance with the requirements of Code of Ethics for Professional Accountants, issued by International Ethics Standards Board for Accountants (IESBA) together with ethical requirements that are relevant to our audit of the financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards (IFRSs), in compliance with the requirements of applicable laws and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The management is responsible for overseeing the Entity's financial reporting process.

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Independent auditor's report to the shareholders of NeoBiocon FZ - LLC (continued)

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the management 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.

Report on other legal and regulatory requirements

As required by the provisions of DCC Private Companies Regulations 2016 applicable for entities registered with Dubai Development Authority, we further confirm that,

1. We have obtained all the information and explanations which we consider necessary for our audit.
2. The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the DCC Private Companies Regulations 2016 applicable for entities registered with Dubai Development Authority and Articles of Association of the Entity.

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Independent auditor's report to the shareholders of NeoBiocon FZ - LLC (continued)

Report on other legal and regulatory requirements (continued)

3 Proper books of accounts have been maintained by the Entity.

4 The contents of the Directors' report which relates to the financial statements are in agreement with the Entity's books of account.

5 The Entity has not made any investments in shares and stocks during the year ended March 31, 2021.

6 Note 10 to the financial statements reflects the disclosures relating to material related party transactions and the terms under which they were conducted.

7 Based on the information that has been made available to us, nothing has come to our attention which causes us to believe that the Entity has contravened, during the financial year ended, any of the applicable provisions of the DCC Private Companies Regulations 2016 applicable for entities registered with Dubai Development Authority or the Articles of Association of the Entity, which would materially affect its activities or its financial position as at March 31, 2021.

8 The Entity has not made any social contributions during the year ended March 31, 2021.

For UHY James Chartered Accountants

P.O.Box: 118863
DUBAI - U.A.E.
UHY JAMES CHARTERED ACCOUNTANTS

James Mathew FCA, CPA
Managing Partner
Reg. No. 548

April 28, 2021
Dubai - United Arab Emirates

NeoBiocon FZ - LLC
Dubai Development Authority
Dubai - United Arab Emirates

Statement of financial position as at March 31, 2021
(In Arab Emirates Dirham)

	Notes	2021	2020
Assets			
Non-current assets			
Property and equipment	4	**162,328**	388,479
Intangible assets	5	**10**	122,323
Right-of-use assets	6	**69,708**	445,473
Total non-current assets		**232,046**	956,275
Current assets			
Inventories	7	**817,897**	6,521,321
Trade receivables	8	**14,459,010**	19,146,129
Advances, deposits and other receivables	9	**502,276**	960,929
Due from related parties	10	**8,685,996**	6,659,462
Fixed deposits	11	-	20,037,917
Cash and bank balances	12	**5,483,123**	5,576,375
Total current assets		**29,948,302**	58,902,133
Total assets		**30,180,348**	59,858,408
Equity and liabilities			
Equity			
Share capital	13	**300,000**	300,000
Retained earnings	14	**16,903,046**	27,105,085
Total equity		**17,203,046**	27,405,085
Non-current liabilities			
Lease liabilities - non-current portion	15	-	76,924
Employees' end of service benefits	16	**1,872,503**	3,736,315
Total non-current liabilities		**1,872,503**	3,813,239
Current liabilities			
Due to a related party	10	**7,370**	-
Lease liabilities - current portion	15	**76,917**	440,882
Trade and other payables	17	**11,020,512**	28,199,202
Total current liabilities		**11,104,799**	28,640,084
Total liabilities		**12,977,302**	32,453,323
Total equity and liabilities		**30,180,348**	59,858,408

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

The report of the auditor is set out on pages 2 to 4.

The financial statements on pages 5 to 28 were approved on April 28, 2021 and signed on behalf of the Entity, by:

(Authorised signatory)

نيو بيوكون منطقة حرة ذ.م.م
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NeoBiocon FZ - LLC
Dubai Development Authority
Dubai - United Arab Emirates

Statement of profit or loss and other comprehensive income for the year ended March 31, 2021
(In Arab Emirates Dirham)

	Notes	2021	2020
Revenue	18	**17,245,354**	32,110,524
Cost of revenue	19	**(8,530,463)**	(21,979,997)
Gross profit		**8,714,891**	10,130,527
Other income	20	**2,816**	555,095
Managerial remuneration and benefits	10	**(325,899)**	(1,628,775)
Selling and distribution expenses	21	**(3,732,717)**	(13,764,886)
Administrative expenses	22	**(14,838,797)**	(25,518,252)
Finance costs	23	**(22,333)**	(52,179)
(Loss) for the year		**(10,202,039)**	(30,278,470)
Other comprehensive income		**-**	-
Total comprehensive (loss) for the year		**(10,202,039)**	(30,278,470)

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NeoBiocon FZ - LLC
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Statement of changes in equity for the year ended March 31, 2021
(In Arab Emirates Dirham)

	Share capital	Retained earnings	Total equity
Balance as at March 31, 2019	300,000	57,443,589	57,743,589
(Loss) for the year	-	(30,278,470)	(30,278,470)
Impact of adoption of IFRS 16	-	(60,034)	(60,034)
Balance as at March 31, 2020	300,000	27,105,085	27,405,085
(Loss) for the year	-	(10,202,039)	(10,202,039)
Balance as at March 31, 2021	**300,000**	**16,903,046**	**17,203,046**

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

The report of the auditor is set out on pages 2 to 4.

