

Dewan P.N. Chopra & Co.

Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Pharmax Corporation Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Pharmax Corporation Limited ("the Company"), which comprise the balance sheet as at 31st March 2022, and the statement of Profit and Loss, 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 other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act 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 Company as at March 31, 2022, and loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 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 opinion.

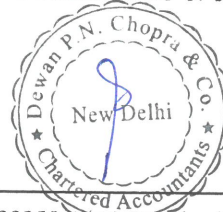
Emphasis of matter

We draw attention to Note 30 of the Statement which describes the management's assessment of the impact of the outbreak of Covid-19 on property plant & equipment, investment property, revenue, trade receivables and other assets. The management believes that no adjustments are required in the financial statements as there is no impact in the current financial year. However, in view of the highly uncertain economic environment and its likely effect on future revenues due to Covid-19, a definitive assessment of the impact on the subsequent periods is dependent upon circumstances as they evolve.

Our Opinion is not modified in respect of the above matter.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for the safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate implementation and maintenance of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal



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financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Those Board of Directors is also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 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 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. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls over financial reporting in place and the operating effectiveness of such controls.
- 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 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 statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that individually or in aggregate, make it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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.

Other Matter

1. As precautionary measures to COVID-19, the statutory audit was conducted via making arrangements to provide requisite documents/ information through an electronic medium as an alternative audit procedure.

As a part of the alternative audit procedure, the Company has made available the following information/ records/ documents/ explanations to us through e-mail and remote secure network of the Company:

- a) Scanned copies of necessary records/documents deeds, certificates and the related records made available electronically through e-mail or remote secure network of the Company; and
- b) By way of enquiries through video conferencing, dialogues and discussions over the phone, e-mails and similar communication channels.

It has also been represented by the management that the data and information provided electronically for the purpose of our audit are correct, complete, reliable and are directly generated from the accounting system of the Company, extracted from the records and files, without any further manual modifications to maintain its integrity, authenticity, readability and completeness. In addition, based on our review of the various internal audit reports/inspection reports (as applicable), nothing has come to the knowledge that makes us believe that such an alternate audit procedure would not be adequate.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the "Annexure A" statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

3. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the statement of changes in equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
 - d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;



- e. On the basis of the written representations received from the directors as of 31st March 2022 taken on record by the Board of Directors, none of the directors is disqualified as of 31st March 2022 from being appointed as a director in terms of Section 164 (2) of the Act;
- f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";
- g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 21 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The management has represented that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity (ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (b) The management has represented, that, to the best of its knowledge and belief, as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, 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; and
- (c) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to my/our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- v. There is no dividend declared or paid during the year by the company.

For Dewan P. N. Chopra & Co.
Chartered Accountants
Firm Regn. No. 000472N

Sandeep Dahiya
Partner

Membership No. 505374
UDIN: 22505371AKKZEY6231
Place of Signature: New Delhi
Date: 16th May 2022



ANNEXURE-ATO THE INDEPENDENT AUDITORS' REPORT
(Referred to in paragraph - 1 under the heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date.)

Based on the audit procedures performed for the purpose of reporting a true and fair view on the financial statements of the Company and taking into consideration the information and explanations given by the management and the books of account and other records examined by us in the normal course of the audit and to the best of our knowledge and belief, we report that: -

- (i) (a) (A) The company has maintained proper records showing full particulars including quantitative details and situations of property, plant and equipment.
- (B) The company does not have intangible assets. Hence paragraph 3(i)(a)(B) does not apply to the company.
- (b) The management has physically verified the property, plant and equipment at reasonable intervals and no material discrepancies were noticed on such verification.
- (c) The company does not have any immovable property under the Property, Plant and Equipment. Hence paragraph 3(i)(c) does not apply to the company.
- (d) The company is not revaluing its property, plant and equipment during the year; hence paragraph 3 (i) (d) does not apply to the company.
- (e) Based on the management representation, there is no proceedings have been initiated or are pending against the company for holding any Benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder, hence the paragraph 3 (i) (e) is not applicable on the company.
- (ii) The Company does not have any inventory and hence reporting under clause 3(ii) of the Order is not applicable.
- (iii) On the basis of our examination of the books of accounts and records, the company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Hence paragraph 3 (iii) is not applicable to the company.
- (iv) In our opinion, in respect of loans, investments, guarantees, and security provisions of section 185 and 186 of the Companies Act, 2013 has been complied with.
- (v) The company has not accepted any deposits or amounts which are deemed to be deposited; hence paragraph 3(v) of the order is not applicable.
- (vi) In our opinion, paragraph 3(vi) of the order is not applicable.
- (vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues have been subsumed into Goods and Services Tax.

On the basis of our examination of the records of the company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, goods and services tax, duty of customs, cess and any other statutory dues have generally been regularly deposited during the year by the company with the appropriate authorities to the extent applicable to it.

In our opinion, no undisputed amounts payable in respect of provident fund, income tax, goods and services tax, sales tax, value-added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2022 for a period of more than six months from the date they became payable.



- (b) On the basis of our examination of the books of accounts and records, there are no dues of income tax or goods and services tax or sales tax or service tax or duty of customs or duty of excise or value-added tax or cess which have not been deposited on account of any dispute.
- (viii) On the basis of our examination of the books of accounts and records, there are no transactions which are not recorded in the books of account and have been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (43 of 1961), hence clause 3 (viii) is not applicable to the company.
- (ix) (a) On the basis of our examination of the books of accounts and records and in our opinion, there is no default in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
- (b) According to the information and explanations given to us and on the basis of our audit procedures, we report that the company has not been declared a willful defaulter by any bank or financial institution or government or any government authority.
- (c) In our opinion and according to the information and explanations given to us, the company has utilized the money obtained by way of term loans during the year for the purposes for which they were obtained except Rs. 1305.00 Lakh obtained from a related party is pending for utilization for the stated purpose, the fund has been temporarily invested in Mutual Funds and Fixed Deposit.
- (d) According to the information and explanations given to us, the procedures performed by us, and on an overall examination of the financial statements of the company, we report that the company has not raised funds on a short-term basis. Hence, paragraph 3(ix)(d) is not applicable.
- (e) According to the information and explanations are given to us and on an overall examination of the financial statements of the company, we report that the company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures.
- (f) According to the information and explanations given to us and procedures performed by us, we report that the company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies.
- (x) (a) In our opinion and according to the information and explanations given to us, during the year the company has not raised money by way of initial public offer/ further public offer (including debt instruments). Hence paragraph 3(x) of the order is not applicable.
- (xi) (a) In our opinion, no fraud by the company or any fraud on the Company has been noticed or reported during the course of our audit.
- (b) Based on our examination of the records of the Company and in our opinion, no report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
- (c) As represented to us by the management, there are no whistleblower complaints received by the company during the year.
- (xii) In our opinion, the Company is not a Nidhi company. Hence, paragraph 3(xii) of the Order is not applicable.
- (xiii) Based on our examination of the records of the Company and in our opinion, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

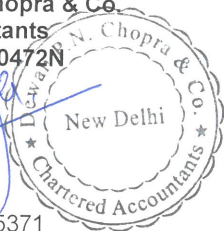


- (xiv) The company does not have an internal audit system and is not required to have an internal audit system as per provisions of the Companies Act 2013.
- (xv) According to the information and explanations given to us, in our opinion during the year the company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the company.
- (xvi) (a) Based on our examination of the records of the Company, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.
- (b) Based on our examination of the records of the Company, the Company has not conducted any non-Banking financial or Housing Finance activities without a valid Certificate of the Registration from the Reserve Bank of India Act, 1934.
- (c) Based on our examination of the records of the Company, the Company is not a Core Investment company (CIC) as defined in the regulations made by the Reserve Bank of India and accordingly, there is no requirement to fulfill the criteria of a CIC.
- (d) Based on our examination of the records of the Company, there is no CIC as part of the group and therefore Clause 3 (xvi) (d) is not applicable to the company
- (xvii) Based on our examination of the records of the Company, the Company has incurred cash losses amounting to Rs. 32.56 Lakh and Rs. 254.88 Lakh in the financial year and in the immediately preceding financial year respectively.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly this clause is not applicable.
- (xix) According to the information and explanations are given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that company is not capable of meeting its liabilities existing at the date of the balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the company as and when they fall due.
- (xx) According to the information and explanations given to us, Section 135 of the Companies Act, 2013 is not applicable to the Company. Hence paragraph 3(xx) of the said order is not applicable to the Company.

For **Dewan P. N. Chopra & Co.**
Chartered Accountants
Firm Regn. No. 000472N

Sandeep Dahiya
Partner

Membership No. 505371
UDIN: 22505371AKKZEY6231
Place of Signature: New Delhi
Date: 16th May 2022



ANNEXURE – B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF PHARMAX CORPORATION LIMITED

Report on the Internal Financial Controls over financial reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Pharmax Corporation Limited** ("the Company") as of March 31, 2022, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records



that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

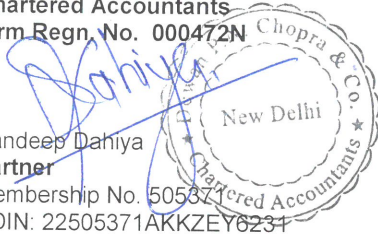
Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Dewan P. N. Chopra & Co.**
Chartered Accountants
Firm Regn. No. 000472N

Sandeep Dahiya
Partner

Membership No. 505371
UDIN: 22505371AKKZEY6234
Place of Signature: New Delhi
Date: 16th May 2022



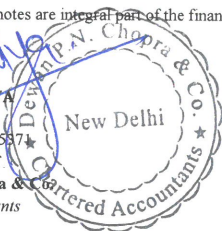
Pharmax Corporation Limited
Balance sheet as at March 31, 2022
CIN- U24232PB1989PLC009741

