

INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.

Balance Sheet as at 31 March, 2021

All amounts are in BRL

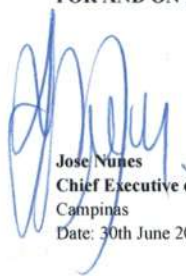
Particulars	Note No.	As at	As at
		31 Mar 2021	31 Mar 2020
ASSETS			
Non-current assets			
(a) Property, plant and equipment	3	2,625,737	2,522,207
(b) Other Intangible assets	4	2,125,000	2,375,000
(c) Financial Assets			
(i) Loans	5	344,837	134,633
(d) Deferred tax assets (net)	6	1,656,321	2,482,101
		6,751,895	7,513,941
Current assets			
(a) Inventories	7	8,628,756	6,365,687
(b) Financial Assets			
(i) Trade receivables	8	18,007,258	11,766,954
(ii) Cash and cash equivalents	9	745,058	192,876
(iii) Loans	10	18,380	233,087
(iv) Other financial assets	11	86,958	379,984
(c) Other current assets	12	1,810,648	551,619
		29,297,059	19,490,208
		36,048,954	27,004,149
TOTAL ASSETS			
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	13	13,020,200	13,020,200
(b) Other Equity	14	(16,555,818)	(20,451,373)
		(3,535,618)	(7,431,173)
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowing	15	6,260,783	7,962,690
(ii) Lease liabilities	33	1,756,010	1,913,138
(iii) Other financial liabilities	16	668,561	906,006
		8,685,354	10,781,834
Current liabilities			
(a) Financial liabilities			
(i) Borrowing	17	8,047,282	5,849,952
(ii) Trade payables	18	20,100,755	14,745,118
(iii) Lease liabilities	33	157,128	161,020
(iv) Other financial liabilities	19	1,106,965	1,506,708
(b) Other current liabilities	20	1,036,709	766,710
(c) Provisions	21	310,165	267,276
(c) Current tax liabilities (Net)	22	140,214	356,702
		30,899,218	23,653,487
		36,048,954	27,004,149
TOTAL EQUITY AND LIABILITIES			


See accompanying notes to the financial statements 2

The accompanying notes are an integral part of the financial statements.

FOR AND ON BEHALF OF THE COMPANY

INTERCHANGE VETERINÁRIA
INDÚSTRIA E COMÉRCIO LTDA


Jose Nunes
Chief Executive officer
Campinas
Date: 30th June 2021


Claudinei de Castro Vieira
Chief financial officer
Campinas
Date: 30th June 2021

INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.
Statement of profit and loss for the year ended 31st March'2021
All amounts are in BRL


Particulars	Note No	Year Ended	Year Ended
		31st Mar'21	31st Mar'20
INCOME			
Revenue From Operations	23	80,541,024	44,469,035
Other Income	24	835,564	7,205
Total income		81,376,588	44,476,240
EXPENSES			
Cost of materials consumed	25	50,938,320	20,933,160
Purchases of stock-in-trade	26	11,343,495	9,188,533
Changes in inventories of finished goods and work-in-progress & intermediates	27	(1,812,554)	(169,941)
Employee benefits expense	28	4,704,656	3,343,250
Finance costs	29	1,672,557	1,464,291
Depreciation and amortization expense	30	606,236	449,062
Other expenses	31	8,331,561	8,327,444
Total expenses		75,784,269	43,535,800
Profit before tax		5,592,319	940,441
Tax expense:	32	1,696,764	(212,595)
(i) Current tax		870,984	-
(ii) Deferred tax		825,780	(212,595)
Profit for the year		3,895,555	1,153,035
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		3,895,555	1,153,035
Earnings per equity share:	34		
(1) Basic		0.30	0.09
(2) Diluted		0.30	0.09
See accompanying notes to the financial statements	2		

The accompanying notes are an integral part of the financial statements.

**INTERCHANGE VETERINÁRIA
INDÚSTRIA E COMÉRCIO LTDA**

FOR AND ON BEHALF OF THE COMPANY


Jose Nunes
Chief Executive officer
Campinas
Date: 30th June 2021


Claudinei de Castro Vieira
Chief financial officer
Campinas
Date: 30th June 2021

INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.
Statement of cash flows for the year ended 31 March, 2021
All amounts are in BRL.