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NeoBiocon FZ - LLC
Dubai Development Authority
Dubai - United Arab Emirates

Statement of cash flows for the year ended March 31, 2021
(In Arab Emirates Dirham)

	2021	2020
Cash flows from operating activities		
(Loss) for the year	**(10,202,039)**	(30,278,470)
Adjustments for:		
Depreciation on property and equipment	**226,151**	283,014
Amortization on intangible assets	**122,313**	183,736
Finance costs	**22,333**	52,179
Depreciation on right-of-use assets	**375,765**	431,330
Provision for employees' end of service benefits	**327,589**	1,003,199
Interest income	**(2,816)**	(554,480)
Operating (loss) before changes in operating assets and liabilities	**(9,130,704)**	(28,879,492)
(Increase)/decrease in current assets		
Inventories	**5,703,424**	1,380,225
Due from related parties	**(2,026,534)**	1,113,374
Trade receivables	**4,687,119**	27,273,204
Advances, deposits and other receivables	**458,653**	(199,507)
Increase/(decrease) in current liabilities		
Trade and other payables	**(17,178,690)**	(4,986,121)
Due to a related party	**7,370**	-
Cash (used in) operations	**(17,479,362)**	(4,298,317)
Employees' end-of-services benefits paid	**(2,191,401)**	(558,364)
Net cash (used in) operating activities	**(19,670,763)**	(4,856,681)
Cash flows from investing activities		
Decrease in investment in fixed deposits	**20,037,917**	4,965,083
Interest received on fixed deposits	**2,816**	856,933
Net cash from investing activities	**20,040,733**	5,822,016
Cash flows from financing activities		
(Repayment) of lease liabilities	**(463,222)**	(471,210)
Net cash (used in) financing activities	**(463,222)**	(471,210)
Net (decrease)/increase in cash and cash equivalents	**(93,252)**	494,125
Cash and cash equivalents, beginning of the year	**5,576,375**	5,082,250
Cash and cash equivalents, end of the year	**5,483,123**	5,576,375
Cash and cash equivalents		
Cash in hand	**8,817**	21,508
Cash at bank	**5,474,306**	5,554,867
	5,483,123	5,576,375

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

The report of the auditor is set out on pages 2 to 4.

For identification purpose only UHY James

1 Legal status and business activities

1.1 **M/s. NeoBiocon FZ - LLC,** Dubai Development Authority, Dubai - United Arab Emirates (the "Entity") was incorporated on May 09, 2007 as a Free Zone Limited Liability Company and operates in United Arab Emirates under a commercial license issued by Dubai Development Authority, Government of Dubai, Dubai - United Arab Emirates.

1.2 The Entity is licensed to engage in marketing and sales promotion, import and re-export and storage of pharmaceuticals including providing support services.

1.3 The registered office of the Entity is located at office no. 708N, HQ Complex, Dubai Science Park, Dubai - United Arab Emirates. The address of the Entity for communication is P.O. Box: 505176, Dubai - United Arab Emirates.

1.4 The management and control are vested with the Directors, Dr. Bavaguthu Raghuram Shetty (Indian national) and Mrs. Kiran Mazumdar Shaw (Indian national). M/s. Biocon Limited is represented by Mr. Aditya Ganesh Dhamdhere (Indian national) to manage the affairs of the Entity.

1.5 These financial statements incorporate the operating results of the Commercial License no. 16111.

2 New standards and amendments

2.1 New standards and amendments applicable as on January 01, 2020

The following standards and amendments apply for the first time to the financial reporting periods commencing on or after January 01, 2020.

- Definition of a Business - Amendments to IFRS 3
- Interest Rate Benchmark Reform - Amendments to IFRS 7, IFRS 9 and IAS 39
- Definition of Material - Amendments to IAS 1 and IAS 8
- Conceptual Framework for Financial Reporting - Amendments

2.2 New standards and amendments issued but not effective for the current annual period

The following standards and interpretations had been issued but not yet mandatory for annual reporting periods ending December 31, 2020.

Description	Effective for annual periods beginning on or after
IFRS 17 - Insurance Contracts	January 1, 2023
Classification of Liabilities as Current or Non-Current - Amendments to IAS 1	January 1, 2023
Reference to the Conceptual Framework - Amendments to IFRS 3	January 1, 2022
Property and equipment: Proceeds before Intended Use - Amendments to IAS 16	January 1, 2022
Onerous Contracts - Costs of Fulfilling a Contract - Amendments to IAS 37	January 1, 2022
IFRS 1 First-time Adoption of International Financial Reporting Standards - Subsidiary as a first-time adopter	January 1, 2022
IFRS 9 Financial Instruments - Fees in the '10 per cent' test for derecognition of financial liabilities	January 1, 2022
Taxation in fair value measurements - Amendments to IAS 41 Agriculture	January 1, 2022

Management anticipates that these new standards, interpretations and amendments will be adopted in the financial statements as and when they are applicable and adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements in the period of initial application.

