



## **INDEPENDENT AUDITOR'S REPORT**

To the Partners of Vetbesta Labs

### **Report on special purpose Indian Accounting Standards (Ind AS) Financial Statements**

#### **Opinion**

We have audited the accompanying Special Purpose Ind AS financial statements of Vetbesta Labs ("the firm"), which comprise the Balance sheet as at March 31 2024, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Partner's Capital for the year then ended, and notes to the financial statements, including a summary of material 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 Special Purpose Ind AS financial statements give the information required by the Indian Partnership Act, 1932, as amended in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the firm as at March 31, 2024, its profit including other comprehensive income, its cash flows and the changes in Partner's Capital for the year ended on that date.

#### **Basis for Opinion**

We conducted our audit of the Special Purpose Ind AS financial statements in accordance with the Standards on Auditing (SAs) issued by the institute of Chartered Accountants of India. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements' section of our report. We are independent of the Firm 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 Special Purpose Ind AS financial statements under the provisions of the Act and the Rules thereunder, 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 audit opinion on the Special Purpose Ind AS financial statements.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Special Purpose Ind AS financial statements for the financial year ended March 31, 2024. These matters were addressed in the context of our audit of the Special Purpose Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined that there are no key audit matters to communicate in our report.

#### **Responsibilities of Management for the Special Purpose Ind AS Financial Statements**



The management of the firm are responsible for the preparation of these Special Purpose Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in Partner's Capital of the firm in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Companies Act, 2013, ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the firm 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 the 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 Special Purpose Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Special Purpose Ind AS financial statements, management is responsible for assessing the Firm'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 dissolve the firm or to cease operations, or has no realistic alternative but to do so.

The Management is also responsible for overseeing the Firm's financial reporting process.

### **Auditor's Responsibilities for the Audit of the Special Purpose Ind AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the Special Purpose Ind AS 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 Special Purpose Ind AS 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 Special Purpose Ind AS 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 Firm'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 Firm'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 Special Purpose Ind AS 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 Firm to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Special Purpose Ind AS financial statements, including the disclosures, and whether the Special Purpose Ind AS 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.

### **Restriction of use**

This report on the Special Purpose Ind AS Financial Statements has been issued solely for the information and use of the management of the firm in connection with consolidation at the firm's ultimate parent company and should not be used for any other purpose or provided to other parties.

For **GUPTA SHIV & CO.**  
Chartered Accountants  
ICAI Firm Registration Number: 006476C

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**CA SHIV KUMAR GUPTA**  
Partner  
Membership Number: 075281  
UDIN: 24075281BKAUMY4611  
Place of Signature: Meerut  
Date: 07/05/2024

**Vetbesta Labs**  
**Special Purpose IND AS Balance Sheet as at 31 March 2024**  
**All amounts are in INR lacs unless otherwise stated**

Particulars	Notes	As at 31 March 2024	As at 31 March 2023
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	630.88	673.08
Capital work-in-progress	3	15.45	15.39
Financial assets			
Other financial assets	4	5.32	5.24
Income tax assets (net)	5	3.60	3.60
Other non-current assets	6	1.08	1.92
<b>Total non-current assets</b>		<b>656.33</b>	<b>699.23</b>
<b>Current assets</b>			
Inventories	7	523.43	637.03
Financial assets			
Trade receivables	8	444.87	391.16
Cash and cash equivalents	9	47.01	83.92
Other current assets	6	3.65	1.96
<b>Total current assets</b>		<b>1,018.96</b>	<b>1,114.07</b>
<b>Total assets</b>		<b>1,675.29</b>	<b>1,813.30</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Partner`s capital	10	957.23	988.24
<b>Total equity</b>		<b>957.23</b>	<b>988.24</b>
<b>LIABILITIES</b>			
<b>Non-current liabilities</b>			
Provisions	11	30.87	32.54
Deferred tax liabilities (net)	12	46.86	43.32
Other non-current liabilities	13	10.01	11.95
<b>Total non-current liabilities</b>		<b>87.74</b>	<b>87.81</b>
<b>Current liabilities</b>			
Financial liabilities			
Trade payables	14		
(a) total outstanding dues of micro enterprises and small enterprises		227.27	186.49
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		357.59	504.27
Provisions	11	18.53	16.60
Income tax liabilities (net)	5	20.91	24.19
Other current liabilities	13	6.02	5.70
<b>Total current liabilities</b>		<b>630.32</b>	<b>737.25</b>
<b>Total liabilities</b>		<b>718.06</b>	<b>825.06</b>
<b>Total equity and liabilities</b>		<b>1,675.29</b>	<b>1,813.30</b>
<b>Summary of significant accounting policies</b>	2		
<b>The accompanying notes are an integral part of these financial statements.</b>	3-29		

As per our report of even date

**For Gupta Shiv & Co.**  
Chartered Accountants  
Firm Reg. no. 006476C

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KUMAR  
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**CA Shiv Kumar Gupta**  
Partner  
M.No. 075281

Place: Meerut  
Date:

**For and on behalf of Partners of  
Vetbesta Labs**

Veer Pal  
Singh

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**Veer Pal Singh**  
(On behalf of Copmed  
Pharmaceuticals Private  
Limited)  
Partner

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**Nikunj Tyagi**  
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**Saroj Singh**  
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Place: Paonta Sahib (Himachal Pradesh)  
Date:

**Vetbesta Labs**  
**Special Purpose Statement of Profit and Loss for the year ended 31 March 2024**  
**All amounts are in INR lacs unless otherwise stated**

Particulars	Notes	For the year ended 31 March 2024	For the year ended 31 March 2023
I Revenue from contracts with customers	15	4,614.47	3,498.48
II Other income	16	3.98	4.17
III <b>Total income (I + II)</b>		<b>4,618.45</b>	<b>3,502.65</b>
IV <b>Expenses</b>			
Cost of materials consumed	17	3,315.87	2,553.70
Changes in inventories of finished goods and work in progress	18	(51.88)	28.23
Employee benefits expense	19	310.51	268.59
Finance costs	20	2.92	6.00
Depreciation and amortization expense	21	42.53	42.26
Other expenses	22	212.02	181.24
<b>Total expenses (IV)</b>		<b>3,831.97</b>	<b>3,080.02</b>
V <b>Profit before tax (III-IV)</b>		<b>786.48</b>	<b>422.63</b>
VI <b>Tax Expense:</b>			
Current tax	23	275.44	151.02
Deferred tax	23	0.48	(0.93)
Adjustment of tax relating to earlier periods	23	0.36	(2.34)
<b>Total tax expense (VI)</b>		<b>276.28</b>	<b>147.75</b>
VII <b>Profit for the year (V-VI)</b>		<b>510.20</b>	<b>274.88</b>
VIII <b>Other comprehensive income</b>			
(i) Item that will not be reclassified to profit or loss			
- Remeasurement gain / (loss) of the defined benefit plan	25A	8.76	(3.80)
(ii) Income tax relating to item that will not be reclassified to profit or loss			
- Remeasurement gain / (loss) of the defined benefit plan	23	(3.06)	1.33
<b>Other comprehensive income for the year (VIII)</b>		<b>5.70</b>	<b>(2.47)</b>
IX <b>Total comprehensive income for the year (VII+VIII)</b>		<b>515.90</b>	<b>272.41</b>

Summary of significant accounting policies 2

The accompanying notes are an integral part of these financial statements. 3-29

As per our report of even date

**For Gupta Shiv & Co.**  
Chartered Accountants  
Firm Reg. no. 006476C

SHIV KUMAR GUPTA

**CA Shiv Kumar Gupta**  
Partner  
M.No. 075281

**For and on behalf of Partners of  
Vetbesta Labs**

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**Veer Pal Singh**  
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Partner

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**Saroj Singh**  
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**Nikunj Tyagi**  
Partner

Place: Meerut  
Date:

Place: Paonta Sahib (Himachal Pradesh)  
Date:

**Vetbesta Labs**  
**Special Purpose IND AS Statement of Cash Flows for the year ended 31 March 2024**  
**All amounts are in INR lacs unless otherwise stated**

Particulars	For the year ended 31 March 2024	For the year ended 31 March 2023
<b>A- Cash flow from Operating activities</b>		
<b>Profit before tax</b>	786.48	422.63
<i>Adjustments to:</i>		
Depreciation and amortisation expense	42.53	42.26
Finance income	(0.35)	(0.21)
Finance costs	1.17	1.65
<i>Working capital adjustments:</i>		
(Increase)/ Decrease in trade receivables	(53.71)	(162.34)
(Increase)/ Decrease in inventories	113.60	(119.13)
(Increase)/ Decrease in financial asset - others	(0.08)	(0.02)
(Increase)/ Decrease in other asset	(0.85)	2.96
Increase/ (Decrease) in provisions	9.02	12.16
Increase/ (Decrease) in trade payable	(104.15)	321.68
Increase/ (Decrease) in other liability	(1.63)	(1.41)
	<b>792.03</b>	<b>520.23</b>
Income tax paid	(282.00)	(131.42)
<b>Net cash flows from operating activities (A)</b>	<b>510.03</b>	<b>388.81</b>
<b>B- Cash flow from Investing activities</b>		
Purchase of property, plant and equipment	(0.39)	(18.35)
Interest received (finance income)	0.35	0.21
<b>Net cash flows from/(used in) investing activities (B)</b>	<b>(0.04)</b>	<b>(18.14)</b>
<b>C- Cash flow from Financing activities</b>		
Capital contributed during the year	80.00	50.00
Capital withdrawn during the year	(626.90)	(362.00)
<b>Net cash flows used in financing activities (C)</b>	<b>(546.90)</b>	<b>(312.00)</b>
Net increase in cash and cash equivalents (A+B+C)	(36.91)	58.67
Cash and cash equivalents at the beginning of the year	83.92	25.25
<b>Cash and cash equivalents at the end of the year</b>	<b>47.01</b>	<b>83.92</b>
<b>Components of Cash and cash equivalents:</b>		
Balances with banks		
- On current account	46.86	83.52
- in deposit account (with original maturity of 3 months or less)	-	-
Cash in hand	0.15	0.40
	<b>47.01</b>	<b>83.92</b>

The above statement of cash flows has been prepared using "Indirect method" set out in applicable Ind AS 7, "Statement of Cash Flows".