Particulars	Notes	(Rs. in Lacs)	
		As at March 31, 2022	As at March 31, 2021
ASSETS			
Non-current assets			
Property, plant and equipment	3	1.29	2.35
Investment Property	4	4,869.99	3,489.75
Deferred tax assets (net)	19	-	43.83
Other non current assets	5	105.23	-
		<u>4,976.51</u>	<u>3,535.93</u>
Current assets			
Financial assets			
(ii) Trade receivables	6	11.75	10.95
(ii) Other investments		1,274.28	-
(iii) Other financial assets		205.09	28.68
(iv) Cash and cash equivalents		73.84	34.56
(v) Bank balances other than (iv) above		35.27	-
Other current assets	7	315.60	58.41
Current tax assets	8	25.95	11.36
		<u>1,941.78</u>	<u>143.96</u>
TOTAL ASSETS		<u>6,918.29</u>	<u>3,679.89</u>
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	555.92	555.92
Other equity	9	1,920.94	1,600.60
Money received against share warrants		-	-
Total equity		<u>2,476.86</u>	<u>2,156.52</u>
Non-current liabilities			
Financial liabilities			
(i) Borrowings	10	3,903.67	270.49
(ii) Other non-current financial liabilities		300.29	49.40
Deferred tax Liabilities	19	42.68	-
		<u>4,246.64</u>	<u>319.89</u>
Current liabilities			
Financial liabilities			
(i) Borrowings	11	-	1,138.44
(ii) Trade payables		-	-
(a) Total outstanding dues of micro enterprises and small enterprises		-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises		0.41	7.74
(iii) Other financial liabilities		179.98	54.10
Other current liabilities	12	14.40	1.00
Current tax liabilities		-	2.20
		<u>194.79</u>	<u>1,203.48</u>
TOTAL LIABILITIES		<u>4,441.43</u>	<u>1,523.37</u>
TOTAL EQUITY AND LIABILITIES		<u>6,918.29</u>	<u>3,679.89</u>

Summary of significant accounting policies 2
Other notes on accounts 3-47

The accompanying notes are integral part of the financial statements

SANDEEP DAHIYA
Partner
Membership No. 505371
For and on behalf of
Dewan P.N. Chopra & Co.
Chartered Accountants
FRN : 000472N



Place : New Delhi
Date : 16th May 2022

For and on behalf of the Board of Directors of
Pharmax Corporation Limited

Rishi Raj
(Chairman)
(DIN 08490762)

Place : New Delhi
Date : 16th May 2022

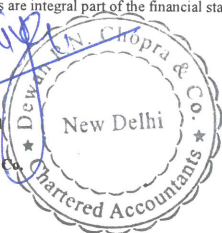
Pharmax Corporation Limited
Statement of profit and loss for the year ended March 31, 2022
CIN- U24232PB1989PLC009741

Particulars	Notes	(Rs. in Lacs)	
		For the year ended March 31, 2022	For the year ended March 31, 2021
INCOME			
Revenue from operations	13	371.23	40.44
Other income	14	8.67	3.14
Total income		<u>379.90</u>	<u>43.57</u>
EXPENSES			
Employee benefits expense	15	-	-
Finance costs	16	47.89	230.85
Depreciation and amortization expense	17	75.52	33.55
Other expenses	18	201.61	49.43
Total expenses		<u>325.02</u>	<u>313.82</u>
Profit/(Loss) before tax		54.88	-270.25
Tax expenses			
- Current tax		-	2.20
Less: MAT credit entitlement		-	-
- Deferred tax		-	-
- Income Tax paid for earlier years		-	-0.42
Total tax expense		<u>-</u>	<u>1.78</u>
Profit/(Loss) after tax		<u>54.88</u>	<u>-272.03</u>
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent year:			
Income tax effect		-	-
Re-measurement losses on defined benefit plans		-	-
Other comprehensive income for the year, net of tax		<u>-</u>	<u>-</u>
Total comprehensive income/(loss) for the year, net of tax		<u><u>54.88</u></u>	<u><u>272.03</u></u>
Earnings per equity share (Nominal Value of share Rs.1/-) (refer note 20)			
Basic (Rs.)		0.10	-0.49
Diluted (Rs.)		0.06	-0.49

Summary of significant accounting policies 2
Other notes on accounts 3-47

The accompanying notes are integral part of the financial statements

SANDEEP DAHIYA
Partner
Membership No. 505371
For and on behalf of
Dewan P.N. Chopra & Co.
Chartered Accountants
FRN : 000472N



Place : New Delhi
Date : 16th May 2022

For and on behalf of the Board of Directors of
Pharmax Corporation Limited

Rishi Raj
(Chairman)
(DIN 08490762)

Place : New Delhi
Date : 16th May 2022

Pharmax Corporation Limited
Statement of changes in equity for the year ended March 31, 2022
CIN- U24232PB1989PLC009741

a) Equity share capital

Particulars	Nos.	(Rs. in Lacs)
As at March 31, 2020	5,53,25,752	553.26
Add: Equity share issued during the year	-	-
As at March 31, 2021	5,53,25,752	553.26
Add: Equity share issued during the year	-	-
As at March 31, 2022	5,53,25,752	553.26

b) Other equity

Particulars	Reserves and surplus					Total equity
	Security Premium	Retained earnings	Equity Component on account of Financial Guarantee provided by the Holding Company	Equity Component of 10% Cumulative Compulsory Convertible Preference Shares	Equity Component on account of Interest Free Loan by the Holding Company	
As at March 31, 2020	-	(365.91)	-	17.15	-	(348.76)
Add: Premium on 10% Cumulative Compulsory Convertible Preference Shares	2,215.20	-	-	-	-	2,215.20
Profit / (Loss) for the year	-	(272.03)	-	-	-	(272.03)
Distribution of Profit on account of Financial Guarantee provided to Holding Company	-	(21.25)	-	-	-	(21.25)
Equity component of 10% Compound Financial Instruments	-	-	-	27.44	-	27.44
As at March 31, 2021	2,215.20	(659.19)	-	44.59	-	1,600.60
Profit / (Loss) for the year	-	54.88	-	-	-	54.88
Equity Component on account of Financial Guarantee	-	-	8.26	-	-	8.26
Equity component on account of Loan by the Holding	-	-	-	-	257.20	257.20
As at March 31, 2022	2,215.20	(604.32)	8.26	44.59	257.20	1,920.94

Summary of significant accounting policies

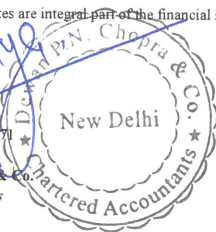
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Other notes on accounts

3-47

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SADEEP DAHIYA
Partner
Membership No. 505371
For and on behalf of
Dewan P.N. Chopra & Co.
Chartered Accountants
FRN : 000472N



For and on behalf of the Board of Directors of
Pharmax Corporation Limited

Rishi Raj
(Chairman)
(DIN 08490762)

Place : New Delhi
Date : 16th May, 2022

Place: New Delhi
Date: 16th May, 2022

Pharmax Corporation Limited
Statement of cash flows for the year ended March 31, 2022
CIN- U24232PB1989PLC009741

Particulars	(Rs. in Lacs)	
	for the period ended March 31, 2022	for the period ended March 31, 2021
Cash flow from operating activities		
Profit/(Loss) before tax	54.88	-270.25
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation of property, plant and equipment	75.52	33.55
Revenue from Rentals(Equilisation as per Ind-AS)	-176.41	-28.68
Interest income	-	-0.37
Guarantee Fee Income - Ind AS	-4.12	-2.77
Finance costs	47.90	230.85
Operating profit before working capital changes	-2.23	-37.68
Working capital adjustments:		
Increase / (Decrease) in other current financial liabilities	22.78	-168.34
(Increase) / Decrease in Trade Receivables	-0.80	-8.56
(Increase) / Decrease in other non current financial assets	-	38.00
Increase / (Decrease) in other non current financial liabilities	243.55	21.00
(Increase) / Decrease in other current assets	-257.18	255.25
(Increase) / Decrease in other current financial assets	-0.01	-
Increase / (Decrease) in trade and other payables	6.07	-15.81
Cash generated from operations	12.18	83.87
Income tax paid	-16.79	-5.85
Net cash flows used in operating activities	-4.61	78.02
Cash flow from investing activities		
Proceeds/(Purchases) property, plant and equipment	-1.34	244.00
Investments in FDR's	-35.27	-
Investments in Mutual Funds	-1,274.28	-
Interest Received	-	1.74
Purchase of Investment property, (including intangible assets, CWIP and capital advances)	-1,455.49	-1,351.68
Net cash flows used in investing activities	-2,766.38	-1,105.94
Cash flow from financing activities		
Proceeds from Issuance of 10% CCPS	-	2,399.79
Redemption of Preference Shares	-	-3,340.14
Interest paid	-11.35	-215.57
Proceeds from long-term borrowings	2,020.79	-
Proceeds from term loan	800.83	-
Loan to Holding Company	-	1,000.00
Proceeds from short-term borrowings	-	1,138.44
Net cash flows from financing activities	2,810.27	982.52
Net increase/(decrease) in cash and cash equivalents	39.28	-45.40
Cash and cash equivalents at the beginning of the year	34.56	79.96
Cash and cash equivalents at year end	73.84	34.56

Components of cash and cash equivalents :-

	(Rs. in Lacs)	
	As at March 31, 2022	As at March 31, 2021
Balances with banks:		
On current accounts	72.88	34.43
Cash on hand	0.96	0.13
	73.84	34.56

Changes in liabilities arising from financing activities during the month 31st March 2022

Particulars	(Rs. in Lacs)		
	Current Borrowings	Non-Current Borrowings	Equity Share Capital
Opening Balance	1,138.44	270.49	555.92
Cash flows (Net of Ind AS adjustments) / Other adjustment	-1,138.44	3,960.06	-
Interest expense	-	36.44	-
Interest paid	-	-11.35	-
Closing Balance	-	4,255.64	555.92

Changes in liabilities arising from financing activities during the month 31st March 2021

Particulars	(Rs. in Lacs)		
	Current Borrowings	Non-Current Borrowings	Equity Share Capital
Opening Balance	-	96.53	555.92
Cash flows (Net of Ind AS adjustments) / Other adjustment	1,138.44	173.96	-
Interest expense	-	-	-
Interest paid	-	-	-
Closing Balance	1,138.44	270.49	555.92

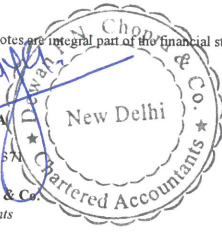


Summary of significant accounting policies
Other notes on accounts

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3-47

The accompanying notes are integral part of the financial statements

SANDEEP DAHIYA
Partner
Membership No. 50587A
For and on behalf of
Dewan P.N. Chopra & Co.
Chartered Accountants
FRN : 000472N



For and on behalf of the Board of Directors of
Pharmax Corporation Limited


Rishi Raj
(Chairman)
(DIN 08490762)

Place : New Delhi
Date : 16th May, 2022

Place: New Delhi
Date: 16th May, 2022

Pharmax Corporation Limited

1 Corporate Information

The financial statements comprise financial statements of Pharmax Corporation Limited (the company) for the year ended March 31, 2022. Pharmax Corporation Limited ("Pharmax") is a public limited company registered under Companies Act, 2013. The company is engaged in the business of deals in leasing of Estates.