For identification purpose only
UHY James

3 Significant accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by International Accounting Standards Board (IASB). These financial statements are presented in United Arab Emirates Dirham (AED) which is the Entity's functional and presentation currency.

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair values, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for assets or goods or services.

The principal accounting policies applied in these financial statements are set out below.

3.3 Current/Non-current classification

The Entity presents assets and liabilities in statement of financial position based on current/non-current classification. An asset as current when it is:

Expected to be realised or intended to sold or consumed in normal operating cycle or held primarily for the purpose of trading or expected to be realised within twelve months after the reporting period, or cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when it is expected to be settled in normal operating cycle or it is held primarily for the purpose of trading or it is due to be settled within twelve months after the reporting period, or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Entity classifies all other liabilities as non-current.

3.4 Foreign currency

The transactions in currencies other than the Entity's functional currency are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. The non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise.

3.5 Property and equipment

Property and equipment is stated at cost less accumulated depreciation and identified impairment loss, if any. The cost comprise of purchase price, together with any incidental expense of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Entity and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation is spread over its useful lives so as to write off the cost of property and equipment using the straight-line method over its useful lives were on the following page:

3 Significant accounting policies (continued)

3.5 Property and equipment (continued)

	Years
Leasehold improvements	3
Furniture, fixture and office equipment	3
Motor vehicles	1 - 3

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

The leasehold improvements are being depreciated over the period from when it became available for use up to the end of the lease term.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

3.6 Leases

The Entity assesses at the inception of a contract, whether the contract is or contains, a lease. 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 Entity assesses whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Entity.
- the Entity has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- the Entity has the right to direct the use of the identified asset throughout the period of use. The Entity assesses whether it has the right to direct how and for what purpose the asset is used throughout the period of use.

3.6.1 Entity as lessee

The Entity applies a single recognition and measurement approach for all leases whereby right-of-use assets and lease liabilities are recognized except for the short-term leases and leases of low-value assets.

Right-of-use assets

The Entity recognizes right-of-use assets at the lease commencement date i.e. the date on which the assets are available for use. Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of assets comprise the amount of initial lease liabilities recognised, initial direct costs incurred, an estimate of any costs to dismantle and remove the asset at the end of the lease, and lease payments made at or before the commencement date less any lease incentives received. In addition, the Entity also assesses the right-of-use asset for impairment when such indicators exist.

Depreciation is spread over the shorter of lease term and the estimated useful lives of the assets using straight-line method. The shorter of lease term and the estimated useful lives of the right-of-use assets have been listed on the following page:

3 Significant accounting policies (continued)

3.6 Leases (continued)

3.6.1 Entity as lessee (continued)

	Years
Warehouse	3
Business units	3

Lease liabilities

At the commencement date, the Entity measures lease liabilities at present value of the lease payments that are not paid at that date. The lease payments include fixed payments less any lease incentives receivable, variable lease payments, amount expected to be paid as guaranteed residual value, the exercise price of a purchase option if the Entity is reasonably certain to exercise that option and payments of penalties for terminating the lease. The Entity uses its incremental borrowing rate if interest rate implicit in the lease is not readily determinable, to measure the present value of lease payments.

Subsequent to initial measurement, the Entity remeasures lease by increasing the carrying amount to reflect interest on the lease liabilities and reducing the carrying amount to reflect the lease payments made. In addition, the carrying amount is remeasured if there are modification in lease contracts or if there are changes in in-substance fixed payments.

When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

Short-term leases and leases of low-value assets

The Entity elects not to recognize right-of-use assets and lease liability for short term lease contracts (i.e. lease period less than or equal to 12 months from the date of commencement) and for low value assets. The Entity recognises payments associated with these leases as an expense on a straight-line basis over the lease term.

3.6.2 Entity as lessor

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Entity's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Entity's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease when all the risks and rewards incidental to the ownership of the underlying asset are not transferred to the lessee. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

3.7 Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

3.8 Impairment of tangible and intangible assets

At the end of each reporting period, the Entity reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

3 Significant accounting policies (continued)

3.8 Impairment of tangible and intangible assets (continued)

Where it is not possible to estimate the recoverable amount of an individual asset, the Entity estimates the recoverable amount of the cash-generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit or loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit or loss.

3.9 Financial instruments

Financial assets and financial liabilities are recognised when the Entity becomes a party to the contractual provisions of the instrument.

3.10 Financial assets

Classification

The Entity classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI "FVTOCI", or through profit or loss "FVTPL"), and

- those to be measured at amortised cost.

The classification depends on the Entity's business model for managing the financial assets and the contractual terms of the cash flows.