**Summary of significant accounting policies**

**2**

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

**3-29**

As per our report of even date

**For Gupta Shiv & Co.**  
Chartered Accountants  
Firm Reg. no. 006476C

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**CA Shiv Kumar Gupta**  
Partner  
M, No. 075281

**For and on behalf of Partners of Vetbesta Labs**

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**Veer Pal Singh**

(On behalf of Copmed Pharmaceuticals Private Limited)  
Partner

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**Saroj Singh**  
Partner

Place : Paonta Sahib (Himachal Pradesh)  
Date :

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**Nikunj Tyagi**  
Partner

**Vetbesta Labs**  
**Special Purpose Statement of Changes in Partners capital for the year ended 31 March 2024**  
**All amounts are in INR lacs unless otherwise stated**

**Partner`s capital**

**Particulars**

**Amount**

**As at 01 April 2022**

Changes in Partners capital during the year

**1,027.82**

**As at 31 March 2023**

Changes in Partners capital during the year

**988.24**

**As at 31 March 2024**

**957.23**

Particulars	Partners' capital account			Total
	Copmed Pharmaceuticals private limited	Sh. Nikunj Tyagi	Smt. Saroj Singh	
<b>Balance as at April 01, 2022</b>	<b>982.16</b>	<b>22.83</b>	<b>22.83</b>	<b>1,027.82</b>
Profit for the year	263.89	5.50	5.50	274.89
Other comprehensive income for the year, net of income tax	(2.37)	(0.05)	(0.05)	(2.47)
<b>Total comprehensive income for the year</b>	<b>261.52</b>	<b>5.45</b>	<b>5.45</b>	<b>272.42</b>
Add: Addition during the year	50.00	-	-	50.00
Less: Withdrawal during the year	(345.00)	(8.50)	(8.50)	(362.00)
<b>Balance as at 31 March 2023</b>	<b>948.68</b>	<b>19.78</b>	<b>19.78</b>	<b>988.24</b>
Profit for the year	489.79	10.20	10.20	510.19
Other comprehensive income for the year, net of income tax	5.47	0.12	0.11	5.70
<b>Total comprehensive income for the year</b>	<b>495.26</b>	<b>10.32</b>	<b>10.31</b>	<b>515.89</b>
Add: Addition during the year	80.00	-	-	80.00
Less: Withdrawal during the year	(605.00)	(10.95)	(10.95)	(626.90)
<b>Balance as at 31 March 2024</b>	<b>918.94</b>	<b>19.15</b>	<b>19.14</b>	<b>957.23</b>

**Summary of significant accounting policies**

2

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

3-29

As per our report of even date

**For Gupta Shiv & Co.**  
Chartered Accountants  
Firm Reg. no. 006476C

SHIV  
KUMAR  
GUPTA

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**CA Shiv Kumar Gupta**  
Partner  
M.No. 075281

Place: Meerut  
Date:

**For and on behalf of Partners of Vetbesta Labs**

Veer Pal Singh

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**Veer Pal Singh**  
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Partner

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**Saroj Singh**  
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Place :Paonta Sahib (Himachal Pradesh)  
Date :

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**Nikunj Tyagi**  
Partner

## 1. CORPORATE INFORMATION

Vetbesta Labs ("the Firm") is a partnership firm which was established on 25 June, 2015 having its registered office at- VIII. & P.O, Nihalgarh, Teh. Paonta Sahib, Distt. Sirmour, H.P.-173025. The Firm is engaged in the manufacturing of pharmaceutical products for animals.

The special purpose financial statements of the firm have been prepared for the purpose of consolidation at group level and the same were authorised by the partners for the issue on 07 May 2024.

## 2. Material Accounting Policies

This note provides a list of the material accounting policies adopted in the preparation of these Indian Accounting Standards (Ind-AS) financial statements. These policies have been consistently applied to all the years except where newly issued accounting standard is initially adopted.

### New and amended standards adopted by the Group

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

### Ind AS 1 – Presentation of Financial Statements

The amendments require group to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The amendments have had an impact on the Group's disclosures of accounting policies, but not on the measurement, recognition or presentation of any items in the Group's financial statements

### Ind AS 12 – Income Taxes

The amendments clarify how group account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The amendments had no impact, if any, in its financial statements.

### Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The amendments had no impact on the Group's financial statements.

### 2.01 Statement of compliance and basis of preparation

These financial statements of the Firm have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III). These financial statements are presented in INR and all values are rounded to the nearest lacs (INR 00,000), except when otherwise indicated.

The financial statements have been prepared on a historical cost convention, except for the following assets and liabilities:

- i) Certain financial assets and liabilities that is measured at fair value
- ii) Assets held for sale-measured at fair value less cost to sell

Defined benefit plans-plan assets measured at fair value

### 2.02 Current versus non-current classification

The Firm presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for purpose of trading
- Expected to be realized 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
- It is held primarily for purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as Non-Current

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

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents. The Firm has identified twelve months as its operating cycle.

### 2.03 Property, plant and equipment

Property, Plant and equipment are stated at cost, less accumulated depreciation and accumulated impairment losses, if any. Capital work in progress is stated at cost, net of accumulated impairment loss, if any. The cost comprises of purchase price, taxes, duties, freight and other incidental expenses directly attributable and related to acquisition and installation of the concerned assets and are further adjusted by the amount of input tax credit availed wherever applicable.

Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Firm depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Subsequent costs are included in asset's carrying amount or recognised as separate assets, as appropriate, only when it is probable that future economic benefit associated with the item will flow to the Firm and the cost of item can be measured reliably.

**Vetbesta Labs**  
**Notes forming part of the special purpose financial statements for the Year March 2024**

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An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement when the asset is derecognised.

Capital work- in- progress includes cost of property, plant and equipment under installation / under development as at the balance sheet date.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment is calculated on prorata basis on straight-line method using the useful lives of the assets estimated by management. The useful life is as follows:

<b>Assets</b>	<b>Useful life (in years)</b>
Building	30
Plant and Equipment	15
Furniture and Fixtures	10
Vehicles	8-10
Office Equipment	5
Electrical equipment and fittings	10
Computers	3
Network and servers	6

The useful lives have been determined based on technical evaluation done by the management's expert. The residual values are not more than 5% of the original cost of the assets. The asset's residual values and useful lives are reviewed, and adjusted if appropriate.

Leasehold land is amortized on a straight-line basis over the unexpired period of their respective lease of 90 to 99 years.

#### **2.04 Intangible assets**

##### **Separately acquired intangible assets**

Intangible assets acquired separately are measured on initial recognition at cost. Cost of intangible assets acquired in business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangibles, excluding capitalized development cost, are not capitalized and the related expenditure is reflected in statement of Profit and Loss in the period in which the expenditure is incurred. Cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

The useful lives of intangible assets are assessed as either finite or indefinite. Intangible assets with finite lives are amortized over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets with finite lives is recognized in the statement of profit and loss in the expense category consistent with the function of the intangible assets.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from disposal of the intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the assets are disposed off.

Intangible assets with finite useful life are amortized on a straight-line basis over their estimated useful life as under

<b>Assets</b>	<b>Useful life (in years)</b>
Computer Software	3

### **2.05 Impairment of non-financial assets**

The Firm assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Firm estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The Firm bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Firm's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Firm extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Firm operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding intangible assets having indefinite life, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Firm estimates the assets or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

### **2.06 Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

#### **(i) Financial Assets**

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

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

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Firm's business model for managing them.

#### **Initial recognition and measurement**

With the exception of trade receivables that do not contain a significant financing component or for which the Firm has applied the practical expedient, the Firm initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

Trade receivables that do not contain a significant financing component or for which the Firm has applied the practical expedient and are measured at the transaction price determined under Ind AS 115. Refer to the accounting policies in section 'Revenue from contracts with customers'.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level. Financial assets with cash flows that are not SPPI are classified and measured at fair value through profit or loss, irrespective of the business model.

The Firm's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Financial assets classified and measured at amortised cost are held within a business model with the objective to hold financial assets in order to collect contractual cash flows while financial assets classified and measured at fair value through OCI are held within a business model with the objective of both holding to collect contractual cash flows and selling.

#### **Subsequent measurement**

For purposes of subsequent measurement financial assets are classified in following categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through other comprehensive income (FVTOCI) with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

#### **Financial assets at amortised cost (debt instruments)**

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- a) **Business Model Test** : The objective is to hold the financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes) and;
- b) **Cash flow characteristics test**: The contractual terms of the financial asset give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

This category is most relevant to the Firm. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of EIR. EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. The EIR amortization is included in other income in profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

#### **Financial assets at fair value through OCI (FVTOCI) (debt instruments)**

A 'financial asset' is classified as at the FVTOCI if both of the following criteria are met:

- a) **Business Model Test** : The objective of financial instrument is achieved by both collecting contractual cash flows and selling the financial assets; and
- b) **Cash flow characteristics test**: The contractual terms of the Debt instrument give rise on specific dates to cash flows that are solely payments of principal and interest on principal amount outstanding.

Debt instrument included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI), except for the recognition of interest income, impairment gains or losses and foreign exchange gains or losses which are recognized in statement of profit and loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value changes recognised in OCI is reclassified from the equity to profit or loss.

#### **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss are carried in the balance sheet at fair value with net changes in fair value recognised in the statement of profit and loss. This category includes derivative instruments and listed equity investments which the Group had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are recognised in the statement of profit and loss when the right of payment has been established.

#### **Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a Firm of similar financial assets) is primarily derecognised (i.e. removed from the Firm's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- the Firm has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass through" arrangement and either;
  - (a) the Firm has transferred substantially all the risks and rewards of the asset, or
  - (b) the Firm has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Firm has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Firm continues to recognise the transferred asset to the extent of the Firm's continuing involvement. In that case, the Firm also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Firm has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the group could be required to repay.