The financial statements were authorised for issue in accordance with a resolution of the directors on 16th May 2022.

2 Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company 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). For all periods up to and including the year ended March 31, 2018, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). The financial statements for the year ended March 31, 2019 are the first the Company has prepared in accordance with Ind AS.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

(i) Certain financial assets and liabilities that are measured at fair value.

Financial Statement are presented in INR and all values are rounded to nearest Lacs (INR 00,000) except when otherwise stated.

2.2 Summary of significant accounting policies

a. Current versus non-current classification

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

- (i) Expected to be realized or intended to be sold or consumed in normal operating cycle
- (ii) Held primarily for the purpose of trading
- (iii) Expected to be realized within twelve months after the reporting period, or
- (iv) 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:

- (i) It is expected to be settled in normal operating cycle
- (ii) It is held primarily for the purpose of trading
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and 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 Company has identified twelve months as its operating cycle.

b. Property, Plant and Equipment

Property, Plant and equipment including capital work in progress are stated at cost, less accumulated depreciation and accumulated impairment losses, 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 CENVAT credit and VAT credit availed wherever applicable. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their respective useful lives. Likewise, when a major inspection is performed, its cost is recognized 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 recognized in profit or loss as incurred.

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 derecognized.

The company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

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 provided on prorata basis on straight-line method using the useful lives of the assets estimated by management and in the manner prescribed in Schedule II of the Companies Act 2013.

c. Investment property

Property that is held for long term rental yields or for capital appreciation or for both, and that is not occupied by the Company, is classified as investment property. Investment property is measured initially at its cost, including related transaction cost and where applicable borrowing costs. Subsequent expenditure is capitalised to assets carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the Company and the cost of the item can be measured reliably. All other repair and maintenance cost are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment property consist of capital work-in-progress relating to initial cost incurred for purchase of land and building. The Company will amortise the leasehold land on a straight line basis over the lease period and building will be depreciated using the straight line method over their estimated useful life.

d. Impairment of non financial assets

The Company 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 Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) net selling price 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. Where the carrying amount of 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For the remaining economic life of the asset or cash-generating unit (CGU), a long term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses including impairment on inventories, are recognized in the statement of profit and loss.

After impairment, depreciation is provide on the revised carrying amount of the asset over its remaining economic life.

An assessments is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized 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 recognized. 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 recognized for the asset in prior years. Such reversal is recognized 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.



c. 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

(f) Financial assets

The Company classified its financial assets in the following measurement categories -
- Those to be measured subsequently at fair value (either through other comprehensive income or through profit & loss)
- Those measured at amortized cost

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

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

- (i) Debt instruments at amortized cost
- (ii) Debt instruments and equity instruments at fair value through profit or loss (FVTPL)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if both the following conditions are met:

- (i) Business model test: The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows (rather than to sell the instrument prior to its contractual maturity to released its fair value change), and
- (ii) Cash flow characteristics test: Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. EIR is the rate that exactly discount 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 financial assets. When calculating the effective interest rate the company estimate the expected cash flow by considering all contractual terms of the financial instruments. The EIR amortization is included in finance income in the profit or loss. The losses arising from impairment are recognized in the profit or loss. This category generally applies to trade and other receivables.

Debt instruments at FVTPL

FVTPL is a residual category for financial instruments. Any financial instrument, which does not meet the criteria for amortized cost or FVTOCI, is classified as at FVTPL. A gain or loss on a Debt instrument that is subsequently measured at FVTPL and is not a part of a hedging relationship is recognized in statement of profit or loss and presented net in the statement of profit and loss within other gains or losses in the period in which it arises. Interest income from these Debt instruments is included in other income.

Derecognition

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

- the rights to receive cash flows from the asset have expired, or
- the Company 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 Company has transferred the rights to receive cash flows from the financial assets or
 - (b) the Company has retained the contractual right to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients

Where the Company has transferred an asset, the Company evaluates whether it has transferred substantially all the risks and rewards of the ownership of the financial assets. In such cases, the financial asset is derecognized. Where the entity has not transferred substantially all the risks and rewards of the ownership of the financial assets, the financial asset is not derecognized.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognized if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognized to the extent of continuing involvement in the financial asset.

Inventories

Inventories comprise completed units for sale and property under construction (Work in progress)

- (A) Completed Unsold inventory is valued at lower of cost and net realizable value. Cost is determined by including cost of land, materials, services and related overheads.
- (B) Work in progress is valued at cost. Cost comprises value of land (including development rights), materials, services and other overheads related to projects under construction.

Impairment of financial assets

In accordance with IND AS 109, the Company 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 amortised cost,
 - Financial assets measured at fair value through other comprehensive income (FVTOCI).
- The Company follows "simplified approach" for recognition of impairment loss allowance on trade receivables. Under the simplified approach, the Company 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 Company 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 analyzed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12- months ECL.

Reclassification of financial assets

The Company 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 Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company 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 Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

(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. The Company financial liabilities include loans and borrowings including bank overdraft, trade payable, trade deposits, retention money and other payables.

The measurement of financial liabilities depends on their classification, as described below:

Trade Payables

These amounts represents liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 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 recognised initially at fair value and subsequently measured at amortised cost using EIR method.



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. Gains or losses on liabilities held for trading are recognised 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 recognised in OCI. These gains/ loss are not subsequently transferred to profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

Loans and borrowings

Borrowings are initially recognised at fair value, net of transaction cost incurred. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortization process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of IND AS 109 and the amount recognised less cumulative amortization.

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 recognised 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.

f. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

(i) Revenue from Leasing

Revenue from leasing is recognized over the period of contract, as and when services are rendered.

g. Taxes

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to 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 tax laws that are enacted or substantively enacted, at the reporting date.

Current income tax relating to items recognized outside profit or loss is recognized outside profit or loss (either in other comprehensive income or in equity). Current tax items are recognized in correlation to the underlying transaction 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, if any.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences

Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized 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 utilized.

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

h. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i. Provision and Contingent liabilities

Provisions

A provision is recognized when the Company 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. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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 Company 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 Company 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.



i. 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, which are subject to an insignificant risk of changes in value

k. Earning per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

l. Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly 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 the 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 Company.

The fair value of an asset or a 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.

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:

- (i) Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- (ii) Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- (iii) 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 Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes

- Disclosures for valuation methods, significant estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Investment in unquoted equity shares
- Financial instruments (including those carried at amortised cost)

2.3 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, 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 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.

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 Company 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 Company. Such changes are reflected in the assumptions when they occur.

(a) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the wide range of business relationships and the long term nature and complexity of existing contractual agreements, 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 Company 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. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

(b) 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 judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(c) Impairment of non-Financial assets

The Company 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 Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's CGUS fair value less cost of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Company's of assets. 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 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.

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Pharmax Corporation Limited
Notes forming part of the financial statements

3. Property, plant and equipment (PPE)

(Rs in Lakhs)

Particulars	Plant and equipment	Computers and data processing units	Total
At cost			
As at March 31, 2020	6.66	-	6.66
Additions	-	-	-
Disposals/Adjustments	-	-	-
As at March 31, 2021	6.66	-	6.66
Additions	-	1.34	1.34
Disposals/Adjustments	-	-	-
As at March 31, 2022	6.66	1.34	8.00
Depreciation			
As at March 31, 2020	1.45	-	1.45
Charge for the year	2.86	-	2.86
Disposals	-	-	-
As at March 31, 2021	4.31	-	4.31
Charge for the year	2.28	0.12	2.40
Disposals / Adjustments	-	-	-
As at March 31, 2022	6.59	0.12	6.71
Net carrying amount			
As at March 31, 2022	0.07	1.22	1.29
As at March 31, 2021	2.35	-	2.35
As at March 31, 2020	5.21	-	5.21



4. Investment Property

	Max House Block-A	Land (freehold)	Building	Land (leasehold)	(Rs in Lacs)	
					Total	Investment Property under development
At cost						
As at March 31, 2020	1,398.31	579.15	105.52	91.65	2,174.63	-
Additions	1,351.69	-	2,750.00	-	4,101.69	-
Disposals	2,750.00	-	-	-	2,750.00	-
As at March 31, 2021	-	579.15	2,855.52	91.65	3,526.32	-
Additions	-	-	-	-	-	1,453.36
Disposals/Adjustments	-	-	-	-	-	-
As at March 31, 2022	-	579.15	2,855.52	91.65	3,526.32	1,453.36
Amortization						
As at March 31, 2020	-	-	5.88	-	5.88	-
Additions	-	-	30.69	-	30.69	-
Disposals	-	-	-	-	-	-
As at March 31, 2021	-	-	36.57	-	36.57	-
Additions	-	-	73.12	-	73.12	-
Disposals	-	-	-	-	-	-
As at March 31, 2022	-	-	109.69	-	109.69	-
Net carrying amount						
As at March 31, 2022	-	579.15	2,745.83	91.65	3,416.63	1,453.36
As at March 31, 2021	-	579.15	2,818.95	91.65	3,489.75	-

(i) Contractual Obligations

Refer Note 21 for disclosure of contractual commitments for the acquisition of Investment Properties.