Measurement

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

Financial assets comprise of cash and cash equivalents, trade receivables, due from related parties and other financial assets.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

For identification purpose only UHY James

3 Significant accounting policies (continued)

3.10 Financial assets (continued)

Receivables

Receivable balances that are held to collect are subsequently measured at the lower of amortized cost or the present value of estimated future cash flows. The present value of estimated future cash flows is determined through the use of value adjustments for uncollectible amounts. The Entity assesses on a forward-looking basis the expected credit losses associated with its receivables and adjusts the value to the expected collectible amounts.

Receivables are written off when they are deemed uncollectible because of bankruptcy or other forms of receivership of the debtors. The assessment of expected credit losses on receivables takes into account credit-risk concentration, collective debt risk based on average historical losses, specific circumstances such as serious adverse economic conditions in a specific country or region and other forward-looking information.

Due from related parties

Amounts due from related parties are measured at amortised cost.

Impairment of financial assets

For trade receivables and due from related parties, the Entity applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

Derecognition of financial assets

The Entity derecognises a financial asset only when the contractual rights to the cash flows from the asset expire; or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Entity neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Entity recognises its retained interest in the asset and an associated liability for the amounts, it may have to pay. If the Entity retains substantially all the risks and rewards of ownership of a transferred financial asset, the Entity continues to recognise the financial asset.

3.11 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability. All financial liabilities are recognised initially at fair value and, in the case of loans, borrowings and payables, net of directly attributable transaction costs. The Entity's financial liabilities include trade and other payables, due to a related party and lease liabilities.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently are measured at amortised cost using effective interest method.

Due to a related party

Amounts due to a related party is measured at amortised cost.

Derecognition of financial liabilities

The Entity derecognises financial liabilities when, and only when, the Entity's obligations are discharged, cancelled or they expire. When an existing financial liability is replaced by another, from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

3 Significant accounting policies (continued)

3.12 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position, when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

3.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on weighted average basis. Cost of inventories comprises of costs of purchase, and other costs that has been incurred in bringing the inventories to their present location and condition. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

3.14 Provisions

Provisions are recognised when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that the Entity will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.15 Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Entity expects to be entitled in exchange for those goods or services.

Sale of goods

Revenue from the sale of goods in normal course of business is recognised at a point in time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. The transaction price is the amount of consideration to which the Entity expects to be entitled in exchange for transferring promised goods to the customer.

The consideration expected by the Entity may include fixed or variable amounts which can be impacted by sales returns, trade discounts and volume rebates. Revenue for the sale of goods is recognized when control of the asset is transferred to the buyer and only when it is highly probable that a significant reversal of revenue will not occur when uncertainties related to a variable consideration are resolved.

Transfer of control varies depending on the individual terms of the contract of sale. Revenue from transactions that have distinct goods or services are accounted for separately based on their stand-alone selling prices. Revenue is recorded net of value added tax (VAT). A variable consideration is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

For products for which a right of return exists during a defined period, revenue recognition is determined based on the historical pattern of actual returns, or in cases where such information is not available, revenue recognition is postponed until the return period has lapsed.

3 Significant accounting policies (continued)

3.15 Revenue recognition (continued)

Revenue from rendering of services

Revenue from the rendering of services in the normal course of business is recognised at a point in time when the performance obligation is satisfied and is based on the amount of the transaction price that is allocated to the performance obligation. Revenue from the rendering of services is recognised at a point in time because none of the following criteria has been met:

i) the customer simultaneously receives and consumes the benefits provided by the Entity's performance as the Entity performs

ii) the Entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced

iii) the Entity's performance does not create an asset with an alternative use to the Entity and the Entity has an enforceable right to payment for performance completed to date

3.16 Critical accounting judgements and key sources of estimation uncertainty

In the application of the Entity's accounting policies, which are described in policy notes, the management are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The significant judgements and estimates made by management, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are described below.

Critical judgements in applying accounting policies

In the process of applying the Entity's accounting policies, which are described above, and due to the nature of operations, management makes the following judgement that has the most significant effect on the amounts recognised in the financial statements.

Determining the timing of satisfaction of performance obligations - revenue recognition

In making their judgement, the Entity considers the detailed criteria for the recognition of revenue set out in IFRS 15, and in particular, whether the Entity has transferred control of the goods to the customer. The management is satisfied that control has been transferred and that recognition of revenue in the current year is appropriate, in conjunction with the recognition of an appropriate warranty provision as applicable.

Lease term - the Entity as lessee

The Entity determines lease term as the non-cancellable period of a lease together with any periods covered with an option to extend or terminate. The management applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease contract. It considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Entity reassesses the lease term if there is a significant event or change in circumstances that is within its control and affects its ability to exercise or not to exercise the option to renew or to terminate it.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

3 Significant accounting policies (continued)

3.16 Critical accounting judgements and key sources of estimation uncertainty (continued)

Key sources of estimation uncertainty (continued)

Net realisable value of inventories

Inventories are stated at the lower of cost or net realizable value. Adjustments to reduce the cost of inventory to its realizable value, if required, are made for estimated obsolescence or impaired balances. Factors influencing these adjustments include changes in demand, product pricing, physical deterioration and quality issues.