#### **Impairment of financial assets**

In accordance with IND AS 109, the Firm applies expected credit losses (ECL) model for measurement and recognition of impairment loss on the following financial asset and credit risk exposure

- Financial assets measured at amortized cost;
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Firm follows "simplified approach" for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables;
- All lease receivables resulting from the transactions within the scope of Ind AS 116 -Leases

Under the simplified approach, the Firm does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition. The Firm uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss. This amount is reflected under the head 'other expenses' in the statement of profit and loss. The balance sheet presentation for various financial instruments is described below:

**(a) Financial assets measured as at amortised cost:** ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the group does not reduce impairment allowance from the gross carrying amount.

**(b) Loan commitments and financial guarantee contracts:** ECL is presented as a provision in the balance sheet, i.e. as a liability.

**(c) Debt instruments measured at FVTOCI:** For debt instruments measured at FVTOCI, the expected credit losses do not reduce the carrying amount in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as the accumulated impairment amount.

## **(ii) Financial liabilities:**

### **Initial recognition and measurement**

Financial liabilities are classified at initial recognition as financial liabilities at fair value through profit or loss, loans and borrowings, and payables, net of directly attributable transaction costs. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Firm financial liabilities include loans and borrowings, trade payables, trade deposits, retention money, liabilities towards services, sales incentive and other payables.

### **Subsequent measurement**

For purposes of subsequent measurement, financial liabilities are classified in two categories:

- (i) Financial liabilities at fair value through profit or loss
- (ii) Financial liabilities at amortised cost (loans and borrowings)

### **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Firm that are not designated as hedging instruments in hedge relationship as defined by Ind AS 109. The separated embedded derivative are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognized in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IND AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ losses are not subsequently transferred to profit and loss. However, the Firm may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the statement of profit or loss. the Firm has not designated any financial liability as at fair value through profit and loss.

## **Trade Payables**

These amounts represent liabilities for goods and services provided to the Firm prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 60 to 90 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period. They are recognized initially at fair value and subsequently measured at amortized cost using Effective interest rate method.

## **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the statement of profit and loss.

## **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

#### **Reclassification of financial assets/ financial liabilities**

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

#### **2.07 Inventories**

##### **a) Basis of valuation:**

Inventories are valued at lower of cost and net realizable value after providing cost of obsolescence, if any. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. The comparison of cost and net realizable value is made on an item- by-item basis.

##### **b) Method of Valuation:**

- i) Cost of raw materials has been determined by using moving weighted average cost method and comprises all costs of purchase, duties, taxes (other than those subsequently recoverable from tax authorities) and all other costs incurred in bringing the inventories to their present location and condition.
- ii) Cost of finished goods and work-in-progress includes direct labour and an appropriate share of fixed and variable production overheads and excise duty as applicable. Fixed production overheads are allocated on the basis of normal capacity of production facilities. Cost is determined on moving weighted average basis.
- iii) Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

#### **2.08 Taxes**

Income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted / changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax expense for the year comprises of current tax and deferred tax.

##### **a) Current income tax**

Current income tax, assets and liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities in accordance with the Income Tax Act, 1961 and the Income Computation and Disclosure Standards (ICDS) enacted in India by using tax rates and the tax laws that are enacted at the reporting date.

Current income tax relating to items recognized outside the statement of profit and loss is recognized outside profit or loss (either in other comprehensive income or equity). Current tax items are recognized in correlation to the underlying transactions either in OCI or directly in equity.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

##### **b) Deferred Tax**

Deferred tax is provided using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

##### **Deferred tax liabilities are recognised for all taxable temporary differences, except:**

- i) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- i) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- ii) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss (either in other comprehensive income or in equity). Deferred tax items are recognized in correlation to the underlying transaction either in OCI or direct in equity.

Tax benefits acquired as part of a business combination, but not satisfying the criteria for separate recognition at that date, are recognised subsequently if new information about facts and circumstances change. Acquired deferred tax benefits recognised within the measurement period reduce goodwill related to that acquisition if they result from new information obtained about facts and circumstances existing at the acquisition date. If the carrying amount of goodwill is zero, any remaining deferred tax benefits are recognised in OCI/ capital reserve depending on the principle explained for bargain purchase gains. All other acquired tax benefits realized are recognised in profit or loss.

## **2.09 Revenue from contract with customers**

The Firm manufactures/ trades and sells a range of pharmaceutical products for animals. Revenue from contracts with customers involving sale of these products is recognized at a point in time when control of the product has been transferred, and there are no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products are shipped to specific location and control has been transferred to the customers. The Firm has objective evidence that all criterion for acceptance has been satisfied.

### **(a) Sale of goods**

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer, generally on delivery of the goods and there are no unfulfilled obligations.

The Firm considers, whether there are other promises in the contract in which their are separate performance obligations, to which a portion of the transaction price needs to be allocated. In determining the transaction price for the sale of goods, the Firm allocates a portion of the transaction price to goods bases on its relative prices and also considers the following:-

#### **(i) Variable consideration**

The Firm recognizes revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If the consideration in a contract includes a variable amount, the Firm estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

#### **(ii) Sales Return**

The Firm accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Firm's estimate of expected sales returns. With respect to established products, the Firm considers its historical experience of sales returns, levels of inventory in the distribution channel, estimated shelf life, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Firm's business and markets. With respect to new products introduced by the Firm, such products have historically been either extensions of an existing line of product where the Firm has historical experience or in therapeutic categories where established products exist and are sold either by the Firm or the Firm's competitors.

#### **(iii) Significant Financing Components**

In respect of short-term advances from its customers, using the practical expedient in Ind AS 115, the Firm does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be within normal operating cycle.

A trade receivable is recognised if an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section (Financial instruments – initial recognition and subsequent measurement).

### **Other Operating Revenues**

#### **(a) Rental Income**

Rental income arising from operating leases on investment properties is accounted for on a straight - line basis over the lease terms and is included in other income in the statement of profit or loss due to its non-operating nature.

#### **(b) Interest Income**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Firm estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

## **2.10 Retirement and other employee benefits**

### **(i) Short-term obligations**

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are recognized in respect of employee service upto the end of the reporting period and are measured at the amount expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the balance sheet.

### **(ii) Other long-term employee benefit obligations**

#### **a) Gratuity**

The Firm has a defined benefit plan (the "Gratuity Plan"). The Gratuity Plan provides a lump sum payment to employees who have completed four years and two forty days or more of service at retirement, disability or termination of employment, being an amount based on the respective employee's last drawn salary and the number of years of employment with the Firm.

The Gratuity Plan, which is defined benefit plan, is managed by Trust with its investments maintained with Life insurance Corporation of India. The liabilities with respect to Gratuity Plan are determined by actuarial valuation on projected unit credit method on the balance sheet date, based upon which the Firm contributes to the Gratuity Scheme. The difference, if any, between the actuarial valuation of the gratuity of employees at the year end and the balance of funds is provided for as assets/ (liability) in the books. Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Firm recognizes the following changes in the net defined benefit obligation under Employee benefit expense in statement of profit or loss:

- a) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements
- b) Net interest expense or income

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

#### **b) Provident fund**

Retirement benefit in the form of provident fund is a defined contribution scheme, the Firm has no obligation, other than the contribution payable to the provident fund. The Firm recognizes contribution payable through provident fund scheme as an expense, when an employee renders the related services. If the contribution payable to scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excesses recognized as an asset to the extent that the prepayment will lead to, for example, a reduction in future payment or a cash refund.

#### **c) Other employee benefits**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date on the basis of actuarial valuation.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income and are never reclassified to statement of profit and loss. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in the statement of profit and loss as past service cost.

## **2.11 Government Grants**

Government Grants are recognized at their fair value when there is reasonable assurance that the grant will be received and all the attached conditions will be complied with.

When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Government grant related to the purchase of property, plant and equipment are included in non current liability as deferred income and are credited to the statement of profit or loss on straight line basis over the expected lives of related assets.

When the Firm receives grants of non-monetary assets, the asset and grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset.

## **2.12 Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, that are readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposit held at call with financial institutions, other short - term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

## **2.13 Provisions and Contingent Liabilities**

### **Provisions**

A provision is recognized when the Firm has a present obligation (legal or constructive) as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates. If the effect of the 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. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

### **Sales Return**

Provisions for sales returns is determined based on the historical percentage of sales return for the same types of goods for which the provision is currently being determined. The same percentage to the sales is applied for the current accounting period to derive the provision for sales return to be accrued. It is very unlikely that actual sales return will exactly match the historical percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

### **Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Firm or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases, where there is a liability that cannot be recognized because it cannot be measured reliably. the Firm does not recognize a contingent liability but discloses its existence in the financial statements unless the probability of outflow of resources is remote.

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each balance sheet date.

## **2.14 Fair value measurement**

The Firm measures financial instruments at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordinary transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Firm.

The fair value of an asset or liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non- financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Firm uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

**Level 1-** Quoted(unadjusted) market prices in active markets for identical assets or liabilities

**Level 2-** Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

**Level 3-** Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Firm determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization ( based on the lowest level input that is significant to fair value measurement as a whole ) at the end of each reporting period.

For the purpose of fair value disclosures, the Firm has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

## **2.15 Significant accounting judgments, estimates and assumptions**

The preparation of the financial statements requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these judgements, assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

### **Judgments**

In the process of applying the Firm's accounting policies, management has made the following judgments, which have the most significant effect on the amounts recognized in the financial statements.

#### **a) Leases**

The Firm determines the lease term as the non-cancellable term of the lease, together with any periods covered by an option to extend the lease if it is reasonably certain to be exercised, or any periods covered by an option to terminate the lease, if it is reasonably certain not to be exercised.

The Firm has several lease contracts that include extension and termination options. The Firm applies judgement in evaluating whether it is reasonably certain whether or not to exercise the option to renew or terminate the lease. That is, it considers all relevant factors that create an economic incentive for it to exercise either the renewal or termination. After the commencement date, the Firm 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 (e.g., construction of significant leasehold improvements or significant customisation to the leased asset).

#### **Estimates and assumptions**

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 described below. The Firm based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Firm. Such changes are reflected in the assumptions when they occur.

##### **a) Taxes**

Uncertainties exist with respect to the interpretation of tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Firm establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority.

##### **b) Gratuity benefit**

The cost of defined benefit plans (i.e. Gratuity benefit) is determined using actuarial valuations. An actuarial valuation involves making various assumptions which may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. In determining the appropriate discount rate, management considers the interest rates of long term government bonds with extrapolated maturity corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for India. Future salary increases and pension increases are based on expected future inflation rates for India. Further details about the assumptions used, including a sensitivity analysis, are given in Note 33.