Particulars	Year ended 31 March, 2021	Year ended 31 March, 2020
Cash flow from Operating Activities :-		
Profit before tax	5,592,319	940,441
Adjustments for:		
Add: Finance Cost	1,672,557	1,464,291
Add: Depreciation and amortisation expense	606,236	449,062
Add: Liabilities / provisions no longer required written back	(819,321)	-
Add: Unrealized exchange loss/(gain) on Loan	-	660,508
Add: Provision for doubtful trade receivables	(225,691)	-
Operating profit before working capital changes	6,826,100	3,514,301
Change in working Capital		
Increase (-)/Decrease(+) in Current Asset		
Inventories	(2,263,069)	(2,970,130)
Trade receivables	(6,014,613)	(6,297,956)
Loans	4,504	(126,743)
Other financial assets	293,026	-
Other current assets	(1,259,029)	32,506
Increase (+)/Decrease(-) in Current Liabilities		
Trade payables	5,355,637	6,977,458
Other financial liabilities	(34,428)	152,760
Other current liabilities	515,265	(164,553)
Provision	42,889	-
Net change in working capital	(3,359,816)	(2,396,658)
Cash generated from operations	3,466,283	1,117,643
Direct taxes (paid)/refund	(1,087,473)	(266,762)
Net cash generated from operating activities	2,378,810	850,882
Cash Flow from Investing activities		
Purchase of Property, plant & equipment	(1,188,933)	(2,055,096)
Net cash used in investing activities	(1,188,933)	(2,055,096)
Cash flow from Financing activities		
Borrowings	1,045,422	2,468,388
Finance costs paid	(1,522,096)	(1,079,117)
Payment of principal portion of lease liability	(161,020)	(137,358)
Net cash used in investing activities	(637,694)	1,251,913
Net increase in cash and cash equivalents during the year	552,183	47,698
Opening Cash & cash equivalent at the beginning of the year	192,876	145,177
Cash and cash equivalents at the end of the year	745,058	192,876
Reconciliation of cash and cash equivalents with the Balance sheet		
Cash on hand	1,896	2,641
Balances with banks	743,163	190,235
Cash and cash equivalents as per Balance Sheet (Refer Note 9)	745,058	192,876

The accompanying notes are an integral part of the financial statements.

FOR AND ON BEHALF OF THE COMPANY

**INTERCHANGE VETERINÁRIA
INDÚSTRIA E COMÉRCIO LTDA**




Jose Nunes **Claudinei de Castro Vieira**
 Chief Executive officer Chief financial officer
 Campinas Campinas
 Date: 30th June 2021 Date: 30th June 2021

INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.
Statement of Changes in Equity (SOCIE) for the year ended 31 March, 2021
All amounts are in BRL

(a) Equity share capital

	As at 31 March, 2021		As at 31 March, 2020	
	No. of Shares	Amount	No. of Shares	Amount
Balance at the beginning of the reporting year	13,020,200	13,020,200	13,020,200	13,020,200
Changes in equity share capital during the year	-	-	-	-
Balance at the end of the reporting year	13,020,200	13,020,200	13,020,200	13,020,200

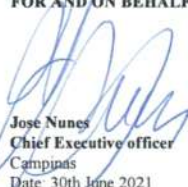
(b) Other Equity

	As at 31 March, 2021			As at 31 March, 2020		
	General reserve	Retained Earnings	Total	General reserve	Retained Earnings	Total
Balance at the beginning of the reporting year	(21,247,260)	795,887	(20,451,373)	(21,247,260)	(284,131)	(21,531,391)
Profit for the year	-	3,895,555	3,895,555	-	1,153,035	1,153,035
Lease Impact as per IND AS 116	-	-	-	-	(110,632)	(110,632)
Deferred Tax Impact on lease	-	-	-	-	37,615	37,615
Balance at the end of the reporting year	(21,247,260)	4,691,442	(16,555,818)	(21,247,260)	795,887	(20,451,373)

The accompanying notes are an integral part of the financial statements.

FOR AND ON BEHALF OF THE COMPANY

**INTERCHANGE VETERINÁRIA
INDÚSTRIA E COMÉRCIO LTDA**


José Nunes
Chief Executive officer
Campinas
Date: 30th June 2021


Claudinei de Castro Vieira
Chief Financial officer
Campinas
Date: 30th June 2021



Interchange Veterinaria Industria E Comercio Ltda
Notes to the financial statements for the year ended 31 March 2021

1. CORPORATE INFORMATION

Interchange Veterinaria Industria E Comercio Ltda ("the Company") is a company duly organised and incorporated in accordance with the laws of Brazil and is engaged in the manufacturing of veterinary pharmaceuticals and animal health products.

2.1 Statement of compliance

The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time and presentation requirements of Division II of Schedule III to the Companies Act, 2013.

2.2 Basis of preparation and presentation

The financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period.