Useful lives of property and equipment

Property and equipment are depreciated over their estimated useful lives, which are based on expected usage of the asset and expected physical wear and tear which depends on operational factors. The management has not considered any residual value as it is deemed immaterial.

Impairment of financial assets

The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Entity uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Entity's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in the relevant notes to the financial statements.

Incremental borrowing rate for leases

The Entity uses incremental borrowing rate to measure lease liabilities if interest rate implicit in the lease is not readily determinable. Incremental borrowing rate represents the rate of interest that Entity would have to pay on funds necessary to obtain a similar asset, on similar term, with a similar security in a similar economic environment. The management estimates incremental borrowing rate using observable inputs and Entity specific estimates.

Leasehold improvements

Management determines the estimated useful life and related depreciation charges for its leasehold improvements. This estimate is based on an assumption that the Entity will renew its annual lease over the estimated useful life of the asset. It could change significantly should the annual lease not be renewed. Management will increase the depreciation charge where the useful life is less than the previously estimated useful life.

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4 Property and equipment

	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
Cost				
As at March 31, 2019	1,090,740	934,252	175,030	2,200,022
As at March 31, 2020	1,090,740	934,252	175,030	2,200,022
As at March 31, 2021	**1,090,740**	**934,252**	**175,030**	**2,200,022**
Accumulated depreciation				
As at March 31, 2019	713,166	653,439	161,924	1,528,529
Charge for the year	186,073	83,855	13,086	283,014
As at March 31, 2020	899,239	737,294	175,010	1,811,543
Charge for the year	154,371	71,780	-	226,151
As at March 31, 2021	**1,053,610**	**809,074**	**175,010**	**2,037,694**
Carrying value as at March 31, 2021	**37,130**	**125,178**	**20**	**162,328**
Carrying value as at March 31, 2020	191,501	196,958	20	388,479

Note:

- Leasehold improvements represent cost of civil works, electrical works, plumbing and interior decoration in office and warehouse located at Dubai - United Arab Emirates.

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		Total
5	**Intangible assets**	
	As at March 31, 2019	918,500
	As at March 31, 2020	918,500
	As at March 31, 2021	**918,500**
	Accumulated amortisation	
	As at March 31, 2019	612,441
	Amortization (note 22)	183,736
	As at March 31, 2020	796,177
	Amortization (note 22)	122,313
	As at March 31, 2021	**918,490**
	Carrying value as at March 31, 2021	**10**
	Carrying value as at March 31, 2020	122,323

The above intangible assets represents amount paid to obtain exclusive marketing rights for certain products. These marketing rights are amortized on a straight-line basis over the estimated useful economic life or five years, whichever is lower.

		Warehouse and business units
6	**Right-of-use assets**	
	Cost	
	As at April 01, 2019 (upon adoption of IFRS 16)	876,803
	As at March 31, 2020	876,803
	As at March 31, 2021	**876,803**
	Accumulated depreciation	
	Charge for the year (note 22)	431,330
	As at March 31, 2020	431,330
	Charge for the year (note 22)	375,765
	As at March 31, 2021	**807,095**
	Carrying value as at March 31, 2021	**69,708**
	Carrying value as at March 31, 2020	445,473

The Entity had operating leases of warehouse - COO1 and business units - 707N and 708N situated in Dubai Science Park. The lease contract ends on December 29, 2020 and July 31, 2021 for the warehouse and business units, respectively. Right-of-use assets are booked at their carrying amount as if the standard had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate at the date of initial application. The asset is being depreciated till the end of the lease period.

		2021	2020
7	**Inventories**		
	Goods held for trading	**817,897**	6,521,321

8 Trade receivables

	2021	2020
Trade receivables - due from a related party:		
M/s. Biocon FZ - (L.L.C.), Dubai - United Arab Emirates	**14,459,010**	19,146,129

Of the trade receivables as at March 31, 2021, there is 1 customer (2020: 1 customer) which represents 100% (2020: 100%) of the total receivables.

Ageing of trade receivables:		
Neither past nor due:		
1 - 180 days	**13,453,010**	19,146,129
181 - 365 days	**1,006,000**	-
	14,459,010	19,146,129

Impairment of trade receivables

The Entity applies the IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The management has concluded that the Expected Credit Loss (ECL) for trade receivables to be immaterial as at the reporting date.

Geographical analysis:	2021	2020
The geographical analysis of trade receivables are as follows:		
Within U.A.E.	**14,459,010**	19,146,129

9 Advances, deposits and other receivables

Prepayments	**189,068**	471,047
Guarantee deposits	**164,500**	203,500
Deposits	**3,765**	40,364
Staff loans and advances	**2,000**	3,000
VAT receivables - net	**-**	165,683
Advance to supplier	**142,943**	-
Other receivables	**-**	77,335
	502,276	960,929

10 Related party transactions

The Entity enters into transactions with other entities that fall within the definition of a related party as contained in IAS 24, Related Party Disclosures. Related parties comprise entities under common ownership and/or common management and control; their partners and key management personnel.