##### **c) Fair value measurement of financial instrument**

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 (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments 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.

##### **d) Impairment of financial assets**

The impairment provisions of financial assets are based on assumptions about risk of default and expected loss rates. The Firm uses judgment in making these assumptions and selecting the inputs to the impairment calculation, based on Firm's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

##### **e) Impairment of non-financial assets**

The Firm assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Firm estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's CGU'S fair value less cost of disposal and its value in use. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are estimated based on past trend and 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. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, or other fair value indicators.

##### **f) Provision for sales return**

Provisions for sales returns is determined based on the historical percentage of sales return for the same types of goods for which the provision is currently being determined. The same percentage to the sales is applied for the current accounting period to derive the provision for sales return to be accrued. It is very unlikely that actual sales return will exactly match the historical percentage, so such estimates are reviewed annually for any material changes in assumptions and likelihood of occurrence.

##### **g) Provision for expected credit losses (ECL) of trade receivables and contract assets**

The Firm uses a provision matrix to calculate ECLs for trade receivables and contract assets. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance). The provision matrix is initially based on the Firm's historical observed default rates. The Firm will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Firm's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Firm's trade receivables and contract assets is disclosed in Note 10.

##### **h) Property, Plant and Equipment**

Property, Plant and Equipment represent significant portion of the asset base of the Firm. The charge in respect of periodic depreciation is derived after determining an estimate of assets expected useful life and expected value at the end of its useful life. The useful life and residual value of Firm's assets are determined by Management at the time asset is acquired and reviewed periodically including at the end of each year. The useful life is based on historical experience with similar assets, in anticipation of future events, which may have impact on their life such as change in technology.

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**Vetbesta Labs**  
**Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024**  
**All amounts are in INR lacs unless otherwise stated**

**3 Property, plant and equipment**

									As at 31 March 2024	As at 31 March 2023
Freehold land									56.35	56.35
Building									414.80	432.01
Plant and machinery									137.53	153.29
Furniture and fixtures									12.77	17.88
Vehicles									0.10	0.15
Office equipment									2.09	2.62
Electrical Equipments & Fittings									6.81	10.30
Computers									0.43	0.48
Capital work in progress									<u>630.88</u>	<u>673.08</u>
									<u>646.33</u>	<u>688.47</u>
	Freehold land	Building	Plant and machinery	Furniture and fixtures	Vehicles	Office equipment	Electrical Equipments & Fittings	Computers	Total	Capital Work in Progress
<b>Gross carrying value:</b>										
<b>Balance as at 01 April 2022</b>	56.35	559.94	368.00	50.90	0.53	7.95	36.81	8.18	<b>1,088.66</b>	15.26
Additions	-	-	2.87	-	-	0.13	-	-	3.00	0.13
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2023</b>	<u>56.35</u>	<u>559.94</u>	<u>370.87</u>	<u>50.90</u>	<u>0.53</u>	<u>8.08</u>	<u>36.81</u>	<u>8.18</u>	<u>1,091.66</u>	<u>15.39</u>
Additions	-	-	-	0.15	-	0.18	-	-	0.33	2.81
Disposals	-	-	-	-	-	-	-	-	-	(2.75)
<b>Balance as at 31 March 2024</b>	<u>56.35</u>	<u>559.94</u>	<u>370.87</u>	<u>51.05</u>	<u>0.53</u>	<u>8.26</u>	<u>36.81</u>	<u>8.18</u>	<u>1,091.99</u>	<u>15.45</u>
<b>Accumulated depreciation:</b>										
<b>Balance as at 01 April 2022</b>	-	110.77	202.02	27.78	0.33	4.74	23.03	7.65	<b>376.32</b>	-
Depreciation expense	-	17.16	15.56	5.24	0.05	0.72	3.48	0.05	42.26	-
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2023</b>	<u>-</u>	<u>127.93</u>	<u>217.58</u>	<u>33.02</u>	<u>0.38</u>	<u>5.46</u>	<u>26.51</u>	<u>7.70</u>	<u>418.58</u>	<u>-</u>
Depreciation expense	-	17.21	15.76	5.26	0.05	0.71	3.49	0.05	42.53	-
Disposals	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31 March 2024</b>	<u>-</u>	<u>145.14</u>	<u>233.34</u>	<u>38.28</u>	<u>0.43</u>	<u>6.17</u>	<u>30.00</u>	<u>7.75</u>	<u>461.11</u>	<u>-</u>
<b>Balance as at 31 March 2023</b>	56.35	432.01	153.29	17.88	0.15	2.62	10.30	0.48	<b>673.08</b>	15.39
<b>Balance as at 31 March 2024</b>	56.35	414.80	137.53	12.77	0.10	2.09	6.81	0.43	<b>630.88</b>	15.45

**Capital work-in-progress aging schedule**

<b>3.1 As at March 31, 2024</b>					
Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
I. Projects in progress	0.17	15.28	-	-	15.45
<b>Total</b>	<u>0.17</u>	<u>15.28</u>	<u>-</u>	<u>-</u>	<u>15.45</u>
<b>As at March 31, 2023</b>					
Particulars	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
I. Projects in progress	15.22	0.17	-	-	15.39
<b>Total</b>	<u>15.22</u>	<u>0.17</u>	<u>-</u>	<u>-</u>	<u>15.39</u>

**Note :**

- The Firm undisputedly possesses the title deeds for all the immovable properties held by the Firm, presented under Freehold land in the above schedule.
- CWIP includes Plant & Machinery pending for installation as at March 31, 2024 amounting to INR 15.45 lacs (March 31, 2023: INR 15.39 lacs).
- There are no projects which are either temporarily suspended or which has exceeded its budget.

**Vetbesta Labs**

Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024

All amounts are in INR lacs unless otherwise stated

	<u>As at</u> <u>31 March 2024</u>	<u>As at</u> <u>31 March 2023</u>
<b>4 Other financial assets</b>		
<b>Non-Current (Unsecured and considered good) Financial assets carried at amortised cost</b>		
Security deposits	4.86	4.80
Bank deposits with maturity of more than 12 months	0.46	0.44
	<u><b>5.32</b></u>	<u><b>5.24</b></u>

**Notes:**

- a. Bank deposits of INR 0.46 lacs as at March 31, 2024 and INR 0.44 lacs as at March 31, 2023 are lien marked with banks against which bank guarantees have been issued to government authorities.

	<u>As at</u> <u>31 March 2024</u>	<u>As at</u> <u>31 March 2023</u>
<b>5 Income tax assets and liabilities</b>		
<b>Income tax assets</b>		
Income tax receivable (net of provisions)	3.60	3.60
	<u><b>3.60</b></u>	<u><b>3.60</b></u>
<b>Income tax liabilities</b>		
Income tax payable (net of advance tax)	20.91	24.19
	<u><b>20.91</b></u>	<u><b>24.19</b></u>

**Vetbesta Labs****Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024****All amounts are in INR lacs unless otherwise stated**

	<u>As at</u> <u>31 March 2024</u>	<u>As at</u> <u>31 March 2023</u>
<b>6 Other assets</b>		
<b>Non-Current</b> <b>(unsecured and considered good)</b>		
Prepaid Expenses	1.08	1.92
	<b><u>1.08</u></b>	<b><u>1.92</u></b>
<b>Current</b> <b>(unsecured and considered good)</b>		
Prepaid expenses	3.65	1.96
Advances to vendors	-	-
Balances with Government authorities	-	-
	<b><u>3.65</u></b>	<b><u>1.96</u></b>
<b>7 Inventories</b> <b>(Valued at lower of cost and net realisable value unless otherwise stated)</b> <b>(refer accounting policy 2.08)</b>	<u>As at</u> <u>31 March 2024</u>	<u>As at</u> <u>31 March 2023</u>
Raw materials and Packing materials		
- In hand	399.31	583.07
In transit	18.80	0.18
Work-in-progress	53.69	35.16
Finished goods	51.63	18.28
Stores and spares	-	0.34
	<b><u>523.43</u></b>	<b><u>637.03</u></b>

During the period ended, INR Nil lacs (March 31, 2023 : 3.48 lacs) was recognized as expense in respect of inventory provision on account of slow moving of inventories. These adjustments were included in cost of material consumed and change in inventories.

**Vetbesta Labs**
**Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024**
**All amounts are in INR lacs unless otherwise stated**

	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
<b>8 Contract balances</b>		
<b>Contract balances includes following:</b>		
<b>Trade receivables</b>		
<b>(valued at amortised cost)</b>		
Unsecured, considered good	37.13	0.10
Considered good - Related Parties (refer note 26C)	407.74	391.06
	<b>444.87</b>	<b>391.16</b>

**8.1 Trade Receivables aging schedule**
**As at March 31, 2024**

Particulars	Curent but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	444.87	-	-	-	-	-	444.87
	<b>444.87</b>	-	-	-	-	-	<b>444.87</b>

**As at March 31, 2023**

Particulars	Curent but not due	Outstanding for following periods from due date of payment					Total
		Less than 6 Months	6 months – 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables – considered good	391.16	-	-	-	-	-	391.16
	<b>391.16</b>	-	-	-	-	-	<b>391.16</b>

- a. Trade receivable are usually non interest bearing and average credit period to customers ranges upto 30 days.
- b. The Firm has used a practical expedient by computing the expected credit loss allowance for trade receivables based on historical credit loss experience and adjusted for forward looking information.

Receivables are deemed to be past due or impaired with reference to the Firm's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions, Receivables that are classified as 'past due' in the below table are those that have not been settled within the terms and conditions that have been agreed with that customer.

- c. Trade receivables includes due from related parties INR 407.74 lacs (March 31, 2023: INR 391.06 lacs) (refer note 25C).
- d. Trade receivables represent the amount of consideration for transfer of goods or services to the customers that is unconditional.
- e. The company's exposure to credit and currency risk, and loss allowances related to trade receivables are disclosed in Note 25E.
- f. There are no unbilled receivable.