(ii) Amount recognised in profit and loss for Investment Properties

	(Rs. In Lakhs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
Rental Income	371.23	40.44
Less: Direct operating expenses generating rental income	121.67	25.34
Profit from leasing of Investment Properties	249.55	15.10
Less: Depreciation Expense	73.12	30.69
Profit / (Loss) from leasing of Investment Properties after depreciation	176.43	-15.59

(iii) Fair Value hierarchy and valuation technique

The fair value of investment property has been determined by the company internally, having appropriate recognised professional qualification and recent experience in the location and category of the property being valued. The fair value has been arrived using discounted cash flow projections based on reliable estimates of future cash flows considering growth in rental of 15% on every 3 years, vacancy rate of 3% and discount rate of 13.00%.

Reconciliation of fair Value:

	(Rs. In Lakhs)
Opening Balance as at 1st April 2020*#	9,135.00
Increase in Fair Value	4,686.77
Decline in Fair Value	-
Closing Balance as at 31st March 2021*	13,821.77
Increase in Fair Value	-
Decline in Fair Value	670.84
Closing Balance as at 31st March 2022*	13,150.94

* Other than Investment property under Development

As at 31st March, 2020, the fair values of the properties are 9135.00 Lakhs (land value only). The fair value of investment property has been determined by external, independent property valuer, having appropriate recognised professional qualification and recent experience in the location and category of the property being value. A valuation model in accordance with that recommended by international valuation standards committee had been applied. The company obtains independent valuations for its investment property annually and fair value measurement has been categorised as Level 3. Fair Values of land are arrived using sales comparable method. Investment property under development are subject to fair valuation once ready for commercial rental activities.

Valuation models applied for valuation:

Discounted cash flow method - net present value is determined based on projected cash flows discounted at an appropriate rate

(iv) Leasing Arrangements

Certain investment properties are leased to tenants under long term operating leases with rentals payable monthly.

The company has leased out office premises under non cancellable operating leases. The contractual future minimum lease related receivables in respect of these leases are :

Particulars	(Rs. In Lakhs)	
	As at March 31, 2022	As at March 31, 2021
Not later than 1 year	1,510.13	224.47
later than 1 year but not later than 3 years	2,291.25	441.52
more than 3 years	97.90	-
Total	3,899.28	665.99

(iv) For details of Assets charged, refer note 10 To financial statements

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Pharmax Corporation Limited
Notes forming part of the financial statements

Particulars	(Rs. in Lacs)		
	As at March 31, 2022	As at March 31, 2021	
5. Other non current assets			
Capital Advances	105.23	-	
	<u>105.23</u>	<u>-</u>	
6. Current financial assets			
(i) Trade receivables			
Unsecured :-			
Trade receivables - considered good	11.75	10.95	
Trade receivables - considered doubtful	-	-	
	<u>11.75</u>	<u>10.95</u>	
Less: Impairment allowance for trade receivable considered doubtful	-	-	
	<u>11.75</u>	<u>10.95</u>	
Ageing of trade receivable as on 31st March 2022			
Particulars	Outstanding for following periods from due date of payment		
Undisputed Trade Receivables - considered good	Less than 1 Year	1-2 years	2-3 years
As on March 31, 2022	11.72	-	0.03
As on March 31, 2021	10.92	0.03	-
No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. For terms and conditions relating to related party receivables, refer note 22 Trade receivables are non-interest bearing and are generally on terms of 60 to 90 days.			
(ii) Other investment			
Non-Trade			
Unquoted mutual funds at FVTPL			
Birla Sun Life Cash Plus - Direct Plan Units 1,95,914.053 (March 31, 2021: Nil)	672.26	-	-
TATA Liquid Fund Direct Plan - Growth Units 17,913.930 (March 31, 2021: Nil)	602.02	-	-
	<u>1,274.28</u>	<u>-</u>	<u>-</u>
Aggregate amount of unquoted investments			
- Investment in Others at FVTPL	1,274.28	-	-
Aggregate amount of quoted investments	-	-	-
Aggregate market value of quoted investments	-	-	-
Aggregate amount of impairment in value of investments	-	-	-
(iii) Other financial assets			
Rent receivable (Equalisation)	205.09	28.68	
	<u>205.09</u>	<u>28.68</u>	
(iv) Cash and cash equivalents			
Balances with banks:			
On current accounts	72.88	34.43	
Cash on hand	0.96	0.13	
	<u>73.84</u>	<u>34.56</u>	
(v) Bank balances other than (iv) above			
Deposits with remaining maturity for more than 3 months but less than 12 months	35.27	-	
	<u>35.27</u>	<u>-</u>	
7. Other current assets (unsecured considered good, unless otherwise stated)			
Advances to suppliers, employees etc	0.13	0.15	
Prepaid expenses	57.00	0.04	
Balance with statutory authorities*	240.96	57.78	
Security Deposit	7.81	0.45	
Deferred Guarantee Fee	9.70	-	
	<u>315.60</u>	<u>58.41</u>	
*during previous year, includes GST input credit on Construction services based on the Hon'ble Orissa High Court Judgment in case of Safari Retreats Private Limited.			
8. Current tax assets			
Advance income tax (net of provisions)	25.95	11.36	
	<u>25.95</u>	<u>11.36</u>	



Pharmax Corporation Limited
Notes forming part of the financial statements

9. Share capital and other equity

(i) Equity share capital

Particulars	(Rs in Lacs)	
	As at March 31, 2022	As at March 31, 2021
a) Authorized		
60,000,000 (March 31, 2020: 60,000,000) equity shares of Re. 1/- each	600.00	600.00
10% 470,000 (March 31, 2020: 470,000) Cumulative Convertible Preference Shares of Rs. 100/- each	470.00	470.00
9% 1,500,000 (March 31, 2020: 1,500,000) Cumulative Redeemable Preference share of Rs. 100/- each	1,500.00	1,500.00
	2,570.00	2,570.00
Issued, subscribed and fully paid-up		
55,325,752 (March 31, 2020: 55,325,752) equity shares of Re. 1/- each fully paid up	553.26	553.26
3,00,000 10% (March 31, 2020: 1,15,400) Cumulative Convertible Preference Shares of Rs. 100/- each	-	-
Forfeited shares	2.66	2.66
Total issued, subscribed and fully paid-up share capital	555.92	555.92

b) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	March 31, 2022		March 31, 2021	
	No. of shares	(Rs. In lacs)	No. of shares	(Rs. In lacs)
At the beginning of the year	5,53,25,752	553.26	5,53,25,752	553.26
Add: Shares issued during the year	-	-	-	-
Add: Shares issued during the year/period (Refer note no.)	-	-	-	-
Less: Cancelled pertaining to scheme of demerger	-	-	-	-
Outstanding at the end of the year	5,53,25,752	553.26	5,53,25,752	553.26

c) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Re. 1/- per share. Each holder of equity shares is entitled to one vote per share. The company has not declared any dividend. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Details of shareholders holding more than 5% shares in the Company

Name of the Shareholder	March 31, 2022		March 31, 2021	
	No. of shares	% held	No. of shares	% held
Equity shares of Rs. 10 each fully paid-up				
Max Estates Limited	4,71,22,747	85.17%	4,71,22,747	85.17%

e) Details of shares held by holding company

Name of the Shareholder	March 31, 2022		March 31, 2021	
	No. of shares	% held	No. of shares	% held
Equity shares of Rs. 10 each fully paid-up				
Max Estates Limited	4,71,22,747	85.17%	4,71,22,747	85.17%

f) Aggregate number of Shares issued for consideration other than cash during the year of five years immediately preceding the reporting date - NIL

g) Shareholding of Promoters

Shares held by promoters at the end of the year				
As at	Promoter Name	No. of Shares	% of total shares	% Change during the year
March 31, 2022	Max Estates Limited	4,71,22,747	85.17%	Nil
March 31, 2022	Max Estates Limited	4,71,22,747	85.17%	Nil

h) Note on Capital Reduction

In terms of the provisions of Section 66 of the Companies Act, 2013, the Shareholders of the Company in the Extra Ordinary General Meeting held on 18th March, 2022, approved the proposed Capital Reduction of 82,03,005 Equity Shares having face value of INR 1 each fully paid-up, aggregating to INR 82,03,005 held by the non-promoters/ public category shareholders after payment of the consideration amounting to INR 1 towards Face Value and INR 14.10 towards premium, aggregating to INR 12,38,65,375.50 per equity share, determined on the basis of the Report on valuation of equity shares issued by BDO Valuation Advisory LLP, Registered Valuer having Registration No. IBBI/RV-E/02/2019/103.

Upon receipt of requisite approval / confirmation by the NCLT, the total Issued, Subscribed and Paid-up Equity Share Capital of the Company shall be reduced from INR 5,53,25,752 divided into 5,53,25,752 Equity Shares having face value of INR 1 each fully paid-up to INR 4,71,22,747 divided into 4,71,22,747 Equity Shares having face value of INR 1 each fully paid-up.

The Company has filed an application with NCLT on 28th March 2022 for reduction of capital under Section 66 of the Companies Act, 2013. Further to the filing of an application, NCLT issued an order dated 12th April, 2022 confirming final date of hearing which is 15th July, 2022 w.r.t. ruling on Reduction of Capital of the Company.