The management decides on the terms and conditions of the transactions and services received/rendered from/to related parties as well as other charges, if applicable.

a) **Due from related parties**	2021	2020
Entities under common management and control		
M/s. Biocon FZ - (L.L.C.), Dubai - United Arab Emirates	**3,685,996**	1,659,462
M/s. Neopharma (L.L.C.), Abu Dhabi - United Arab Emirates	**5,000,000**	5,000,000
	8,685,996	6,659,462

NeoBiocon FZ - LLC
Dubai Development Authority
Dubai - United Arab Emirates

Notes to the financial statements for the year ended March 31, 2021
(In Arab Emirates Dirham)

10 Related party transactions (continued)

b) Due to a related party

	2021	2020
Entity under common management and control		
M/s. Biocon Limited, India	7,370	-
	7,370	-

c) Transactions with related parties

The nature of significant related party transactions and the amounts involved were as follows:

	For the year ended March 31,	
	2021	2020
Sales:		
M/s. Biocon FZ - (L.L.C.), Dubai - United Arab Emirates	**17,245,354**	32,110,524
Purchases:		
M/s. Neopharma (L.L.C.), Abu Dhabi - United Arab Emirates	**1,064,467**	3,508,569
Marketing expenses:		
M/s. Biocon FZ - (L.L.C.), Dubai - United Arab Emirates	**1,029,601**	7,049,128
Expenses:		
M/s. Neo Biocon Pharmaceuticals (L.L.C.), Abu Dhabi - United Arab Emirates	**139,626**	342,522
Rent expense:		
M/s. Neo Biocon Pharmaceuticals (L.L.C.), Abu Dhabi - United Arab Emirates	**201,051**	230,854

d) Key management personnel compensations

The compensation of key management personnel is as follows:

Managerial remuneration	**309,718**	1,480,066
End of service benefits	**16,181**	148,709
	325,899	1,628,775

	2021	2020
11 Fixed deposits		
Fixed deposits with a bank	-	20,037,917
12 Cash and bank balances		
Cash in hand	**8,817**	21,508
Cash at bank	**5,474,306**	5,554,867
	5,483,123	5,576,375

Management has concluded that the Expected Credit Loss (ECL) for all bank balances is immaterial as these balances are held with banks/financial institutions whose credit risk rating by international rating agencies has been assessed as low.

13 Share capital

Authorised, issued and paid up share capital of the Entity is AED 300,000 divided into 300 shares of AED 1,000 each fully paid.

The details of the shareholding as at the reporting date is as follows:

Name of shareholders	Domicile	Percentage	No. of shares	2021	2020
M/s. Neopharma L.L.C. (represented by Dr. Bavaguthu Raghuram Shetty)	U.A.E.	51	153	**153,000**	153,000
M/s. Biocon Limited (represented by Mr. Aditya Ganesh Dhamdhere)	India	49	147	**147,000**	147,000
		100	300	**300,000**	300,000

14 Retained earnings

	2021	2020
Balance at the beginning of the year	**27,105,085**	57,443,589
Impact of adoption of IFRS 16	**-**	(60,034)
(Loss) for the year	**(10,202,039)**	(30,278,470)
Balance at the end of the year	**16,903,046**	27,105,085

15 Lease liabilities

	2021	2020
As at April 01, 2019 (upon adoption of IFRS 16)	**-**	936,837
Balance at the beginning of the year	**517,806**	-
Add: interest charged during the year (note 23)	**22,333**	52,179
Less: payments during the year	**(463,222)**	(471,210)
Balance at the end of the year	**76,917**	517,806
Comprising:		
Current portion	**76,917**	440,882
Non-current portion	**-**	76,924
	76,917	517,806

The lease contracts ends on December 29, 2020 and July 31, 2021 for warehouse and business units, respectively. The Entity adopted IFRS 16 from April 01, 2019. Lease liability was booked measured at the present value of the remaining lease payments, discounted at the Entity's incremental borrowing rate of 6.5% p.a. as at April 01, 2019.

	For the year ended March 31,	
	2021	2020
Maturity profile of lease payments - contractual undiscounted cash flows:		
Less than 1 year	**84,722**	463,217
1 to 5 years	**-**	90,320
	84,722	553,537

As at March 31, 2021, the Entity was committed to short-term lease payments amounting to AED 388,016.

		For the year ended March 31,	
		2021	2020
15	**Lease liabilities (continued)**		
	Amounts recognised in profit or loss:		
	Interest on lease liabilities	**22,333**	52,179
	Depreciation expense (note 22)	**375,765**	431,330
	Payments not included in the measurement of the lease liability:		
	Expenses related to short term leases	**388,016**	472,837
	Net impact for the year	**786,114**	956,346
	Amounts recognised in statement of cash flows:		
	Total cash outflows for leases	**851,238**	944,047

		2021	2020
16	**Employees' end of service benefits**		
	Balance at the beginning of the year	**3,736,315**	3,291,480
	Add: charge for the year	**327,589**	1,003,199
	Less: paid during the year	**(2,191,401)**	(558,364)
	Balance at the end of the year	**1,872,503**	3,736,315

Amounts required to cover end of service indemnity at the statement of financial position date are computed pursuant to the applicable Labour Law based on the employees' accumulated period of service and current basic remuneration at the end of the reporting period.