**9 Cash and cash equivalents**

	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
Balances with banks		
- In current account	46.86	83.52
Cash in hand	0.15	0.40
	<b>47.01</b>	<b>83.92</b>

**Note:**

- a. The Firm has no undrawn borrowing facilities as at 31 March 2024 and as at 31 March 2023.
- b. There are no restrictions with regard to cash and cash equivalents as at the end of the reporting period and prior period.
- c. The above balances are used for the purpose of statement of cash flows.
- d. Break up of financial assets carried at amortised cost:

	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
Trade Receivables (note 8)	444.87	391.16
Cash and cash equivalents (note 9)	47.01	83.92
Other Financial assets (note 4)	5.32	5.24

**Vetbesta Labs**  
**Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024**  
**All amounts are in INR lacs unless otherwise stated**

	As at 31 March 2024	As at 31 March 2023
<b>10 Partner's capital</b>		
Partner's capital	957.23	988.24
	<b>957.23</b>	<b>988.24</b>

**Notes:**

**(i) Reconciliation of Partner's capital at the beginning and at the end of the year:**

Particulars	As at 31 March 2024	As at 31 March 2023
	Amount	Amount
Partner's capital at the beginning of the year	988.24	1,027.82
Add : Capital contributed during the year	80.00	50.00
Add : Profit earned during the year	515.89	272.42
Less : Capital withdrawn during the year	(626.90)	(362.00)
<b>Partner's capital at the end of the year</b>	<b>957.23</b>	<b>988.24</b>

**(ii) Detail of capital held by partners:**

	As at 31 March 2024		As at 31 March 2023	
	Capital	Profit sharing ratio	Capital	Profit sharing ratio
<b>Capital contribution</b>				
Copmed pharmaceuticals Private Limited	918.94	96.00%	948.68	96.00%
Sh. Nikunj Tyagi	19.15	2.00%	19.78	2.00%
Smt. Saroj Singh	19.14	2.00%	19.78	2.00%
	<b>957.23</b>	<b>100.00%</b>	<b>988.24</b>	<b>100.00%</b>

**Vetbesta Labs****Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024****All amounts are in INR lacs unless otherwise stated**

	<u>As at</u> <u>31 March 2024</u>	<u>As at</u> <u>31 March 2023</u>
<b>11 Provisions</b>		
<b>Non-current</b>		
Provision for employee benefits		
Provision for gratuity (net) (refer note 25A)	30.87	32.54
	<u><b>30.87</b></u>	<u><b>32.54</b></u>
<b>Current</b>		
Provision for employee benefits		
Provision for compensated absences	17.69	16.02
Provision for gratuity (net) (refer note 25A)	0.84	0.58
	<u><b>18.53</b></u>	<u><b>16.60</b></u>

**Vetbesta Labs**  
**Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024**  
**All amounts are in INR lacs unless otherwise stated**

			<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
<b>12 Deferred tax balances</b>				
Deferred tax liabilities			(72.91)	(71.71)
Deferred tax assets			26.05	28.39
<b>Deferred tax assets / (liabilities) (net)</b>			<b>(46.86)</b>	<b>(43.32)</b>
<b>Year ended 31 March 2024</b>	<b>Opening Balance</b>	<b>Recognised in Profit or loss</b>	<b>Recognised in other comprehensive Income</b>	<b>Closing balance</b>
<b>Deferred tax liabilities in relation to</b>				
Accelerated depreciation for tax purposes	(71.71)	(1.20)	-	(72.91)
	<b>(71.71)</b>	<b>(1.20)</b>	<b>-</b>	<b>(72.91)</b>
<b>Deferred tax assets in relation to</b>				
Provision for employee benefits	17.17	1.66	(3.06)	15.77
Bonus payable	3.58	(0.26)	-	3.32
Deferred Government Grant	4.86	(0.68)	-	4.18
Others	2.78	-	-	2.78
	<b>28.39</b>	<b>0.72</b>	<b>(3.06)</b>	<b>26.05</b>
<b>Deferred tax liabilities (net)</b>	<b>(43.32)</b>	<b>(0.48)</b>	<b>(3.06)</b>	<b>(46.86)</b>
<b>Year ended 31 March 2023</b>	<b>Opening Balance</b>	<b>Recognised in Profit or loss</b>	<b>Recognised in other comprehensive Income</b>	<b>Closing balance</b>
<b>Deferred tax liabilities in relation to</b>				
Accelerated depreciation for tax purposes	(67.62)	(4.09)	-	(71.71)
	<b>(67.62)</b>	<b>(4.09)</b>	<b>-</b>	<b>(71.71)</b>
<b>Deferred tax assets in relation to</b>				
Provision for employee benefits	11.59	4.25	1.33	17.17
Bonus payable	2.94	0.64	-	3.58
Deferred Government Grant	5.53	(0.67)	-	4.86
Others	1.98	0.80	-	2.78
	<b>22.04</b>	<b>5.02</b>	<b>1.33</b>	<b>28.39</b>
<b>Deferred tax liabilities (net)</b>	<b>(45.58)</b>	<b>0.93</b>	<b>1.33</b>	<b>(43.32)</b>

Deferred tax assets and liabilities are being offset as they relate to taxes on income levied by the same governing taxation laws.

**Vetbesta Labs**  
**Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024**  
**All amounts are in INR lacs unless otherwise stated**

	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
<b>13 Other liabilities</b>		
<b>Non-current</b>		
Deferred government grant (refer note below)	10,01	11,95
	<b>10.01</b>	<b>11.95</b>
<b>Current</b>		
Statutory liabilities	4,08	3,76
Deferred government grant (refer note below)	1,94	1,94
	<b>6.02</b>	<b>5.70</b>
<b>Note:</b>		
a. The Firm received capital subsidy amounting to INR 29.06 lacs in year 2018-19 for their manufacturing unit under the Central Investment Subsidy scheme based on the investment in plant and machinery. There are no unfulfilled conditions or contingencies attached to these grants. Such government grant is being amortised over the useful life of such assets.		
b. Movement of government grant:		
Opening balance	13,90	15,83
Add: grant received during the year	-	-
Less: government grant income (refer note 16)	(1.94)	(1.93)
Closing balance	<b>11.96</b>	<b>13.90</b>
<b>14 Trade payables</b>		
<b>Current</b>		
i. total outstanding dues of micro enterprises and small enterprises (refer note below)	227,27	186,49
ii. total outstanding dues of creditors other than micro enterprises and small enterprises	357,59	504,27
	<b>584.86</b>	<b>690.76</b>

**14.1 Trade Payable aging schedule**

**As at March 31, 2024**

Particulars	Unbilled Dues	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	227,27	-	-	-	-	227,27
Total outstanding dues of creditors other than micro enterprises and small enterprises		357,59	-	-	-	-	357,59
<b>Total</b>	<b>-</b>	<b>584.86</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>584.86</b>

**As at March 31, 2023**

Particulars	Unbilled Dues	Not due	Outstanding for following periods from due date of payment				Total
			Less than 1 year	1-2 years	2-3 years	More than 3 years	
Total outstanding dues of micro enterprises and small enterprises	-	166,59	18,46	1,44	-	-	186,49
Total outstanding dues of creditors other than micro enterprises and small enterprises	8,80	306,01	189,46	-	-	-	504,27
<b>Total</b>	<b>8,80</b>	<b>306.01</b>	<b>189.46</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>690.76</b>

**Note:**

- The average credit period on purchases is upto 60 days to 90 days for the Firm.
  - Trade Payables include due to related parties INR 78,03 lacs (31 March 2023: INR 75,10 lacs).
  - The amounts are unsecured and non-interest bearing.
  - For terms and conditions with related parties, refer to Note 25C.
- e. Information as required to be furnished as per section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) for the year ended 31 March 2021 is given below. This information has been determined to the extent such parties have been identified on the basis of information available with the Firm:

	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
<b>MSMED Disclosure</b>		
(i) The principal amount and the interest due thereon remaining unpaid to any supplier covered under MSMED Act:		
- Principal amount	225,09	180,75
- Interest thereon	2,18	5,74
(ii) the amount of interest paid by the buyer in terms of section 16, of the MSMED Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
(iii) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act	-	-
(iv) the amount of interest accrued and remaining unpaid at the end of each accounting year	2,18	5,74
(v) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006	-	-

**Vetbesta Labs**
**Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024**
**All amounts are in INR lacs unless otherwise stated**

	Year ended 31 March 2024	Year ended 31 March 2023
<b>15 Revenue from contracts with customers</b>		
<b>15.1 Revenue from contracts with customers</b>		
Sale of products	4,614.47	3,498.48
	<b>4,614.47</b>	<b>3,498.48</b>
	<b>4,614.47</b>	<b>3,498.48</b>

**(a) Disaggregated revenue information**

Set out below is the disaggregation of the Firm's revenue from contracts with customers:

Segment	Year ended 31 March 2024	Year ended 31 March 2023
<b>Type of goods/services</b>		
Sale of Products	4,614.47	3,337.03
<b>Total revenue from contracts with customers</b>	<b>4,614.47</b>	<b>3,337.03</b>
<b>Revenue by location of customers</b>		
India	4,614.47	3,498.48
Outside India	-	-
<b>Total revenue from contracts with customers</b>	<b>4,614.47</b>	<b>3,498.48</b>
<b>Timing of revenue recognition</b>		
Goods transferred at a point in time	4,614.47	3,498.48
<b>Total revenue from contracts with customers</b>	<b>4,614.47</b>	<b>3,498.48</b>

**(b) Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price**

Revenue as per contracted price	4,623.20	3,502.54
<b>Adjustments:</b>		
Sales return	(8.73)	(4.06)
<b>Revenue from contracts with customers</b>	<b>4,614.47</b>	<b>3,498.48</b>

**(c) Performance obligations**

Performance obligation in respect of sale of goods is satisfied when control of the goods is transferred to the customer, generally on delivery of the goods and payment is generally due within 30 days from delivery of goods. Obligation of the Firm is to provide products as per specification agreed with the customer, if in case there is any deviation then product supplied will be replaced with new product (refer accounting policy 2.11).

