

NATCO PHARMA AUSTRALIA PTY LTD

ABN 40 601 572 301

FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2021

NATCO PHARMA AUSTRALIA PTY LTD
ABN 40 601 572 301

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Natco Pharma Australia Pty Ltd ABN 40 601 572 301
Financial Report for the Year Ended 31 March 2021
DIRECTORS' REPORT

Your directors present their report on the company for the year ended 31 March 2021.

Directors

The names of the directors in office at any time during or since the end of the year are:

Subba Rao Mente
Alakkudi Sundararaman
Apparao Sannidhanam Veera Venkata Narasimha

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Review of Operations

The loss of the company for the year after providing for income tax amounted to \$1,495,556 (2020: loss of \$389,758).

A review of the operations of the company during the year and the results of those operations are as follows:

Significant Changes in the State of Affairs

No significant changes in the company's state of affairs occurred during the year.

Principal Activities

The principal activities of the company during the year were research and development activities in relation to generic pharmaceuticals.

No significant change in the nature of these activities occurred during the year.

Events Subsequent to the End of the Reporting Year

The entity issued 850,000 fully paid ordinary shares of \$1 AUD each on 5 May 2021 to its parent entity Natco Pharma Limited.

Likely Developments and Expected Results of Operations

Likely developments in the operations of the company and the expected results of those operations in future years have not been included in this report as the inclusion of such information is likely to result in unreasonable prejudice to the company.

Environmental Regulation

The company's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Dividends

No dividends have been paid or declared since the start of the year.

Options

No options over issued shares or interests in the company were granted during or since the end of the year and there were no options outstanding at the date of this report.

Indemnification of Officers

No indemnities have been given or insurance premiums paid, during or since the end of year, for any person who is or has been an officer or auditor of the company.

DIRECTORS' REPORT

Proceedings on Behalf of the Company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

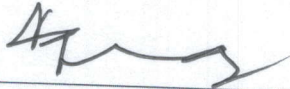
The company was not a party to any such proceedings during the year.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under s 307C of the *Corporations Act 2001* is set out on page 4.

This directors' report is signed in accordance with a resolution of the Board of Directors:

Director



Apparao Sannidhanam Veera Venkata Narasimha

Dated this

26

day of

May

2021



Accountants & Advisors

 Take the lead

AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001 TO THE DIRECTORS OF NATCO PHARMA AUSTRALIA PTY LTD

I declare that, to the best of my knowledge and belief, during the year ended 31 March 2021 there have been:

- i. no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit, and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

ShineWing Australia

ShineWing Australia
Chartered Accountants

René Muller
Partner

Sydney, 26 May 2021

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NATCO PHARMA AUSTRALIA PTY LTD
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STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 \$	Restated 2020 \$
Other expenses	2	(41,723)	(32,911)
Research and Development Costs		(1,453,833)	(356,847)
		<hr/>	<hr/>
Loss before income tax		(1,495,556)	(389,758)
Income tax expense		-	-
		<hr/>	<hr/>
Loss for the year		<u>(1,495,556)</u>	<u>(389,758)</u>
Loss attributable to members of the company		<u>(1,495,556)</u>	<u>(389,758)</u>

These statements should be read in conjunction with the notes to the financial statements.

NATCO PHARMA AUSTRALIA PTY LTD
ABN 40 601 572 301

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	2021	Restated
	\$	2020
		\$
Loss for the year	(1,495,556)	(389,758)
Other comprehensive income	-	-
Total other comprehensive income for the year	-	-
Total comprehensive loss for the year	<u>(1,495,556)</u>	<u>(389,758)</u>
Total comprehensive loss attributable to members of the company	<u>(1,495,556)</u>	<u>(389,758)</u>

These statements should be read in conjunction with the notes to the financial statements.

NATCO PHARMA AUSTRALIA PTY LTD
ABN 40 601 572 301

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2021

	Note	2021 \$	Restated 2020
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	18,683	38,666
Trade and other receivables	4	31,328	609
TOTAL CURRENT ASSETS		50,011	39,275
TOTAL ASSETS		50,011	39,275
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	1,011,127	354,835
TOTAL CURRENT LIABILITIES		1,011,127	354,835
TOTAL LIABILITIES		1,011,127	354,835
NET ASSETS		(961,116)	(315,560)
EQUITY			
Issued capital	6	1,908,572	1,058,572
Accumulated losses		(2,869,688)	(1,374,132)
TOTAL EQUITY		(961,116)	(315,560)

These statements should be read in conjunction with the notes to the financial statements.