17	**Trade and other payables**		
	Trade payables - due to related parties:		
	a. M/s. Biocon Limited, India	**-**	246,443
	b. M/s. Neopharma (L.L.C), Abu Dhabi - United Arab Emirates	**3,202,029**	2,123,091
	Trade payables - due to others	**17,948**	18,436,044
	Provisions and accruals	**7,779,031**	7,393,624
	VAT payable - net	**21,504**	-
		11,020,512	28,199,202

		For the year ended March 31,	
		2021	2020
18	**Revenue**		
	Revenue from contracts with customers	**17,245,354**	32,110,524

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18 Revenue (continued)

18.1 Disaggregated revenue information

Set out below is the disaggregation of the Entity's revenue from contracts with customers.

	For the year ended March 31,	
	2021	2020
Segment		
Sale of pharmaceuticals products	**17,245,354**	32,110,524*
Geographical market		
Within U.A.E.	**17,245,354**	32,110,524
Timing of revenue recognition		
Goods and services transferred at a point in time	**17,245,354**	32,110,524

18.2 Performance obligations

Information about the Entity's performance obligations are summarised below:

Sale of pharmaceuticals

The performance obligation is satisfied on delivery of pharmaceutical products and on shipping/delivery depending upon the contractual terms agreed with the customers.

* During the previous year, the statutory decision making authority revised the prices of certain drugs, due to which the Entity had a sales return of products aggregating to AED 18,858,307. The sale for the previous year is net of this sales return.

	For the year ended March 31,	
	2021	2020
19 Cost of revenue		
Inventories at the beginning of the year	**6,521,321**	7,901,546
Purchases (including direct expenses)	**2,827,039**	20,599,772
Less: Inventories at the end of the year (note 7)	**(817,897)**	(6,521,321)
	8,530,463	21,979,997
20 Other income		
Interest income	**2,816**	554,480
Miscellaneous income	-	615
	2,816	555,095
21 Selling and distribution expenses		
Business promotion *	**3,732,717**	13,764,886

* The above expenses include rebate of Nil (2020: AED 5,039,590) to the customer for the final liquidation of products.

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	For the year ended March 31,	
	2021	2020
22 Administrative expenses		
Salaries and related benefits	**12,556,753**	22,519,724
Travelling and conveyance	**57,759**	272,226
Rent	**388,016**	472,837
Depreciation on property and equipment (note 4)	**226,151**	283,014
Amortization of intangible assets (note 5)	**122,313**	183,736
Depreciation on right-of-use assets (note 6)	**375,765**	431,330
Telephone and communication	**231,782**	297,198
Legal, visa, professional and related expenses	**627,036**	707,546
Printing and stationery	**1,423**	20,207
Insurance	**13,933**	40,548
Repairs and maintenance	**173,297**	185,455
Others	**64,569**	104,431
	14,838,797	25,518,252
23 Finance costs		
Interest on lease liabilities (note 15)	**22,333**	52,179

24 Financial instruments

a) *Significant accounting policies*

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset and financial liability are disclosed in note 3 to the financial statements.

b) *Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis.*

	As at March 31,		As at March 31,	
	2021	2020	**2021**	2020
Financial assets	**Carrying amount**		**Fair value**	
Trade receivables	**14,459,010**	19,146,129	**14,459,010**	19,146,129
Deposits and other receivables	**170,265**	489,882	**170,265**	489,882
Fixed deposits	-	20,037,917	-	20,037,917
Cash and bank balances	**5,483,123**	5,576,375	**5,483,123**	5,576,375
Due from related parties	**8,685,996**	6,659,462	**8,685,996**	6,659,462
	28,798,394	51,909,765	**28,798,394**	51,909,765

24 Financial instruments (continued)

b) *Fair value of financial assets and financial liabilities that are not measured at fair value on recurring basis (continued)*

	As at March 31,		As at March 31,	
Financial liabilities	**2021**	2020	**2021**	2020
Lease liabilities	**76,917**	517,806	**76,917**	517,806
Trade and other payables	**11,020,512**	28,199,202	**11,020,512**	28,199,202
Due to a related party	**7,370**	-	**7,370**	-
	11,104,799	28,717,008	**11,104,799**	28,717,008

Financial instruments comprise of financial assets and financial liabilities.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between knowledgeable and willing parties.

Financial assets consist of cash and bank balances, trade receivables, due from related parties, fixed deposits and deposits and other receivables. Financial liabilities consist of trade and other payables, due to a related party and lease liabilities.

As at the reporting date, financial assets and financial liabilities approximates their carrying values.

c) *Valuation premise for financial instruments that are not measured at fair value on recurring basis.*

The following methods and assumptions were used to estimate the fair values:

Receivables are evaluated by the Entity based on parameters such as interest rates, individual creditworthiness of the customer. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at reporting date, the carrying amounts of such receivables, net of allowances, were not materially different from their calculated fair values.