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Pharmax Corporation Limited
Notes forming part of the financial statements

(ii) Other equity

Particulars	(Rs. in Lacs)	
	As at March 31, 2022	As at March 31, 2021
Capital reserve (refer note a below)	-	-
Securities Premium (refer note b below)	2,215.20	2,215.20
Retained earnings (refer note c below)	(604.31)	(659.19)
Equity Component on account of Financial Guarantee provided by the Holding Company (refer note d below)	8.26	-
Equity Component of 10% Cumulative Compulsory Convertible Preference Shares (refer note e below)	44.59	44.59
Equity Component on account of Interest Free Loan by the Holding Company (refer note f below)	257.20	-
	<u>1,920.94</u>	<u>1,600.60</u>
Notes:		
a) Capital reserve		
Balance as at beginning of the period/year	-	-
Add: additions on account of demerger	-	-
	<u>-</u>	<u>-</u>
b) Securities premium account		
At the beginning of the year	2,215.20	-
Add: premium on issue of 10% Cumulative Convertible Preference shares	-	2,215.20
Add: additions on ESOPs exercised	-	-
Add: transferred from employee stock options outstanding	-	-
Less: Premium on Cumulative Redeemable Preference Shares*	-	-
	<u>2,215.20</u>	<u>2,215.20</u>
c) Retained earnings		
At the beginning of the year	(659.19)	(365.91)
Profit/(Loss) for the year	54.88	(272.03)
Less: Distribution of Profit on account of Financial Guarantee provided to Holding Company	-	(21.25)
Items of other comprehensive income recognized directly in retained earnings		
Re-measurement of post employment benefit obligation (net of tax) (item of OCI)	-	-
At the end of the year	<u>(604.31)</u>	<u>(659.19)</u>
d) Equity Component on account of Financial Guarantee provided by the Holding Company		
At the beginning of the year	-	-
Add: additions during the year	8.26	-
At the end of the year	<u>8.26</u>	<u>-</u>
e) Equity Component of 10% Cumulative Compulsory Convertible Preference Shares		
At the beginning of the year	44.59	17.15
Add: additions during the year	-	27.44
At the end of the year	<u>44.59</u>	<u>44.59</u>
f) Equity Component on account of Interest Free Loan by the Holding Company		
At the beginning of the year	-	-
Add: additions during the year	257.20	-
At the end of the year	<u>257.20</u>	<u>-</u>

Nature and purpose of reserves:

Retained earnings - Retained earnings are profits of the company earned till date less transferred to general reserve.

Equity Component on account of Financial Guarantee provided by the Holding Company - Company has received financial guarantee from the immediate holding company and ultimate holding company for taking the loan from Bank on which based on Ind AS 109, company has recognised equity component. Equity Component of Cumulative Compulsory Convertible Preference Shares - Preference shares are to be converted on or before March 31, 2020 i.e. 20 years from the date of issue of the said preference share in terms of Section 55 of the Companies Act, 2013.

Equity Component on account of Interest Free Loan by the Holding Company - Company has received interest free long term loan from the immediate holding company on which based on Ind AS 109, company has recognised equity component.

Security Premium - Securities Premium Reserve is used to record premium on issue of shares. The reserve is utilised as per the provisions of the Companies Act, 2013.



Pharmax Corporation Limited
Notes forming part of the financial statements

10. (i) Borrowings

Particulars	(Rs. in Lacs)	
	As at March 31, 2022	As at March 31, 2021
Non-current borrowings :-		
Term loans (secured)		
From banks (Refer Note A)	792.57	-
Unsecured		
Liability Component of Compound Financial Instruments (10% Cumulative Compulsory Convertible Preference share) (Refer Note B)	295.59	270.49
Loan from related party (Unsecured) (Refer Note C)	2,815.51	-
	<u>3,903.67</u>	<u>270.49</u>
Aggregate Secured loans	792.57	-
Aggregate Unsecured loans	3,111.10	270.49

Note A IDFC First Bank Limited - Term Loan (Secured)

The Company has taken secured term loan facility for 6500 Lakhs loan from IDFC First Bank Limited. Out of this facility the company has drawn 800 lakhs till March 31, 2022.

- i) Primary and collateral security:
- Exclusive charge by way of equitable mortgage on the land and building situated at Khasra Nos. 335/2, Khasra Nos. 335/18 and Khasra Nos. 337 and 1511/339 at village bahapur, New Delhi (Project) both present and future.
 - Exclusive charge on the current assets and receivables of the project (including insurance claim) both present and future.
 - Exclusive charge on the movable assets of the Project, both present and future.
 - Pledge of 30% shares of Pharmax Corporation Limited held by Max Estate Limited
 - Corporate guarantee of Max Estate Ltd. And Max Ventures and Industries Limited
- ii) Interest Rate - Spread plus IDFC First Bank MCLR
- iii) Tenure - for principal repayment Bullet payment on or before 31.12.2025 and interest to be serviced on a monthly basis.
- iv) DSRA - 3 months interest to be created

Note B Rights, preferences and restriction attached to shares

Preference Shares

- (i) During the Financial year 2019-2020, the Company has issued 115400 number of 10% Cumulative Compulsory Convertible Preference shares. The said shares are compulsory convertible on or before the end of 20 years from the date of allotment i.e. 30th March, 2020. The holder has the option to convert the preference shares at any time on or before the 20 years tenure into 100 equity shares of Re 1/- per preference shares. The preference shareholders have voting rights only in respect of certain matters as per the provisions of Section 47(2) of the Companies Act, 2013. The preference shareholders also carry a preferential right vis-a-vis equity shares of the company with respect to payment of dividend and repayment in case of a winding up or repayment of capital.

Further, during the Financial year 2020-2021, the company has issued 184600 number of 10% Cumulative Compulsory Convertible Preference shares. The said shares are compulsory convertible on or before the end of 20 years from the date of allotment i.e. 3rd December, 2020 and 30th December 2020. The holder has the option to convert the preference shares at any time on or before the 20 years tenure into 100 equity shares of Re 1/- per preference shares. The preference shareholders have voting rights only in respect of certain matters as per the provisions of Section 47(2) of the Companies Act, 2013. The preference shareholders also carry a preferential right vis-a-vis equity shares of the company with respect to payment of dividend and repayment in case of a winding up or repayment of capital.

- (ii) **Details of shares held by shareholders holding more than 5% shares in the company**

Name of Shareholder	As at 31st March, 2022		As at 31st March, 2021	
Max Estate Limited	3,00,000	100%	3,00,000	100%

- (iii) **Details of Shareholding of Promoters**

Promoter Name	As at 31st March, 2022		As at 31st March, 2021	
Max Estates Limited	3,00,000	100%	3,00,000	100%

- (iv) **The 10% Cumulative Compulsory Convertible Preference Shares ("CCPS") are presented in the Balance Sheet as follows:**

Particulars	As at March 31, 2022	As at March 31, 2021
Face Value of CCPS issued	300.00	300.00
Premium on CCPS issued	3,600.00	3,600.00
	3,900.00	3,900.00
Less: Liability Component of CCPS	255.41	255.41
	<u>3,644.59</u>	<u>3,644.59</u>

*The equity component of 10% Cumulative Compulsory Convertible Preference Shares has been presented in the Statement of Changes in Equity.

Note C During the year, the Company has taken term loan from its holding Company i.e. Max Estates Limited (MEL). The said loan is interest free and is repayable as bullet payment on or before 30th June, 2023.

(ii) Other Non-Current Financial Liabilities

Particulars	(Rs. in Lacs)	
	As at March 31, 2022	As at March 31, 2021
Security deposits received	275.19	21.20
Unearned Financial Guarantee Fees	25.10	28.20
	<u>300.29</u>	<u>49.40</u>



Pharmax Corporation Limited
Notes forming part of the financial statements

Particulars	(Rs. in Lacs)	
	As at March 31, 2022	As at March 31, 2021
11. Current financial liabilities		
(i) Borrowings		
Loan from related party (Unsecured) (Refer Note 1)	-	1,138.44
	<u>-</u>	<u>1,138.44</u>

Note 1: During the previous year, The Company has taken term loan from its holding Company i.e. Max Estates Limited ('MEL'). The said loan is interest free and was repayable on demand.

(ii) Trade payables

Total outstanding dues of micro enterprises and small enterprises* (Refer Note 27)

Total outstanding dues of creditors other than micro enterprises and small enterprises

-	-
0.41	7.74
<u>0.41</u>	<u>7.74</u>

Trade Payables (includes Capital Creditors) ageing schedule as on 31st March 2022

Particulars	Outstanding for following periods from due date of payment		
	Less than 1 Year	1-2 years	2-3 years
MSME	3.45	-	-
Others	100.06	-	-
Disputed Dues - MSME	-	-	-
Disputed Dues - Others	-	-	-

Trade Payables (includes Capital Creditors) ageing schedule as on 31st March 2021

Particulars	Outstanding for following periods from due date of payment		
	Less than 1 Year	1-2 years	2-3 years
MSME	-	-	-
Others	7.57	0.17	-
Disputed Dues - MSME	-	-	-
Disputed Dues - Others	-	-	-

(iii) Other financial liabilities

Interest accrued & due on short term borrowings

Security deposits received

Capital Creditors

Deferred Income - Income Received in Advance

Unearned Financial Guarantee Fees

-	-
2.09	42.09
103.10	-
70.72	7.94
4.07	4.07
<u>179.98</u>	<u>54.10</u>

12. Other current liabilities

Statutory dues

14.40	1.00
<u>14.40</u>	<u>1.00</u>



Pharmax Corporation Limited
Notes forming part of the financial statements

Particulars	(Rs. in Lacs)	
	For the year ended March 31, 2022	For the year ended March 31, 2021
13 Revenue from operations		
(Revenue from contracts with customers)		
Lease Rentals	180.13	11.53
Amortisation of Deferred Income	14.69	0.23
Revenue from Rentals(Equalisation as per Ind-AS)	176.41	28.68
Total	371.23	40.44

Particulars	As at	
	March 31, 2022	March 31, 2021
13.1 Contract Balances		
Trade Receivables	11.75	10.95
Rent receivable (Equalisation)	205.09	28.68
Contract Liabilities	-	-

Trade receivables are non interest bearing. Credit period generally falls in the range of 60 to 90 days.

Particulars	As at	
	March 31, 2022	March 31, 2021
13.2 Reconciling the amount of revenue recognised in the statement of profit and loss with the contracted price		
Revenue as per the contracted price	180.13	11.53
Adjustments		
on account of Equalisation	176.41	28.68
on account of deferred Income	14.69	0.23
Revenue from contracts with customers	371.23	40.44

13.3 Performance obligations

Obligation of the Company is to provide lease services to its group companies and accordingly recognises revenue over the period of the contract based on the services rendered.