NATCO PHARMA AUSTRALIA PTY LTD
ABN 40 601 572 301

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	Issued Capital \$	Accumulated losses \$	Total \$
Balance at 1 April 2019	978,572	(984,374)	(5,802)
Comprehensive income			
Loss for the year	-	(389,758)	(389,758)
Total comprehensive income for the year attributable to the member of the company	-	(389,758)	(389,758)
Transactions with the owner, in capacity as owner and other transfers			
Natco Pharma Limited	80,000	-	80,000
Total transactions with the owner and other transfers	80,000	-	80,000
Balance at 31 March 2020	1,058,572	(1,374,132)	(315,560)
Balance at 1 April 2020	1,058,572	(1,374,132)	(315,560)
Comprehensive income			
Loss for the year	-	(1,495,556)	(1,495,556)
Total comprehensive income for the year attributable to the member of the company	-	(1,495,556)	(1,495,556)
Transactions with the owner, in capacity as owner and other transfers			
Natco Pharma Limited	850,000	-	850,000
Total transactions with the owner and other transfers	850,000	-	850,000
Balance at 31 March 2021	1,908,572	(2,869,688)	(961,116)

These statements should be read in conjunction with the notes to the financial statements.

NATCO PHARMA AUSTRALIA PTY LTD
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STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2021

	Note	2021 \$	Restated 2020 \$
Cash flows from operating activities			
Payment to suppliers		(911,329)	(52,596)
Receipts from collection of receivables	7	41,346	4,760
Net cash used in operating activities		(869,983)	(47,836)
Cash flows from financing activities			
Capital contribution		850,000	80,000
Net cash provided by financing activities		850,000	80,000
Net increase / (decrease) in cash held		(19,983)	32,164
Cash and cash equivalents at beginning of financial year		38,666	6,502
Cash and cash equivalents at end of financial year	3	18,683	38,666

These statements should be read in conjunction with the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Natco Pharma Australia Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

The financial statements were authorised for issue on 26 May 2021 by the directors of the company.

Basis of Preparation

The directors have prepared the financial statements on the basis that the company is a non-reporting entity because there are no users dependent on general purpose financial statements. The financial statements are therefore special purpose financial statements that have been prepared in order to meet the requirements of the *Corporations Act 2001*. The company is a for-profit entity for financial reporting purposes under Australian Accounting Standards which was incorporated on 1 September 2014.

The financial statements have been prepared in accordance with the mandatory Australian Accounting Standards applicable to entities reporting under the *Corporations Act 2001* and the significant accounting policies disclosed below, which the directors have determined are appropriate to meet the needs of members. Such accounting policies are consistent with the previous period unless stated otherwise.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs unless otherwise stated in the notes. The amounts presented in the financial statements have been rounded to the nearest dollar.

Accounting Policies

a. Impairment of Assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external sources of information and internal sources of information including dividends received from subsidiaries, associates or jointly controlled entities deemed to be out of pre-acquisition profits. If such an indication exists, an impairment test is carried out on the asset by comparing the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in profit or loss, unless the asset is carried at a revalued amount. Any impairment loss of a revalued asset is treated as a revaluation decrease.

Where it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

b. Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the statement of financial position.

c. Revenue and Other Income

Revenue is measured at the fair value of the consideration received or receivable after taking into account any trade discounts and volume rebates allowed. Any consideration deferred is treated as the provision of finance and is discounted at a rate of interest that is generally accepted in the market for similar arrangements. The difference between the amount initially recognised and the amount ultimately received is interest revenue.

Interest revenue is recognised using the effective interest method, which for floating rate financial assets is the rate inherent in the instrument.

Revenue recognition relating to the provision of services is determined with reference to the stage of completion of the transaction at the end of the reporting period and where outcome of the contract can be estimated reliably. Stage of completion is determined with reference to the services performed to date as a percentage of total anticipated services to be performed. Where the outcome cannot be estimated reliably, revenue is recognised only to the extent that related expenditure is recoverable.

All revenue is stated net of the amount of goods and services tax.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

d. **Trade and Other Receivables**

Trade and other receivables include amounts due from customers for goods sold and services performed in the ordinary course of business. Receivables expected to be collected within 12 months of the end of the reporting period are classified as current assets. All other receivables are classified as non-current assets.

Trade and other receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

e. **Trade and Other Payables**

Trade and other payables represent the liabilities for goods and services received by the entity that remain unpaid at the end of the reporting period. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

f. **Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of GST, except where the amount of GST incurred is not recoverable from the Australian Taxation Office (ATO).

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to, the ATO are presented as operating cash flows included in receipts from customers or payments to suppliers.

g. **Intangible Assets**

Patent costs have been recognised as an Intangible Asset on the basis that they will provide future economic benefits. They have been depreciated according to the effective life of a standard patent of 20 years on a diminishing value basis.

h. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year. The comparative figures in this report are for the period 1 April 2019 to 31 March 2020.

Prior period restatements

During the year the below errors were identified in the comparative figures for the year ending 31 March 2020:

- Accounting fees for FY20 included \$450 that was not reflected in the financials.
- Research and development expenditure amounting to \$342,000 relating to FY20 was incorrectly recognised in FY21. This error has been corrected by recognising the expenses in FY20.

