

NATCO PHARMA AUSTRALIA PTY LTD

ABN 40 601 572 301

FINANCIAL REPORT

FOR THE YEAR ENDED 31 MARCH 2023

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 2023
DIRECTORS' REPORT

Your directors present their report on the company for the year ended 31 March 2023.

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 \$132,757 (2021: loss of \$756,522).

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.

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.

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

Director



Apparao Sannidhanam Veera Venkata Narasimha

Dated this

17

day of

May

2023



NATCO PHARMA AUSTRALIA PTY LTD
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STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 \$	2022 \$
Other expenses	2	(132,757)	(187,037)
Research and Development Costs		-	(569,485)
		<hr/>	<hr/>
Loss before income tax		(132,757)	(756,522)
Income tax expense		-	-
		<hr/>	<hr/>
Loss for the year		<u>(132,757)</u>	<u>(756,522)</u>
Loss attributable to members of the company		<u>(132,757)</u>	<u>(756,522)</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 2023

	Note	2023 \$	2022 \$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	3	65,098	4,125
Trade and other receivables	4	2,653	2,046
TOTAL CURRENT ASSETS		67,751	6,171
TOTAL ASSETS		67,751	6,171
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	5	18,147	23,809
TOTAL CURRENT LIABILITIES		18,147	23,809
TOTAL LIABILITIES		18,147	23,809
NET ASSETS		49,604	(17,638)
EQUITY			
Issued capital	6	3,808,572	3,608,572
Accumulated losses		(3,758,968)	(3,626,210)
TOTAL EQUITY		49,604	(17,638)

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 2023

	2023	2022
	\$	\$
Loss for the year	(132,757)	(756,522)
Other comprehensive income	-	-
Total other comprehensive income for the year	-	-
Total comprehensive loss for the year	(132,757)	(756,522)
Total comprehensive loss attributable to members of the company	(132,757)	(756,522)

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 2023

	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	-	(1,495,557)	(1,495,557)
Total comprehensive income for the year attributable to the member of the company	-	(1,495,557)	(1,495,557)
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	(2,869,689)	(961,117)

Balance at 1 April 2021	1,908,572	(2,869,689)	(961,117)
Comprehensive income			
Loss for the year	-	(756,522)	(756,522)
Total comprehensive income for the year attributable to the member of the company	-	(756,522)	(756,522)
Transactions with the owner, in capacity as owner and other transfers			
Natco Pharma Limited	1,700,000	-	1,700,000
Total transactions with the owner and other transfers	1,700,000	-	1,700,000
Balance at 31 March 2022	3,608,572	(3,626,211)	(17,639)
Balance at 1 April 2022	3,608,572	(3,626,211)	(17,639)
Comprehensive income			
Loss for the year	-	(132,757)	(132,757)
Total comprehensive income for the year attributable to the member of the company	-	(132,757)	(132,757)
Transactions with the owner, in capacity as owner and other transfers			
Natco Pharma Limited	200,000	-	200,000
Generic Partners Holding Co Pty Ltd	-	-	-
Sanjiv Puri	-	-	-
Total transactions with the owner and other transfers	200,000	-	200,000
Balance at 31 March 2023	3,808,572	(3,758,968)	49,604

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 2023

	Note	2023 \$	2022 \$
Cash flows from operating activities			
Payment to suppliers		(143,926)	(1,852,837)
Receipts from collection of receivables		4,898	138,280
Net cash used in operating activities	7	<u>(139,028)</u>	<u>(1,714,557)</u>
Cash flows from financing activities			
Capital contribution		200,000	1,700,000
Net cash provided by financing activities		<u>200,000</u>	<u>1,700,000</u>
Net increase / (decrease) in cash held		60,972	(14,557)
Cash and cash equivalents at beginning of financial year		4,126	18,683
Cash and cash equivalents at end of financial year	3	<u>65,098</u>	<u>4,126</u>

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 2023

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 16 May 2023 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 needs of the shareholders. 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 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 2023

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 2021 to 31 March 2022.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTE 2: LOSS FOR THE YEAR

	2023	2022
	\$	\$
Other expenses		
Accountancy fees	11,960	13,580
Auditors' remuneration	11,219	10,900
Bank charges	420	331
Consulting Fees	7,710	19,500
Directors Fee	12,000	12,000
Filing fees	290	276
TGA Fees	89,159	130,450
	<u>132,757</u>	<u>187,037</u>

NOTE 3: CASH AND CASH EQUIVALENTS

	2023	2022
	\$	\$
Cash at bank	65,098	4,125
	<u>65,098</u>	<u>4,125</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	65,098	4,125
	<u>65,098</u>	<u>4,125</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023

NOTE 4: TRADE AND OTHER RECEIVABLES

	2023	2022
	\$	\$
CURRENT		
Other receivables	2,653	2,046
	<u>2,653</u>	<u>2,046</u>

NOTE 5: TRADE AND OTHER PAYABLES

	2023	2022
	\$	\$
CURRENT		
Trade creditors	1,485	6,680
Accrued expenses	16,662	17,129
	<u>18,147</u>	<u>23,809</u>

NOTE 6: ISSUED CAPITAL

	2023	2022
	\$	\$
a. 3,808,572 fully paid ordinary shares	<u>3,808,572</u>	<u>3,608,572</u>

The company has authorised share capital amounting to 3,808,572 (2022: 3,608,572) ordinary shares of no-par value. During the year, the parent company Natco Pharma Limited has acquired 200,000 fully paid ordinary shares of \$1 AUD each with effect from 27 May 2022.

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 2023

NOTE 7: CASH FLOW INFORMATION

	2023	2022
	\$	\$
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(132,757)	(756,522)
Non-cash flows in profit:		
Changes in assets and liabilities:		
– Decrease/(Increase) in receivables	(607)	29,283
– (Decrease)/Increase in payables	(5,662)	(987,318)
	(139,026)	(1,714,557)

NOTE 8: SUBSEQUENT EVENTS

There have been no subsequent events after the reporting period.

NOTE 9: GOING CONCERN

The company generated a loss of \$132,757 in the year and had net assets of \$49,604 at 31 March 2023. Notwithstanding the loss and the net liabilities, the entity raised capital amounting to \$200,000 and has the ongoing support of the parent entity. The Directors therefore believe the Going Concern basis of 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 9, Little Collins 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 2023

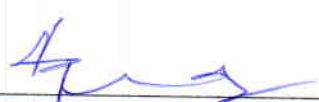
DIRECTORS' DECLARATION

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:
 - a. comply with Australian Accounting Standards; and
 - b. Presents fairly the company's financial position as at 31 March 2023 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

17

day of

May

2023



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 Entity), which comprises the statement of financial position as at 31 March 2023, the statement of comprehensive income, statement of changes in equity and 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 presents fairly, in all material respects, the financial position of the Entity as at 31 March 2023, and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards to the extent described in Note 1.

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 Entity in accordance with 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 to assist Natco Pharma Australia Pty Ltd to meet the requirements of the shareholders. As a result, the financial report may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Report

Management is responsible for the preparation and fair presentation of the financial report in accordance with the financial reporting requirements of the Australian Accounting Standards to the extent described in Note 1 and for such internal control as management determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

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.

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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 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial 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 Entity 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 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.

SW

SW Audit (formerly ShineWing Australia)
Chartered Accountants



René Muller
Partner
Sydney, 17 May 2023