**16 Other income**
**Interest income**

Interest income earned on:

- bank deposits (at amortised cost)	0.02	0.02
- financial assets (at amortised cost)	0.33	0.19
	<b>0.35</b>	<b>0.21</b>

**Other non-operating income**

Others	-	0.04
	<b>-</b>	<b>0.04</b>

**Other gains and losses**

Government grant income (refer note 13)	1.94	1.94
Miscellaneous income	0.07	0.07
Scrap sales	1.62	1.91
	<b>3.63</b>	<b>3.92</b>
	<b>3.98</b>	<b>4.17</b>

**Vetbesta Labs**

Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024

All amounts are in INR lacs unless otherwise stated

	Year ended 31 March 2024	Year ended 31 March 2023
<b>17 Cost of raw material and components consumed</b>		
<b>Raw material and components consumed</b>		
Inventory at the beginning of the year (refer note 7)	583.25	436.23
Add: Purchases	3,150.73	2,700.72
	<b>3,733.98</b>	<b>3,136.95</b>
Less: inventory at the end of the year (refer note 7)	(418.11)	(583.25)
	<b>3,315.87</b>	<b>2,553.70</b>
<b>18 Changes in inventories of finished goods and work in progress</b>		
<b>Opening Stock:</b>		
Finished goods	18.28	68.43
Work in progress	35.16	13.24
	53.44	81.67
<b>Closing Stock:</b>		
Finished goods	51.63	18.28
Work in progress	53.69	35.16
	105.32	53.44
<b>Net decrease/(increase)</b>	<b>(51.88)</b>	<b>28.23</b>
<b>19 Employee benefits expense</b>		
Salaries and wages	265.84	230.16
Contribution to provident and other fund	31.19	25.13
Gratuity expense (refer note 25A)	8.13	8.88
Staff welfare expenses	5.35	4.42
	<b>310.51</b>	<b>268.59</b>
<b>Note:</b> The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified and the final rules/interpretation have not yet been issued. The Firm will assess the impact of the Code when it comes into effect and will record any related impact in the period the Code becomes effective.		
Based on a preliminary assessment, the Firm believes the impact of the change will not be significant."		
<b>20 Finance Costs</b>		
Interest on delay deposit of income tax	1.17	1.65
Other finance costs (refer note 14(e))	1.75	4.35
	<b>2.92</b>	<b>6.00</b>
<b>21 Depreciation and amortisation expense</b>		
Depreciation on property, plant and equipment (refer note 3)	42.53	42.26
	<b>42.53</b>	<b>42.26</b>

**Vetbesta Labs**

Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024

All amounts are in INR lacs unless otherwise stated

	<u>Year ended</u> <u>31 March 2024</u>	<u>Year ended</u> <u>31 March 2023</u>
<b>22 Other expenses</b>		
Consumption of stores and spares	8.28	8.30
Power and fuel	49.98	52.58
Repair and maintenance		
- Machinery	8.23	8.39
- Building	12.74	2.64
- others	0.58	0.30
Insurance	2.25	2.47
Rates and taxes	2.39	2.56
Communication expenses	0.14	0.09
Postage and courier	0.14	0.07
Travelling and conveyance	0.09	0.27
Printing and stationery	3.13	2.45
Freight cartage and other distribution cost	113.65	90.70
Legal and professional charges	7.60	5.13
Payments to auditors (refer note below)	1.39	2.44
Testing and inspection charges	0.18	0.07
Bank charges	0.01	0.01
Miscellaneous expenses	1.24	2.77
<b>Total</b>	<b><u>212.02</u></b>	<b><u>181.24</u></b>
<b>Note:</b>		
Payments to the auditors		
I To statutory auditors		
a) Audit fees	1.18	2.30
b) Reimbursement of expenses	0.21	0.14
	<b><u>1.39</u></b>	<b><u>2.44</u></b>

**Vetbesta Labs**

**Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024**

**All amounts are in INR lacs unless otherwise stated**

	<b>Year ended 31 March 2024</b>	<b>Year ended 31 March 2023</b>
<b>23 Income taxes</b>		
<b>23.1 Income tax recognised in the Statement of profit and loss</b>		
<b>Current tax</b>		
In respect of the current year	275.44	151.02
In respect of the previous year	0.36	(2.34)
	<b>275.80</b>	<b>148.68</b>
<b>Deferred tax</b>		
In respect of the current year	0.48	(0.93)
	<b>0.48</b>	<b>(0.93)</b>
<b>Total income tax expense recognised in the current year</b>	<b>276.28</b>	<b>147.75</b>
The Income tax expense for the year can be reconciled to the accounting profit as follows:		
<b>Profit before tax</b>	<b>786.48</b>	<b>422.63</b>
Statutory income tax rate	34.944%	34.944%
Income tax expense at statutory income tax rate	274.83	147.68
Effect of expenses that are not deductible in determining taxable profit	3.48	2.10
Income Tax in respect of the previous period	0.36	(2.34)
Deferred tax credit in respect of the prior period	-	-
Other adjustments	(2.39)	0.31
<b>At the effective income tax rate of 34.949% (31 March 2023: 35.596%)</b>	<b>276.28</b>	<b>147.75</b>
<b>23.2 Income tax recognised in other comprehensive income</b>		
Income tax relating to item that will not be reclassified to profit or loss		
- Remeasurement of the defined benefit plan	(3.06)	1.33
<b>Total income tax expense recognised in other comprehensive income</b>	<b>(3.06)</b>	<b>1.33</b>
<b>24 Contingent Liabilities and Contingencies</b>		
<b>A Contingent liabilities (to the extent not provided for)</b>	<b>As at 31 March 2024</b>	<b>As at 31 March 2023</b>
Disputed tax liabilities		
Disallowances/ additions made by the Income tax department pending before tax authorities for AY 19-20	3.25	3.25
	<b>3.25</b>	<b>3.25</b>

**Note:**

The Income Tax Department ("the Department") had conducted a Search under Section 132 of the Income Tax Act ("the Search") on the Holding Company ("Mankind Pharma Limited") in May 2023. Pursuant to the search conducted on the Holding Company, Vetbesta Labs ("the Firm") has received notices under Section 148 of the Income Tax Act 1961 in December 2023 requiring the Firm to submit income tax returns for AY 2020-21, 2021-22 and 2022-23. The Firm has revised its income tax returns for the above-mentioned Assessment Years. However, based on the assessment made by the partners and its legal advisor, the Firm is of the view that no material adjustments are required to these financial results.

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**Vetbesta Labs**  
**Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024**  
**All amounts are in INR lacs unless otherwise stated**

**25 OTHER NOTES ON ACCOUNTS**

**A** Disclosures pursuant to Ind AS - 19 "Employee Benefits" are given below:  
**Employee Benefits:**

**a Defined contribution plan**

The Firm's contribution to the Employees Provident Fund is deposited with the Regional Provident Fund Commissioner for qualifying employees. Under the scheme, the Firm is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

	Year ended 31 March 2024	Year ended 31 March 2023
<b>Contribution to Defined Contribution Plan, recognised as expense for the year is as under:</b>		
Employer's Contribution towards Provident Fund (PF)	23.09	18.15
	<b>23.09</b>	<b>18.15</b>

**b. Defined benefit plan – Gratuity plan**

The Firm's contribution towards its gratuity liability is a defined benefit retirement plan. Under the gratuity plan, every employee who has completed at least five years of service usually gets a gratuity on departure @ 15 days of last drawn salary for each completed year of service. The present value of obligation is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The gratuity liability arises on retirement, withdrawal, resignation and death of an employee. The aforesaid liability is calculated on the basis of fifteen days salary (i.e. last drawn basic salary) for each completed year of service subject to completion of five years service.

**(i) Risks associated with Plan Provisions**

Risks associated with the plan provisions are actuarial risks. These risks are:- (i) interest rate risk (discount rate risk), (ii) mortality risk and (iii) salary growth risk.

Interest rate risk (discount rate risk)	A decrease in the bond interest rate (discount rate) will increase the plan liability.
Mortality risk	The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants. For this report we have used Indian Assured Lives Mortality (2012-14) ultimate table.  A change in mortality rate will have a bearing on the plan's liability.
Salary growth risk	The present value of the defined benefit plan liability is calculated with the assumption of salary increase rate of plan participants in future. Deviation in the rate of increase of salary in future for plan participants from the rate of increase in salary used to determine the present value of obligation will have a bearing on the plan's liability.

**(ii) Principal actuarial assumptions:**

Principal actuarial assumption used to determine the present value of the benefit obligation are as follows:

S.No. Particulars	Refer note	As at 31 March 2024	As at 31 March 2023
i. Discount rate (p.a.)	1	7.22%	7.39%
ii. Salary escalation rate (p.a.)	2	8.50%	10.00%
iii. Number of employees		72	79
iv. Average remaining working life (years)		22.82	23.96

**Notes**

- The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of obligations.
- The estimates of rate of escalation in salary considered in actuarial valuation are after taking into account inflation, seniority, promotion and other relevant factors including supply and demand in the employment market. The above information is as certified by the Actuary.

**(iii) Demographic assumptions:**

	As at 31 March 2024	As at 31 March 2023
Retirement age	58	58
Mortality rate	100% of IALM (2012 - 14)	100% of IALM (2012 - 14)
Attrition rate		
Upto 30 years	9.25%	8.02%
From 31 to 44 years	2.87%	2.29%
Above 44 years	0.74%	0.90%

The following tables set out the funded status of the gratuity plan and amounts recognised in the firm's financial statements:

**a. Net defined benefit expense (recognised in the Statement of profit and loss for the year )**

Particulars	Year ended 31 March 2024	Year ended 31 March 2023
Current service cost	5.68	7.36
Net interest expenses	2.45	1.52
<b>Components of defined benefit costs recognised in statement of profit and loss</b>	<b>8.13</b>	<b>8.88</b>

**Vetbesta Labs**  
**Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024**  
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**b. Remeasurement**

Particulars	Year ended	Year ended
	31 March 2024	31 March 2023
Actuarial (gains)/losses due to change in demographic assumptions	(0.71)	1.60
Actuarial (gains)/losses due to change in financial assumptions	(7.85)	(0.69)
Actuarial (gains)/losses due to change in experience variance	(0.20)	2.89
<b>Component of defined benefit costs recognised in other comprehensive income</b>	<b>(8.76)</b>	<b>3.80</b>

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' in the statement of profit and loss. The remeasurement of the net defined benefit liability is included in the other comprehensive income.