14. Other income		
Gurantee Fee Income - Ind AS	4.12	2.77
Interest received	0.27	0.37
Unrealized Gain on current investments	4.28	-
Other non-operating income	-	0.00
	8.67	3.14



Pharmax Corporation Limited
Notes forming part of the financial statements

15. Employee benefits expense

Particulars	(Rs. in Lacs)	
	for the period ended March 31, 2022	for the period ended March 31, 2021
Salaries, wages and bonus	-	-
	<u>-</u>	<u>-</u>

16. Finance costs

Particulars	(Rs. in Lacs)	
	for the period ended March 31, 2022	for the period ended March 31, 2021
Interest on CRPS	-	215.57
Interest on CCPS	25.09	15.09
Interest on Security Deposit Received - Ind AS Adjustment	11.45	0.19
Interest on Term Loan	11.35	-
	<u>47.89</u>	<u>230.85</u>

17. Depreciation and amortization expense

Depreciation of property, plant and equipment (refer note 3)	2.40	2.86
Depreciation of investment property (refer note 4)	73.12	30.69
	<u>75.52</u>	<u>33.55</u>

18. Other expense

Insurance	-	0.15
Rates and taxes	37.59	3.98
Power and fuel	-	23.84
Travelling and conveyance	-	0.24
Legal and professional	38.26	14.20
Auditor's Remuneration	2.27	1.92
Directors' sitting fee	0.98	1.28
Security & Housekeeping	-	1.96
Marketing Expenses	121.67	-
Miscellaneous expenses	0.84	1.86
	<u>201.61</u>	<u>49.43</u>
Payment to auditor		
As auditor:		
Audit fee (including limited review)	1.50	1.92
Other services (certification fees)	0.75	-
Reimbursement of expenses	0.02	-
	<u>2.27</u>	<u>1.92</u>



Pharmax Corporation Limited
Notes forming part of the financial statements

19 Income Tax

The major components of income tax expense for the period/year ended March 31, 2022 and March 31, 2021 are :

Statement of profit and loss :

Profit and loss section

Particulars	(Rs. in Lacs)	
	for the year ended March 31, 2022	for the year ended March 31, 2021
Current income tax :		
Current tax	-	2.20
MAT credit entitlement	-	-
Income tax paid for earlier years	-	(0.42)
Deferred tax :		
Relating to origination and reversal of temporary differences	-	-
Income tax expense reported in the statement of profit and loss	-	1.78

OCI section :

Deferred tax related to items recognised in OCI during in the year/period :

Particulars	for the year ended March 31, 2022	for the year ended March 31, 2021
Income tax charge/(credit) on remeasurements of defined benefit plans	-	-
Income tax charged to OCI	-	-

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2022 and March 31, 2021:

Particulars	for the year ended March 31, 2022	for the year ended March 31, 2021
Accounting profit before tax	54.88	(270.25)
Accounting profit before income tax	54.88	(270.25)
At India's statutory income tax rate of 26% (March 31, 2021: 26%)	26.00%	26.00%
Computed Tax Expense	14.27	(70.27)
Adjustment:		
MAT Credit Entitlement	-	-
Ind AS Adjustment	-	-
Non-taxable income	(14.27)	(8.18)
Disallowed Expenses	-	80.70
Income tax paid for earlier year	-	(0.42)
Impact of last year return filling	-	-
At the effective income tax rate	-	1.84
Income tax expense reported in the statement of profit and loss	-	1.78
Total tax expense	-	1.78

Deferred tax relates to the following:

	As at 31st March, 2022	As at 31st March, 2021
Deferred tax liabilities		
Ind AS Impact Adjustment	(86.51)	-
Gross deferred tax liabilities (a)	-	-
Mat Credit (c)	43.83	43.83
Deferred tax (liabilities) /Assets (net)	(42.68)	43.83

Reconciliation of deferred tax Assets / (liability)(net):

Particulars	(Rs. in Lacs)	
	As at 31st March, 2022	As at 31st March, 2021
Opening balance as of April 1	43.83	43.83
Tax expense/(income) during the period recognised in profit or loss	-	-
Tax expense/(income) during the period recognised in OCI	-	-
Deferred tax on Equity Component of Interest Free loan by Holding Company	(86.51)	-
Closing balance as at March 31	(42.68)	43.83

The company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Provision for Tax verified in financial statements for the year ending 31.03.2022 are only provisional and it is subject to change at the time of filing Income Tax Return based on actual addition/deduction as per provisions of Income Tax Act 1961.



Pharmax Corporation Limited
Notes forming part of the financial statements

20 Earning Per Share

(Rs. in Lacs)

Particulars	for the year ended March 31, 2022	for the year ended March 31, 2021
Basic EPS		
Profit after tax (Rs. in Lacs)	54.88	(272.03)
Less: dividends on convertible preference shares & tax thereon		
Net profit/(loss) for calculation of basic EPS	54.88	(272.03)
Weighted average number of equity shares outstanding during the period/year (Nos.)	5,53,25,752	5,53,25,752
Basic earnings per share (Rs.)	<u>0.10</u>	<u>(0.49)</u>
Dilutive EPS		
Profit after tax (Rs. in Lacs)	54.88	(272.03)
Weighted average number of equity shares outstanding during the period/year for dilutive earnings per	8,53,25,752	5,53,25,752
Diluted earnings per share (Rs.)	<u>0.06</u>	<u>(0.49)</u>

Note: The anti-dilutive effect for the year ended 31 March 2021 is ignored.



Pharmax Corporation Limited
Notes forming part of the financial statements

21 Commitments and contingencies

(Rs. In lacs)		
Particulars	for the year ended March 31, 2022	for the year ended March 31, 2021
a) Commitments		
Capital Commitment		
Estimated amount of contracts remaining to be executed and not accounted for	283.39	-
Less Capital advances	-105.23	-
Net commitments	178.16	-
Other Commitment		
Corporate Guarantee has been given in favour of Max Estate Limited to the bank for Rupee Term Loan not exceeding Rs. 4500 Lacs	3,905.00	3,905.00
Exclusive charge over receivables/cash flows/revenues (including booking amounts) and all insurance proceeds, both present and future to the extent of the Company's share, arising out of or in connection with the project "Max House" being developed on land located at 1516/338,339,340, Village Bahapur, near Okhla Railway Station, Delhi admeasuring approx. 2,869 square meters.	-	-
b) Contingent liabilities		
Particulars	for the year ended March 31, 2022	for the year ended March 31, 2021
- Income Tax	-	-
Total Contingencies	-	-



Pharmax Corporation Limited
Notes forming part of the financial statements

22 Related party disclosures

Names of related parties where control exists irrespective of whether transactions have occurred or not	
Ultimate Holding Company	Max Ventures & Industries Limited (w.e.f 25th Nov 2019)
Holding Company	Max Estates Limited (w.e.f 25th Nov 2019)
Fellow Subsidiary Company	Max Square Limited (formerly Northern Propmart Solutions Limited)(w.e.f 25th Nov 2019)
	Max Towers Private Limited (formerly Wise Zone Builders (P) Ltd.)(w.e.f 25th Nov 2019)
Names of other related parties with whom transactions have taken place during the year	
Directors and Key management personnel	Mrs. Kiran Sharma (Independent Director) (w.e.f 11th Aug 2015) Mr. Sanjay Khandelwal (Independent Director) (w.e.f 11th Aug 2015) Mr. Kishansingh Ramsinghaney (Director) (w.e.f 17th Mar 1997) Mr. Rishi Raj (w.e.f. 25th Nov 2019) Mr. Anshul Gaurav (w.e.f 25th Nov 2019) Mr. Archit Goyal (Chief Financial Officer) (w.e.f 25th Nov 2019)
Entities controlled or jointly controlled by person or entities where person has significantly influence or entities where person having control is Key Management personnel	Siva Realty Ventures (P) Ltd. (w.e.f 25th Nov 2019) Max Skill First Limited (w.e.f 25th Nov 2019) Max One Distribution And Services Limited (w.e.f 25th Nov 2019) Antara Senior Living Limited (w.e.f 25th Nov 2019) Max Ateev Limited (w.e.f 25th Nov 2019) Vana Retreats (P) Ltd. (w.e.f. 25th Nov 2019) New Delhi House Services Limited (w.e.f 25th Nov 2019) Max Learning Ventures Antara Assisted Care Services Limited (formerly Antara Care Homes Limited)

Note : Related party relationships are as identified by the company and relied upon by the Auditors



Pharmax Corporation Limited
Notes forming part of the financial statements

22.01 (a) Details of transactions with related parties

		(Rs. In lacs)				
S.No	Nature of transaction	Particulars	for the year ended March 31, 2022	for the year ended March 31, 2021		
1	Reimbursement of Expenses (Paid)	Max Estates Limited	38.68	13.98		
		Max Ventures and Industries Limited	0.02	0.25		
		Total	38.70	14.24		
2	Reimbursement of Expenses (Charged to CWIP/IP)	Max Estates Limited	229.18	932.20		
		Max Ventures and Industries Limited	120.20	-		
		Total	349.38	932.20		
3	Interest recd. on Security Deposit	Forum 1 Aviation Limited	-	0.37		
		Total	-	0.37		
4	Revenue from Guarantee Fee	Max Estates Limited	4.12	2.77		
		Total	4.12	2.77		
5	Revenue from Lease Rent	Max Ateev Limited	0.22	0.22		
		Max One Distribution And Services Limited	-	-0.03		
		Antara Senior Living Limited	1.44	1.44		
		Max Skill First Limited	0.72	0.72		
		Max Learning Ventures	0.72	0.30		
		Antara Care Homes Limited	0.72	0.72		
		Max Asset Services Limited	77.50	8.16		
		Siva Realty Ventures Private Limited	0.08	-		
		Total	81.40	11.53		
		6	Interest on Payment of Premium on Redemption of 9% Cumulative Redeemable Preference Shares	Max India Limited	-	215.57
				Total	-	215.57
7	Guarantee Fee	Max Ventures and Industries Limited	0.16	215.57		
		Max Estates Limited	0.16	-		
		Total	0.32	215.57		
8	Issue of 10% Compulsory Convertible Preference Shares	Max Estates Limited	-	2,399.80		
		Total	-	2,399.80		
9	Security Deposit Paid	Max Estates Limited	40.00	-		
		Total	40.00	-		
10	Performance Guarantee Received	Max Asset Services Limited	43.34	-		
		Total	43.34	-		
11	Director's Sitting Fee	Sanjay Khandelwal	0.53	0.68		
		Kiran Sharma	0.45	0.60		
		Total	0.98	1.28		
		Max Ventures & Industries Limited	-	0.80		
		Total	-	0.80		
13	Loan Given	Max Estates Limited	369.21	62.87		
		Total	369.21	62.87		
14	Loan taken	Max Estates Limited	2,390.00	2,201.31		
		Total	2,390.00	2,201.31		
15	Registration Expenses	Max Asset Services Limited	1.71	-		
		Total	1.71	-		