The fair value of financial liabilities, as well as other non-current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

25 Financial risk management objectives

The Entity management set out the Entity's overall business strategies and its risk management philosophy. The Entity's overall financial risk management program seeks to minimize potential adverse effects on the financial performance of the Entity. The Entity policies include financial risk management policies covering specific areas, such as market risk (including foreign exchange risk, interest rate risk), liquidity risk and credit risk. Periodic reviews are undertaken to ensure that the Entity's policy guidelines are complied with.

There has been no change to the Entity's exposure to these financial risks or the manner in which it manages and measures the risk.

The Entity is exposed to the following risks related to financial instruments. The Entity has not framed formal risk management policies, however, the risks are monitored by management on a continuous basis. The Entity does not enter into or trade in financial instruments, investment in securities, including derivative financial instruments, for speculative or risk management purposes.

a) *Foreign currency risk management*

The Entity undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

25 Financial risk management objectives (continued)

a) *Foreign currency risk management (continued)*

There are no significant exchange rate risk as substantially all financial assets and financial liabilities are denominated in Arab Emirates Dirham, other GCC currencies or US Dollars to which the Arab Emirates Dirham is fixed.

b) *Interest rate risk management*

As at the reporting date, there is no significant interest rate risk as there are no borrowings at year end.

c) *Liquidity risk management*

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Entity's short, medium and long-term funding and liquidity management requirements. The Entity manages liquidity risk by maintaining adequate reserves, continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk table:

The table below summarises the maturity profile of the Entity's financial assets and financial liabilities. The contractual maturities of the financial assets and financial liabilities have been determined on the basis of the remaining period at the financial position date to the contractual maturity date. The maturity profile of the assets and liabilities at the financial position date based on contractual repayment arrangements are shown below:

	Interest bearing			Non Interest bearing			
Particulars	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**Total**
				As at March 31, 2021			
Financial assets							
Trade receivables	-	-	-	-	14,459,010	-	14,459,010
Deposits and other receivables	-	-	-	-	170,265		170,265
Cash and bank balances	-	-	-	5,483,123	-	-	5,483,123
Due from a related party	-	-	-	-	8,685,996	-	8,685,996
	-	-	-	5,483,123	23,315,271	-	28,798,394
Financial liabilities							
Due to a related party	-	-	-	-	7,370	-	7,370
Lease liabilities	-	76,917	-	-	-	-	76,917
Trade and other payables	-	-	-	-	11,020,512	-	11,020,512
	-	76,917	-	-	11,027,882	-	11,104,799
				As at March 31, 2020			
Financial assets							
Trade receivables	-	-	-	-	19,146,129	-	19,146,129
Deposits and other receivables	-	-	-	-	489,882	-	489,882
Fixed deposits	-	20,037,917	-	-	-	-	20,037,917
Cash and bank balances	-	-	-	5,576,375	-	-	5,576,375
Due from a related party	-	-	-	-	6,659,462	-	6,659,462
	-	20,037,917	-	5,576,375	26,295,473	-	51,909,765

25 Financial risk management objectives (continued)

c) *Liquidity risk management (continued)*

Liquidity and interest risk table (continued)

	Interest bearing			Non Interest bearing			
Particulars	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**On demand or less than 3 months**	**Within 1 year**	**More than 1 year**	**Total**
				As at March 31, 2020			
Financial liabilities							
Trade and other payables	-	-	-	-	28,199,202	-	28,199,202
Lease liabilities	-	440,882	76,924	-		-	517,806
	-	440,882	76,924	-	28,199,202	-	28,717,008

d) *Credit risk management*

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Entity. The Entity has adopted a policy of only dealing with creditworthy counterparties. The Entity's exposure are continuously monitored and their credit exposure is reviewed by the management regularly and the Entity applies simplified approach under IFRS 9 to measure lifetime expected credit loss allowance on all of its trade receivables.

Trade receivables consist of only one customer. Ongoing credit evaluation is performed on the financial condition of trade receivables. Further details of credit risks on trade and other receivables are discussed in notes 8 & 9 to the financial statements.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amounts of the financial assets recorded in the financial statements, which is net of impairment losses, represents the Entity's maximum exposure to credit risks.

26 Capital risk management

The Entity manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the equity balance. The Entity's overall strategy remains unchanged from prior year.

The capital structure of the Entity consists of cash and cash equivalents and equity comprising issued capital and retained earnings as disclosed in the financial statements.

	As at March 31,	
	2021	2020
27 Contingent liabilities		
Letters of guarantee	**164,500**	203,500

Except for the above and ongoing business obligations which are under normal course of business, there has been no other known contingent liability on Entity's financial statements as of reporting date.

28 Commitments

Except for the ongoing business obligations which are under normal course of business, there has been no other known commitment on Entity's financial statements as of reporting date.

29 Reclassification

Certain amounts for the prior year were reclassified to conform to current year's presentation. However, such reclassifications do not have any impact on the previously reported financial result or equity.