**c. The amount included in the Balance sheet arising from the entity's obligation in respect of its defined benefit plans are as follows:**

Particulars	As at	As at
	31 March 2024	31 March 2023
Present value of Defined Benefit obligation	31.72	33.12
<b>Unfunded status - deficit</b>	<b>31.72</b>	<b>33.12</b>

**d. Reconciliation of opening and closing balances of Defined Benefit obligation**

Particulars	As at	As at
	31 March 2024	31 March 2023
Opening defined benefit obligation	33.12	20.92
Current service cost	5.68	7.36
Interest cost	2.45	1.52
Benefits paid	(0.77)	(0.48)
Actuarial (gain)/loss on obligation	(8.76)	3.80
<b>Closing defined benefit obligations</b>	<b>31.72</b>	<b>33.12</b>

**e. Sensitivity analysis**

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase.

Particulars	As at 31 March 2024		As at 31 March 2023	
	Decrease	Increase	Decrease	Increase
Discount Rate (-/+0.5%) (% change compared to base due to sensitivity)	2.64	(2.37)	1.88	(2.79)
Salary Growth Rate (-/+0.5%) (% change compared to base due to sensitivity)	(2.35)	2.59	(1.65)	3.03

The sensitivity analysis above have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in an assumptions occurring at the end of the reporting period while holding all other assumption constraint. In practice it is unlikely to occur and change in some of the assumption may be correlated.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions the same method (present value of the defined benefit obligation calculated with the projected unit credit method at the end of the reporting period) has been applied as when calculating the defined benefit liability recognised in the balance sheet.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the prior period.

**f. The expected maturity analysis of defined benefit obligation is as follows:**

Expected cash flows over the next	As at	As at
	31 March 2024	31 March 2023
Within the next 12 months (next annual reporting period)	0.84	0.58
Between 2 and 5 years	3.65	3.60
More than 5 years	27.22	28.94
	<b>31.71</b>	<b>33.12</b>

**g. Expected contribution for the next annual period is INR 8.18 lacs (March 31, 2023: 10.54 lacs).**

**B Segment Information**

**A. Basis for segmentation**

The operations of the Firm are limited to one segment viz. Pharmaceutical products, which as per Ind AS - 108 "Operating Segments" is considered the only reportable segment.

**B. Geographic Segment**

The Firm operates only in one Country and does not have any separate identifiable geographic segment.

**C. Major Customer**

There are major customers which accounted for 10% or more of the firm's revenue for the period ended March 31, 2024 and the period ended March 31, 2023 respectively. The total amount of revenue from such customers are INR 4,409.35 lacs and INR 3,494.53 lacs for the period ended March 31, 2024 and the period ended March 31, 2023 respectively.

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**A Related Party Disclosures**

The related parties as per the terms of Ind AS-24, "Related Party Disclosures" are disclosed below:-

**(a) Names of related parties and nature of related party relationships where control exists :**

(i) Ultimate Parent Company	Mankind Pharma Limited
(ii) Partners	Copmed Pharmaceuticals Private Limited Mr. Nikunj Tyagi Mrs. Saroj Singh
(iii) Entities under common control of Ultimate Parent Company/ Partners	Relax Pharmaceuticals Private Limited Mediforce Healthcare Private Limited Medipack Innovations Private Limited Sirmour Green Environ Limited Prime Polymers Pharma Force Lab Sirmour Remedies Private Limited J. K. Print packs Mankind Specialities
(iv) Entities under significant influence of Partners/ relatives of Partners/ KMP of Partners	A to Z Packers Paonta Process Equipments A. S. Packers Pharma Pet Industries Sirmour Pet Industries N. S. Industries Alpha PolyPlast Standard Manufacturing Corp. Emm Bee Healthcare Ambala Packaging Industry Shree Balaji Fabricators Surbhi Herbals

**B Transactions during the year**

Particulars	Ultimate Parent Company		Partners		Entities under common control of Ultimate Parent Company/ Partners		Entities under significant influence of Partners/ relatives of Partners/ KMP of Partners		Total	
	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023
<b>a) Sale of Raw Materials</b>										
Mankind Pharma Limited		2.78		-		-		-		2.78
Copmed Pharmaceuticals Private Limited			1.08	1.28					1.08	1.28
Pharma Force Labs					0.04	0.92			0.04	0.92
Mankind Specialities					0.02				0.02	
Relax Pharmaceuticals Private Limited						0.27				0.27
J. K. Print Packs					0.29	0.07			0.29	0.07
Om Sai Pharma Pack						0.09				0.09
<b>b) Sale of Finished Goods</b>										
Mankind Pharma Limited	4,409.35	3,491.75							4,409.35	3,491.75
J. K. Print packs						0.92				0.92

**Vetbesta Labs**

Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024

All amounts are in INR lacs unless otherwise stated

**Transactions during the year**

Particulars	Ultimate Parent Company		Partners		Entities under common control of Ultimate Parent Company/ Partners		Entities under significant influence of Partners/ relatives of Partners/ KMP of Partners		Total	
	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023	Year ended 31 March 2024	Year ended 31 March 2023
<b>c) Purchase of Raw Material, Consumables and Packing Material</b>										
Mankind Pharma Limited	2.41	1.54	-	-	-	-	-	-	2.41	1.54
Copmed Pharmaceuticals Private Limited	-	-	28.83	1.36	-	-	-	-	28.83	1.36
J. K. Print Packs	-	-	-	-	170.91	149.06	-	-	170.91	149.06
Pharma Force Labs	-	-	-	-	0.01	0.14	-	-	0.01	0.14
Prime Polymers	-	-	-	-	192.39	146.90	-	-	192.39	146.90
Relax Pharmaceuticals Private Limited	-	-	-	-	41.29	0.35	-	-	41.29	0.35
Sirmour Pet Industries	-	-	-	-	-	-	0.28	3.48	0.28	3.48
Sirmour Remedies Private Limited	-	-	-	-	-	0.86	-	-	-	0.86
Surbhi Herbals	-	-	-	-	-	-	25.31	22.33	25.31	22.33
A To Z Packers	-	-	-	-	-	-	46.95	33.18	46.95	33.18
A. S. Packers	-	-	-	-	-	-	63.21	58.57	63.21	58.57
Alpha Polyplast	-	-	-	-	-	-	117.88	133.77	117.88	133.77
Ambala Packaging Industry	-	-	-	-	-	-	88.49	72.66	88.49	72.66
Emm Bee Healthcare	-	-	-	-	-	-	-	5.92	-	5.92
N. S. Industries	-	-	-	-	-	-	26.52	26.44	26.52	26.44
Pharma Pet Industries	-	-	-	-	-	-	0.88	2.44	0.88	2.44
Standard Manufacturing Corporation	-	-	-	-	-	-	-	47.68	-	47.68
Shree Balaji Fabricators	-	-	-	-	-	-	-	0.09	-	0.09
Pharmacare Aura Private Limited	-	-	-	-	-	-	16.46	-	16.46	-
<b>d) Printing &amp; Stationary</b>										
A. S. Packers	-	-	-	-	-	-	-	1.88	-	1.88
<b>e) Repair and Maintenance of Plant and Machinery</b>										
Shree Balaji Fabricators	-	-	-	-	-	-	-	0.09	-	0.09
<b>f) Capital Contribution by the Partners</b>										
Copmed Pharmaceuticals Private Limited	-	-	-	50.00	-	-	-	-	-	50.00
<b>g) Capital withdrawn by the Partners</b>										
Copmed Pharmaceuticals Private Limited	-	-	-	345.00	-	-	-	-	-	345.00
Nikunj Tyagi	-	-	-	8.50	-	-	-	-	-	8.50
Saroj Singh	-	-	-	8.50	-	-	-	-	-	8.50

**Vetbesta Labs**  
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**C Balances outstanding as at 31 March 2024**

Particulars	Ultimate Parent Company		Partners		Entities under common control of Ultimate Parent Company/ Partners		Entities under significant influence of Partners/ relatives of Partners/ KMP of Partners		Total	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
<b>a) Trade Receivables</b>										
Mankind Pharma Limited	407.74	391.06	-	-	-	-	-	-	407.74	391.06
<b>b) Trade payables</b>										
Copmed Pharmaceuticals Private Limited	-	-	3.44	-	-	-	-	-	3.44	-
Relax Pharmaceuticals Pvt Ltd	-	-	-	-	7.07	-	-	-	7.07	-
J. K. Print Pack	-	-	-	-	13.94	10.20	-	-	13.94	10.20
Prime Polymers	-	-	-	-	16.69	15.55	-	-	16.69	15.55
A To Z Packers	-	-	-	-	-	-	2.16	7.08	2.16	7.08
A. S. Packers	-	-	-	-	-	-	8.47	9.32	8.47	9.32
Alpha Poly Plast	-	-	-	-	-	-	5.95	9.31	5.95	9.31
Ambala Packaging Industry	-	-	-	-	-	-	11.34	5.12	11.34	5.12
N. S. Industries	-	-	-	-	-	-	5.06	5.52	5.06	5.52
Standard Manufacturing Corporation	-	-	-	-	-	-	-	7.72	-	7.72
Pharma Pet Industries	-	-	-	-	-	-	-	0.37	-	0.37
Surbhi Herbals	-	-	-	-	-	-	3.91	4.62	3.91	4.62
Sirmour Pet Industries	-	-	-	-	-	-	-	0.30	-	0.30
<b>c) Partner's capital</b>										
Copmed Pharmaceuticals Private Limited	-	-	-	0.96	-	-	-	-	-	0.96
Sh. Nikunj Tyagi	-	-	-	19.15	-	-	-	-	-	19.15
Smt. Saroj Singh	-	-	-	19.14	-	-	-	-	-	19.14

i) The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2024, the firm has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

**Vetbesta Labs**

**Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024**  
**All amounts are in INR lacs unless otherwise stated**

**D Fair value measurements**

Set out below, is a comparison by class of the carrying amounts and fair value of the firm's financial instruments:

	Carrying Value		Fair Value	
	As at 31 March 2024	As at 31 March 2023	As at 31 March 2024	As at 31 March 2023
<b>Financial instruments by category</b>				
<b>Financial assets at amortised cost</b>				
Trade Receivables	444.87	391.16	444.87	391.16
Cash and cash equivalents	47.01	83.92	47.01	83.92
Other Financial assets	5.32	5.24	5.32	5.24
	<b>497.20</b>	<b>480.32</b>	<b>497.20</b>	<b>480.32</b>
<b>Financial Liabilities at amortised cost</b>				
Trade Payables	584.86	690.76	584.86	690.76
Other financial liabilities	-	-	-	-
	<b>584.86</b>	<b>690.76</b>	<b>584.86</b>	<b>690.76</b>

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 willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- 1) 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. In addition to being sensitive to a reasonably possible change in the forecast cash flows or the discount rate, the fair value of the equity instruments is also sensitive to a reasonably possible change in the growth rates. The valuation requires management to use unobservable inputs in the model, of which the significant unobservable inputs are disclosed in the tables below. Management regularly assesses a range of reasonably possible alternatives for those significant unobservable inputs and determines their impact on the total fair value.
- 2) The fair values of the Firm's interest-bearing borrowings and loans are determined by using effective interest rate (EIR) method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The own non-performance risk as at 31 March 2023 was assessed to be insignificant.
- 3) Long-term receivables/payables are evaluated by the firm based on parameters such as interest rates, risk factors, individual creditworthiness of the counterparty and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected credit losses of these receivables.
- 4) The significant unobservable inputs used in the fair value measurement categorized within Level 3 of the fair value hierarchy together with a quantitative sensitivity analysis as at 31 March 2023, are as shown below:

**Fair value hierarchy**

The firm uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities

Level 2: other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: techniques that use inputs that have a significant effect on the recorded fair value that are not based on observable market data

**Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2024**

	Carrying Value	Fair Value		
	31 March 2024	Level 1	Level 2	Level 3
<b>Assets carried at amortised cost for which fair value are disclosed</b>				
Trade Receivables	444.87	-	-	444.87
Cash and cash equivalents	47.01	-	-	47.01
Other Financial assets	5.32	-	-	5.32
<b>Liabilities carried at amortised cost for which fair value are disclosed</b>				
Trade Payables	584.86	-	-	584.86
Other financial liabilities	-	-	-	-

**Quantitative disclosures of fair value measurement hierarchy for assets as on March 31, 2023**

	Carrying Value	Fair Value		
	31 March 2023	Level 1	Level 2	Level 3
<b>Assets carried at amortised cost for which fair value are disclosed</b>				
Trade Receivables	391.16	-	-	391.16
Cash and cash equivalents	83.92	-	-	83.92
Other Financial assets	5.24	-	-	5.24
<b>Liabilities carried at amortised cost for which fair value are disclosed</b>				
Trade Payables	690.76	-	-	690.76
Other financial liabilities	-	-	-	-

**Note:**

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

**Vetbesta Labs**  
**Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024**  
**All amounts are in INR lacs unless otherwise stated**

**E Financial risk management objectives and policies**

The firm's principal financial liabilities, other than derivatives, comprise trade and other payables. The main purpose of these financial liabilities is to finance the firm's operations. The firm's principal financial assets include loans, trade and other receivables, and cash and cash equivalents that are derived directly from its operations.

The firm's financial risk management is an integral part of how to plan and execute its business strategies. The firm is exposed to market risk, credit risk and liquidity risk.

The firm's senior management oversees the management of these risks. The senior professionals working to manage the financial risks and the appropriate financial risk governance framework for the firm are accountable to the Board of Directors. This process provides assurance to firm's senior management that the firm's financial risk-taking activities are governed by appropriate policies and procedures and that financial risk are identified, measured and managed in accordance with firm policies and firm risk objective.

The management reviews and agrees policies for managing each of these risks which are summarized as below:

**(a) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprises three types of risk: currency rate risk, interest rate risk and other price risks, such as equity price risk and commodity price risk. Financial instruments affected by market risks include loans and borrowings, deposits and foreign currency receivables and payables. The sensitivity analysis in the following sections relate to the position as at reporting date. The analysis exclude the impact of movements in market variables on: the carrying values of gratuity and other post-retirement obligations; provisions; and the non-financial assets and liabilities. The sensitivity of the relevant Profit and Loss item and equity is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of 31 March 2023.

**(i) Foreign Currency Risk**

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

**(ii) Interest Rate Risk**

The firm is not exposed to any interest rate risk as it does not have financial assets or liabilities the value of which will be effected on account of change in market interest rates except as mentioned below.

**(iii) Commodity Price Risk**

The firm is not exposed to any other risk as it does not have financial assets or liabilities the value of which will be effected on account of change in any other factor or risk.

**(b) Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the firm. The firm has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The firm regularly monitors its counterparty limits by reviewing the outstanding balance and ageing of the same.

**Possible credit risk**

Credit risk related to trade receivables

**Credit risk management**

Credit risk is the risk of financial loss to the firm if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the firm's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the firm grants credit terms in the normal course of business. The firm establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Receivables are deemed to be past due or impaired with reference to the firm's normal terms and conditions of business. These terms and conditions are determined on a case to case basis with reference to the customer's credit quality and prevailing market conditions. Receivables that are classified as 'past due' in the above tables are those that have not been settled within the terms and conditions that have been agreed with that customer.

Credit risk related to bank balances

firm holds bank balances with reputed and creditworthy banking institution within the approved exposures limit of each bank. None of the firm's cash equivalents, including time deposits with banks, are past due or impaired.

The carrying value of financial assets other than cash represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets.

**(c) Liquidity**

The firm requires funds both for short-term operational needs as well as for long-term investment programme mainly in growth projects. The firm generates sufficient cash flows from the current operations which together with the available cash and cash equivalents and short-term investments provide liquidity both in the short-term as well as in the long-term.

The firm remains committed to maintaining a healthy liquidity, gearing ratio, deleveraging and strengthening its balance sheet. The maturity profile of the firm's financial liabilities based on the remaining period from the date of balance sheet to the contractual maturity date is given in the table below. The figures reflect the contractual undiscounted cash obligation of the firm.

Financial liabilities	As at 31 March 2024		
	Less than 1 year	1 to 5 years	Total
Trade payables	584.86	-	584.86
Other financial liabilities	-	-	-
<b>Total</b>	<b>584.86</b>	<b>-</b>	<b>584.86</b>
Financial liabilities	As at 31 March 2023		
	Less than 1 year	1 to 5 years	Total
Trade payables	690.76	-	690.76
Other financial liabilities	-	-	-
<b>Total</b>	<b>690.76</b>	<b>-</b>	<b>690.76</b>

**Vetbesta Labs****Notes forming part of the Special Purpose financial statements for the year ended 31 March 2024****All amounts are in INR lacs unless otherwise stated****F Capital Management**

For the purpose of the firm's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the firm. The primary objective of the firm's capital management is to maximise the shareholder value.

The firm manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants, if any. To maintain or adjust the capital structure, the firm reviews the fund management at regular intervals and take necessary actions to maintain the requisite capital structure.

No changes were made in the objectives, policies or processes for managing capital during the year ended 31 March 2024 and 31 March 2023.

**26 Ratio analysis and its elements**

Ratio	Numerator	Denominator	31 March 2024	31 March 2023	% Change	Remarks
Current Ratio	Current Assets	Current Liabilities	1.62	1.51	6.98%	NA
Return on Equity ratio	Net Profits after taxes	Average Partners' Capital	52.45%	27.27%	92.34%	Refer to remark 1 below
Inventory Turnover ratio	Cost of goods sold	Average Inventory	5.63	4.47	25.85%	Refer to remark 2 below
Trade Receivable Turnover Ratio	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	11.04	11.29	-2.22%	NA
Trade Payable Turnover Ratio	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	4.94	5.08	(2.76%)	NA
Net Capital Turnover Ratio	Net sales = Total sales - sales return	Working capital = Current assets - Current liabilities	11.87	9.28	27.89%	Refer to remark 3 below
Net Profit ratio	Net Profit	Net sales = Total sales - sales return	11.06%	7.86%	40.72%	Refer to remark 4 below
Return on Capital Employed	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax liability	78.62%	41.55%	89.21%	Refer to remark 5 below

**Remarks**

- Return on Equity ratio has increased primarily due to increase in profit during the year on account of increase in sales.
- Inventory Turnover Ratio has increased mainly due to increase in consumption of goods.
- Net Capital Turnover Ratio has increased primarily due to increase in turnover during the year.
- Net Profit ratio has increased primarily due to increase in profit during the year on account of increase in sales.
- Return on Capital Employed has increased primarily due to increase in profit during the year on account of increase in sales.

**27 Other Information**

(i) The Firm have not traded or invested in Crypto currency or Virtual Currency during the financial year

(ii) The Firm have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the firm (Ultimate Beneficiaries) or
- provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(iii) The Firm have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the firm shall:

- directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
- provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

(iv) The Firm have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961)

**28** The figures have been rounded off to the nearest Lakh of rupees upto two decimal places. The Figures 0,00 wherever stated represents amount less than INR 5,000.

**29** Note No.1 to 28 form integral part of the balance sheet and statement of profit and loss.

**As per our report of even date**

**For Gupta Shiv & Co.**  
Chartered Accountants  
Firm Reg. no. 006476C

SHIV KUMAR GUPTA  
Chartered Accountant  
Firm Reg. No. 006476C

**CA Shiv Kumar Gupta**  
Partner  
M.No. 075281

Place: Meerut  
Date:

**For and on behalf of Partners of Vetbesta Labs**

**Veer Pal Singh**  
Digitally signed by  
Veer Pal Singh  
Date: 2024.05.07  
17:41:23 +05'30'

**Veer Pal Singh**  
(On behalf of Copmed Pharmaceuticals Private Limited)  
Partner

**Saroj Singh**  
Digitally signed by  
Saroj Singh  
Date: 2024.05.07  
17:38:29 +05'30'

**Saroj Singh**  
Partner

Place: Paonta Sahib (Himachal Pradesh)  
Date:

**Nikunj Tyagi**  
Digitally signed  
by Nikunj Tyagi  
Date: 2024.05.07  
17:37:29 +05'30'

**Nikunj Tyagi**  
Partner