Pharmax Corporation Limited
Notes forming part of the financial statements

22.01 (b) Balances outstanding at year end

		(Rs. In lacs)		
S.No	Nature of transaction	Particulars	As at March 31, 2022	As at March 31, 2021
1	Amount receivable	Antara Senior Living Limited	0.28	-
		Max Ateev Limited	-	0.13
		Max One Distribution And Services Limited	0.03	0.03
		Max Skill First Limited	0.28	0.60
		Siva Realty Ventures (P) Ltd.	0.09	-
		Max India Limited	-	0.03
		Antara Care Homes Limited	-	0.21
		Max Asset Services Ltd.	-	9.63
		Max Learning Ventures	-	0.35
		Total	0.69	10.98
		2	Amount payable	Max Skill First Limited
Vana Retreats Pvt Ltd.	1.91			1.91
Max Estates Limited	36.07			40.00
Max Asset Services Limited	18.17			16.32
Kiran Sharma	-			0.28
Sanjay Khandelwal	-			0.28
Total	56.33			58.96
3	Loan Taken			Max Estates Limited
		Total	3,159.22	1,138.44
4	Performance Security Received	Max Asset Services Limited	43.34	-
		Total	43.34	-
5	Guarantee Taken	Max Estates Limited	800.00	-
		Max Ventures and Industries Limited	800.00	-
		Total	1,600.00	-
6	Guarantee Given	Max Estates Limited	3,905.00	3,905.00
		Total	3,905.00	3,905.00

Notes

- a) The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions
b) Amounts outstanding are unsecured and will be settled in cash or receipts of goods and services.
c) No expense has been recognised for the year ended 31 March 2022 and 31 March 2021 for bad or doubtful receivables in respect of amounts owed by related parties.

(c) The remuneration of director and other member of Key Managerial Personnel during the year was as follows:-

S No.	Particulars	2021-22	2020-21
1	Short-term benefits	0.98	1.28
2	Post employment benefits	-	-
3	Other long-term benefits	-	-
4	Share based payments	-	-
5	Termination benefits	-	-
	Total	0.98	1.28



Pharmax Corporation Limited
Notes forming part of the financial statements

23 **Segment reporting**
The Company is a one segment company in the business of real estate development and leasing. All its operations are located in India, accordingly, the Company views these activities as one business segment, there are no additional disclosures to be provided in terms of Ind AS 108 on 'Segment Reporting'.

24 **Financial instruments**

The comparison of carrying value and fair value of financial instruments by categories that are not measured at fair value are as follows:

Category	Carrying value		Fair Value	
	March 31, 2022	March 31, 2021	March 31, 2022	March 31, 2021
1) Financial asset at amortized cost				
Loans	-	-	-	-
Other financial assets	205.09	28.68	205.09	28.68
Trade receivables	11.75	10.95	11.75	10.95
Cash and cash equivalents	73.84	34.56	73.84	34.56
2) Financial liabilities at amortized cost				
Non current & current				
Borrowings	3,903.67	1,408.93	3,903.67	1,408.93
Other financial liabilities	480.26	103.50	480.26	103.50
Trade payables	0.41	7.74	0.41	7.74
3) Financial asset carried at fair value through statement of profit & loss				
Current investments	1,274.28	-	1,274.28	-

- The Company assessed that trade receivables, cash and cash equivalents, other bank balances, loans and advances to related parties, interest receivable, trade payables, capital creditors are considered to be the same as their fair values, due to their short term nature.
- 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:
- Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer 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.
- The fair value of unquoted instruments, loans from banks and other financial liabilities as well as other noncurrent financial liabilities are estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The valuation requires management to use observable and unobservable inputs in the model, of which the significant observable and unobservable inputs are disclosed in the table below. Management regularly assesses a range of reasonably possible alternatives for those significant observable and unobservable inputs and determines their impact on the total fair value.
- The fair values of the Company's interest-bearing borrowings and other non-current financial liabilities are determined by using DCF 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 March 31, 2022 was assessed to be insignificant.

24.01 **Fair value hierarchy**

The Company 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

(i) Quantitative disclosure of fair value measurement hierarchy for financial assets as on March 31, 2022

Particulars	Carrying value March 31, 2022	Fair value		
		Level 1	Level 2	Level 3
Loans	-	-	-	-
Other financial assets	205.09	-	205.09	-
Trade receivables	11.75	-	11.75	-
Current investments	1,274.28	-	1,274.28	-

(ii) Quantitative disclosure of fair value measurement hierarchy for financial assets as on March 31, 2021

Particulars	Carrying value March 31, 2021	Fair value		
		Level 1	Level 2	Level 3
Loans	-	-	-	-
Other financial assets	28.68	-	28.68	-
Trade receivables	10.95	-	10.95	-
Current investments	-	-	-	-

(iii) Quantitative disclosure of fair value measurement hierarchy for financial liabilities as on March 31, 2022

Particulars	Carrying value March 31, 2022	Fair value		
		Level 1	Level 2	Level 3
Non current & current				
Borrowings	3,903.67	-	3,903.67	-
Other financial liabilities	480.26	-	480.26	-
Trade payables	0.41	-	0.41	-

(iv) Quantitative disclosure of fair value measurement hierarchy for financial liabilities as on March 31, 2021

Particulars	Carrying value March 31, 2021	Fair value		
		Level 1	Level 2	Level 3
Borrowings	1,408.93	-	-	-
Other financial liabilities	103.50	-	103.50	-
Trade payables	7.74	-	7.74	-

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Pharmax Corporation Limited
Notes forming part of the financial statements

25 Financial risk management objectives and policies

The Company's has instituted an overall risk management programme which also focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. The Corporate Finance department, evaluates financial risks in close co-operation with the various stakeholders.

The Company is exposed to capital risk, market risk, credit risk and liquidity risk. These risks are managed pro-actively by the Senior Management of the Company, duly supported by various Groups and Committees.

a) Capital risk

The Company's objective when managing capital is to safeguard its ability to continue as a going concern in order to provide returns to its shareholders and benefits for other stakeholders and to provide for sufficient capital expansion. The capital structure of the Company consists of debt, which includes the borrowings disclosed in notes 10, cash and cash equivalents disclosed in note 6 and equity as disclosed in the statement of financial position.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company employs prudent liquidity risk management practices which inter alia means maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities. Given the nature of the underlying businesses, the corporate finance maintains flexibility in funding by maintaining availability under committed credit lines and this way liquidity risk is mitigated by the availability of funds to cover future commitments. Cash flow forecasts are prepared not only for the entities but the Group as a whole and the utilized borrowing facilities are monitored on a daily basis and there is adequate focus on good management practices whereby the collections are managed efficiently. The Company while borrowing funds for large capital project, negotiates the repayment schedule in such a manner that these match with the generation of cash on such investment. Longer term cash flow forecasts are updated from time to time and reviewed by the Investment and Performance Review Committee of the Board.

The table below represents the maturity profile of Company's financial liabilities at the end of March 31, 2022 based on contractual undiscounted payments :-

March 31, 2021	0-1 Years	1-5 Years	More than 5 Years	Total
Borrowings	1,138.44	-	270.49	1,408.93
Trade payable	7.74	-	-	7.74
Other financial liabilities	54.10	-	21.20	75.30
% to Total	80.45%	0.00%	19.55%	100.00%
March 31, 2022				
Borrowings	-	3,608.09	295.58	3,903.67
Trade payable	0.41	-	-	101.48
Other financial liabilities	179.97	-	275.19	71.31
% to Total	4.42%	88.51%	14.00%	100.00%

c) Credit risk

Credit Risk is the risk that the counter party will not meet its obligation under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

(i) Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Management evaluate credit risk relating to customers on an ongoing basis. Receivable control management Department assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The Company provides credit to individuals on exceptional basis only. An impairment analysis is performed at each reporting date on an individual basis.

(ii) Financial instruments and cash deposit

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made in bank deposits and other risk free securities. The limits are set to minimize the concentration of risks and therefore mitigate financial loss through counter party's potential failure to make payments. Credit limits of all authorities are reviewed by the management on regular basis. All balances with banks and financial institutions is subject to low credit risk due to good credit ratings assigned to the Company.

The Company's maximum exposure to credit risk for the components of the balance sheet at March 31, 2022 is the carrying amounts as illustrated in the liquidity table above.

d) 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, investments and foreign currency receivables and payables. The sensitivity analyses in the following sections relate to the position as at March 31, 2022. The analyses 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 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 March 31, 2022.

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Pharmax Corporation Limited
Notes forming part of the financial statements

26 Capital Management

For the purpose of the Company's capital management, capital includes issued equity attributable to the equity shareholders of the Company, share premium and all other equity reserves. The primary objective of the Company's capital management is that it maintain an efficient capital structure and maximize the shareholder value. The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, The Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, trade and other payables, less cash and cash equivalents, excluding discontinued operations.