The combined impact of the restatement of these amounted to an increase in the loss reported in FY20 of \$342,450 and a decrease in net assets of \$342,450

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

NOTE 2: LOSS FOR THE YEAR

	2021	2020 (Restated)
	\$	\$
Other expenses		
Accountancy fees	10,820	9,250
Amortisation	0	306
Auditors' remuneration	12,300	9,950
Bank charges	170	138
Consulting Fees	4,000	1000
Directors Fee	12,000	12,000
Filing fees	273	267
Legal Expenses	1,500	0
TGA Fees	660	0
	<u>41,723</u>	<u>32,911</u>

NOTE 3: CASH AND CASH EQUIVALENTS

	2021	2020 Restated
	\$	\$
Cash at bank	18,683	38,666
	<u>18,683</u>	<u>38,666</u>

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to items in the statement of financial position as follows:

Cash and cash equivalents	18,683	38,666
	<u>18,683</u>	<u>38,666</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

NOTE 4: TRADE AND OTHER RECEIVABLES

	2021	2020 (Restated)
	\$	\$
CURRENT		
Other receivables	31,328	609
	<u>31,328</u>	<u>609</u>

NOTE 5: TRADE AND OTHER PAYABLES

	2021	2020 (Restated)
	\$	\$
CURRENT		
Trade creditors	520,329	342,385
Accrued expenses	490,798	12,450
	<u>1,011,127</u>	<u>354,835</u>

NOTE 6: ISSUED CAPITAL

	2021	2020 (Restated)
	\$	\$
a. 1,908,572 fully paid ordinary shares	<u>1,908,572</u>	<u>1,058,572</u>

The company has authorised share capital amounting to 1,908,572 (2020: 1,058,572) ordinary shares of no-par value. During the year, the parent company Natco Pharma Limited has acquired 400,000 fully paid ordinary shares of \$1 AUD each with effect from 5 August 2020 and 450,000 fully paid ordinary shares of \$1 AUD each with effect from 20 November 2020.

Ordinary shares participate in dividends and the proceeds on winding up of the company in proportion to the number of shares held.

At the shareholders' meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021**

NOTE 7: CASH FLOW INFORMATION

	2021	2020 (Restated)
	\$	\$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(1,495,556)	(389,758)
Non-cash flows in profit:		
– Amortisation	0	306
Changes in assets and liabilities:		
– Decrease/(Increase) in receivables	(30,719)	535
– (Decrease)/Increase in payables	656,292	341,081
	(869,983)	(47,836)

NOTE 8: SUBSEQUENT EVENTS

The entity issued 850,000 fully paid ordinary shares of \$1 AUD each on 5 May 2021 to its parent entity Natco Pharma Limited.

NOTE 9: GOING CONCERN

The company generated a loss of \$1,495,556 in the year and had net liabilities of \$961,116 at 31 March 2021. Notwithstanding the loss and the net liabilities, the entity raised capital post year end amounting to \$850,000 and has the ongoing support of the parent entity. The Directors therefore believe the Going Concern basis or preparation is appropriate and the Company will be able to repay their debts as and when they fall due.

NOTE 10: COMPANY DETAILS

The company's parent entity is Natco Pharma Limited, a listed entity incorporated in India.

The registered office of the company is:

Blue Rock Australia Pty Ltd
Level 16, 414 La Trobe Street
MELBOURNE VIC 3000

The principal place of business is:

Natco Pharma Australia Pty Ltd
6 Morotai Avenue
ASHBURTON VIC 3147

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

DIRECTORS' DECLARATION

In accordance with a resolution of the directors of Natco Pharma Australia Pty Ltd, the directors have determined that the company is not a reporting entity and that this special purpose financial report should be prepared in accordance with the accounting policies described in Note 1 to the financial statements.

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 5 to 14, are in accordance with the *Corporations Act 2001* and:
 - a. comply with Australian Accounting Standards; and
 - b. give a true and fair view of the company's financial position as at 31 March 2021 and of its performance for the year ended on that date in accordance with the accounting policies described in Note 1 to the financial statements.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Director



Apparao Sannidhanam Veera Venkata Narasimha

Dated this

26

day of

May

2021

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NATCO PHARMA AUSTRALIA PTY LTD

Opinion

We have audited the financial report of Natco Pharma Australia Pty Ltd (the "Company") which comprises the statement of financial position as at 31 March 2021, the statement of profit or loss, the statement of changes in equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

- a. giving a true and fair view of the Company's financial position as at 31 March 2021 and of its financial performance for the year then ended, and
- b. complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for Opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 to the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the director's financial reporting responsibilities under the *Corporations Act 2001*. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Subsequent Events

We draw attention to Note 8 to the financial report, which details the issuance of 850,000 fully paid ordinary shares of \$1 AUD each on 5 May 2021 to its parent entity Natco Pharma Limited.

Information Other than the Financial Report and Auditor's Report Thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 March 2021, but does not include the financial report and our auditor's report thereon.

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Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the Financial Report

The directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error

In preparing the financial report, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 Australian Auditing Standards 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 this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

We communicate with the directors 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.

ShineWing Australia

ShineWing Australia
Chartered Accountants

R. Muller

René Muller
Partner

Sydney, 26 May 2021