	Rs. In lacs	
	As at March 31, 2022	As at March 31, 2021
Borrowings	3,903.67	1,408.93
Other financial liabilities	480.26	103.50
Trade payables	0.41	7.74
Less: Cash and Cash equivalents	(73.84)	(34.56)
Net Debt	4,310.50	1,485.61
Equity Share Capital	555.92	555.92
Other Equity	1,920.94	1,600.60
Total Equity	2,476.85	2,156.52
Total Capital and net debt	6,787.35	3,642.13
Gearing ratio	63.51%	40.79%
26.01 Analysis		
a Current Asset	1,941.78	143.96
Current Liability	194.79	1,203.48
Current Ratio	9.97	0.12
Variance	8234%	
Reason: Increase in Current Assets due to liquid investments made		
b Debt	3,903.67	1,408.93
Shareholder Equity	2,476.85	2,156.52
Debt-Equity Ratio	1.58	0.65
Variance	141%	
Reason: Fresh Borrowings for Construction and hence increased debt		
c Earnings available for debt services	178.28	-5.86
Interest	47.89	0.00
Principal	3,903.67	1,408.93
Debt Services Coverage Ratio	0.05	(0.00)
Variance	1185%	
Reason: Fresh Borrowings for Construction and hence increased debt		
d Net Income (annual)	54.88	(272.03)
Shareholder Equity	2,476.85	2,156.52
Return on Equity Ratio	0.02	(0.13)
Variance	118%	
Reason: Increase in Leasing Income of Max House Okhla, Block-A		
e Net annual sale/Revenue from Operation	371.23	40.44
Working Capital	1,746.99	-1,059.52
Net Capital Turnover Ratio	0.21	(0.04)
Variance	657%	
Reason: Significant change in Working capital due to liquid investment in Mutual Funds and Classification of Borrowings to Long-Term		
f Net Profit	54.88	-272.03
Net annual sale/Revenue from Operation	371.23	40.44
Net Profit Ratio	0.15	(6.73)
Variance	102%	
Reason: Increase in Leasing Income of Max House Okhla, Block-A and hence increased profit		
g Earning before interest and tax (EBIT)	102.76	-39.40
Capital Employed	6,723.50	2,476.41
Return on Capital employed	1.53%	-1.59%
Variance	196.06%	
Reason: Increase in Leasing Income of Max House Okhla, Block-A and hence increased EBIT.		
h Income generated from Investments	4.55	0.37
Investment	654.77	38.00
Return on Investment	0.69%	0.99%
Variance	-29.56%	
Reason: Mark-to-Market Gains on liquid investments and intt. On FDR		

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2022 and March 31, 2021.



27 **DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT (MSMED) ACT, 2006**

The Micro, Small and Medium Enterprises have been identified by the Company from the available information, which has been relied upon by the auditors. According to such identification, the disclosures as per Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 are as follows:

	(Rs. In lacs)	
	As at March 31, 2022	As at March 31, 2021
i) The principal amount and the interest due thereon remaining unpaid to any supplier		
- Principal amount	3.45	-
- Interest thereon	Nil	Nil
ii) The amount of interest paid by the buyer in terms of section 18, along with the amounts of the payment made to the supplier beyond the appointed day.	Nil	Nil
iii) The amount of interest due and payable for the year 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.	Nil	Nil
iv) The amount of interest accrued and remaining unpaid.	Nil	Nil
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 investor.	Nil	Nil

The above information has been determined to the extent such parties could be identified on the basis of the information available with the Company regarding the status of suppliers under the MSMED.

28 During the previous year, the Company has adopted Ind AS 116 "Leases" effective 1st April, 2019, as notified by the ministry of Corporate Affairs (MCA) in the Companies (Indian Accounting Standard) Amendment Rules, 2019, using modified retrospective method. The adoption of this standard did not have any impact on transition period and during the year.

29 **Redemption of 9% Cumulative Redeemable Preference Shares**

The Company had allotted to Max India Limited 15,00,000 9% Cumulative Redeemable Preference Shares (CRPS) of the face value of Rs. 100 each at par on April 1, 2000. The Company has decided to redeem the preference shares at face value plus a redemption premium of Rs. 3340.14 Lacs. The Company has redeemed & paid face value of Rs. 1500.00 Lacs and provided for Rs. 3340.14 Lacs as premium on redemption of CRPS on redemption date i.e. 31st March, 2020. During the FY 2019-20, due to pandemic COVID-19 & lockdown in the country, premium payment has been deferred upto June 30, 2020 i.e. for a period of 3 more months from the due date, along with compensation @9% p.a. till actual date of premium payment which has been further extended till 31st December, 2020. The preference shareholder agreed the deferment in line with moratorium announcements by Government of India on account of impact of COVID-19. Necessary intimation for premium payment deferment is filed before the office of the Registrar of Companies. In view of the management, company has complied with the applicable provisions of Companies Act, 2013 and aforesaid legislation will not have any impact on the financial statement.

30 **Impact of COVID-19 on Financial Statements**

The outbreak of Coronavirus disease (COVID-19) pandemic globally and in India and consequent nationwide lockdown ordered by the Governments has caused significant disturbance and slowdown of economic activity. The Company has assessed the impact of this pandemic on its business operations and has assessed the recoverability and carrying values of its financial and non-financial assets as at the balance sheet date using various internal and external information up to the date of approval of these Standalone Ind AS financial statements. Basis this the management has concluded that neither there is any material adverse impact on operations of the Company nor any material adjustments required at this stage in the Standalone Ind AS financial statements of the Company for the year ended March 31, 2022.

However, the impact assessment of Covid-19 is a continuing process given the uncertainties associated with its nature and duration. The impact of Covid-19 may be different from that estimated as at the date of approval of these Standalone Ind AS financial statements and the Company will continue to monitor any material changes to future economic conditions.

31 **Note on Facilities Management Services Agreement**

The company has appointed Max Asset Services Limited as Facilities Manager to manage and run the facilities of Max House Okhla Block-A via Facilities Management Services Agreement entered by the company and Max Estates Limited (jointly as developer of Max House Okhla, Block-A) for a term of 3 years ending on 28th July, 2023. For the services provided by Max Asset Services Limited, the company will charge 10% of profit of the Max Asset Services Ltd. from Facilities management of Max House Okhla, Block-A. The company will also get the 100% IFRMSD collected by the Max Asset Services Limited as performance guarantee towards performance of its obligations as service provider by Max Asset Services Limited. During the previous year, since Max Asset Services Limited does not have any profits and hence no charge has been provided in the company as income.

32 There have been no delays in transferring amounts required to be transferred to the Investor Education and Protection Fund.

33 The Company has no outstanding derivative or foreign currency exposure as at the end of the current year and previous year.

34 **Events after the Reporting period**

There are no events observed after the reported period which have an impact on the company operations

35 The Code on Social Security, 2020 ('Code') relating to employee benefits during employment and post-employment benefits has received Presidential assent on 28 September 2020. The Code has been published in the Gazette of India. However, the effective date of the Code is yet to be notified and final rules for quantifying the financial impact are also yet to be issued. In view of this, the Company will assess the impact of the Code when relevant provisions are notified and will record related impact, if any, in the period the Code becomes effective.

36 The company does not have any transaction with the companies struck off under Section 248 of the Companies Act 2013 or section 560 of the Companies Act 1956 during the year ended March 31, 2022 and March 31, 2021

37 There are no changes or satisfaction which are to be registered with the registrar of companies during the year ended March 31st 2022 and March 31st 2021

38 The company is in compliance with number of layers of companies in accordance with clause 87 of Section 2 of the Act read with the companies (Restriction on number of layers) rules 2017 during the year ended March 31 2022 and March 31 2021

39 The company has not invested or traded in crypto currency or virtual currency during the year ended March 31 2022 and March 31 2021.

40 No proceedings have been initiated on or are pending against the company for holding benami property under the Prohibition of Benami Property Transaction Act 1988 (as amended in 2016) (formally the Benami Transactions (Prohibition) Act 1988 (45 of 1988) and Rules made thereunder during the year ended March 31 2022 and March 31 2021.

41 The company has not been declared wilful defaulter by any bank or financial institution or government or any government authorities during the year ended March 31 2022 and March 31 2021.

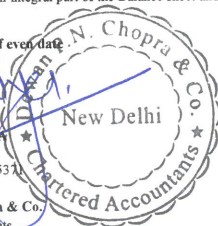


- 42 The company has not entered into any scheme of arrangement approved by the competent authority in terms of section 232 to 237 of the Companies Act 2013 during the year ended March 31 2022 and March 31 2021.
- 43 During the year ended March 31 2022 and March 31 2021, the company has not surrendered or disclosed as income any transactions not recorded in the books of accounts in the course of tax assessments under the Income Tax Act, 1961 (such as search or survey or any other relevant provisions of the Income Tax Act 1961).
- 44 During the year ended March 31 2022 and March 31 2021, the company has not advanced or loan or invested funds (either borrowed funds or the share premium or kind of funds) to any other person or entities, including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the intermediary shall:
- a. directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (ultimate beneficiaries) or
b. provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.
- 45 During the year ended March 31 2022 and March 31 2021, the company has not received any fund from any persons or entities including foreign entities (Funding party) with the understanding (whether recorded in writing or otherwise) that the company shall:
- a. 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
b. provide any guarantee, security or the like on behalf of the ultimate beneficiaries.
- 46 **Recent accounting pronouncements:**
Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, as below:
Ind AS 16 – Property Plant and equipment - The amendment clarifies that excess net sale proceeds of items produced over the cost of testing, if any, shall not be recognised in the profit or loss but deducted from the directly attributable costs considered as part of the cost of an item of property, plant, and equipment. The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022. The Company has evaluated the amendment and there is no impact on its consolidated financial statements.
Ind AS 37–Provisions, Contingent Liabilities and Contingent Assets – The amendment specifies that the 'cost of fulfilling a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, and materials) or an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract). The effective date for adoption of this amendment is annual periods beginning on or after April 1, 2022, although early adoption is permitted. The Company has evaluated the amendment and the impact is not expected to be material.
- 47 Note No. 1 to 47 form integral part of the Balance sheet and Statement of profit & Loss.

As per our report of even date.

SANDERP DAHIVIA
Partner
Membership No. 50537
For and on behalf of
Dewan P.N. Chopra & Co.
Chartered Accountants
FRN : 000472N

Place : New Delhi



For and on behalf of the Board of Directors of
Pharmax Corporation Limited

Rishi Raj
(Chairman)
(DIN 08490762)

Place : New Delhi
Date: 16th May, 2022