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, regardless of whether that price is directly observable or estimated using another valuation technique. Fair value for measurement and / or disclosure purposes in these financial statements is determined on such a basis, except for

- Leasing transaction as defined in Ind AS 116 – Leases.
- Measurement that have some similarities to fair value but are not fair value, such as 'Net Realisable Value' as defined in Ind AS 2 – Inventories and value in use as defined in Ind AS 36- Impairment of Assets.

The financial statements have been prepared on accrual and going concern basis. The accounting policies are applied consistently to all the periods presented in the financial statements. All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of services and the time between acquisition of assets for processing and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current or non-current classification of assets and liabilities.

2.3 Functional and presentation currency

These financial statements are presented in Brazilian Lira (BRL), which is the Company's functional currency.

2.4 Significant Accounting Policies

i. Revenue Recognition

Sale of products

Revenue from sale of products is presented in the income statement within revenue from operations. The Company presents revenue net of indirect taxes in its statement of profit and loss. Sale of products comprise revenue from sales of products, net of sales returns, Turnover premium and customer discounts.

Revenue is recognized when it is probable that future economic benefits will flow to the Company and these benefits can be measured reliably. Further, revenue recognition requires that all significant risks and rewards of ownership of the goods included in the transaction have been transferred to the buyer, and that Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. Performance obligations are satisfied at one point in time, typically on delivery. Revenue is recognized when the Company transfers control over the product to the customers; control of a product refers to the ability to direct the use of, and obtain substantially all of the remaining benefits from, that asset. The majority of revenue earned by the Company is derived from the satisfaction of a single performance obligation for each contract which is the sale of products.

Sales are measured at the fair value of consideration received or receivable. The amounts of turnover premium is estimated and accrued on each of the underlying sales transactions recognised.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

ii. Leases

Ind AS 116 supersedes Ind AS 17 Leases. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company adopted Ind AS 116 using the modified retrospective method of adoption with the date of initial application of 01 April 2019. Under this method, the standard is applied retrospectively with the cumulative effect of initially applying the standard recognised at the date of initial application.

Interchange Veterinaria Industria E Comercio Ltda
Notes to the financial statements for the year ended 31 March 2021

Leases previously accounted for as operating leases

The Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The right-of-use assets for most leases were recognised based on the carrying amount as if the standard had always been applied, apart from the use of incremental borrowing rate at the date of initial application. In some leases, the right-of-use assets were recognised based on the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the incremental borrowing rate at the date of initial application. The Right of Use asset are depreciated on a straight - line basis over the lease term.

The Company also applied the available practical expedients wherein it:

- Used a single discount rate to a portfolio of leases with reasonably similar characteristics,
- Relied on its assessment of whether leases are onerous immediately before the date of initial application,
- Applied the short-term leases exemptions to leases with lease term that ends within 12 months of the date of initial application,
- Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application,
- Used hindsight in determining the lease term where the contract contained options to extend or terminate the lease.

iii. Foreign currency transactions and translation

Transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences arising on settlement or translation of monetary items are recognised in the statement of profit and loss in the year in which it arises.

Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Exchange difference on capital expenditure are not capitalised but charged to the statement of profit and loss.

iv. Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or erection of qualifying assets are added to the cost of those assets, until such time that the assets are substantially ready for their intended use. Qualifying assets are assets which take a substantial period of time to get ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

v. Employee Benefits

a) Defined contribution plans

The Company has defined contribution plans for post-employment benefits in the form of Social security which is administered through Government of Turkey. Social Security is classified as defined contribution plans as the Company has no further obligation beyond making the contributions. The company's contributions to defined contribution plans are charged to the statement of profit and loss as and when employee renders related service.

b) Defined benefit plans

Payments to defined benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's Severance pay is in the nature of defined benefit plans.

For defined benefit plans, the cost of providing benefit is determined using projected unit credit method, with actuarial valuation being carried out at the end of each financial year. Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Re-measurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset. Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- re-measurement gain / (loss).

The Company presents the service cost of defined benefit plan in the line item 'Employee benefits expense' and the net interest expense or income in the line item 'Finance costs' of the statement of profit and loss. The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

Interchange Veterinaria Industria E Comercio Ltda
Notes to the financial statements for the year ended 31 March 2021

c) Short-term employee benefits

A liability is recognised for short-term employee benefit in respect of wages and salaries, annual leaves, medical and leave travel in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

d) Other employee benefits

Other employee benefits comprise of leave encashment which is provided for, based on the actuarial valuation carried out as at the end of the year. Liabilities recognised in respect of other employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

vi Taxes on income

Income tax comprises current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent it relates to items directly recognised in equity or in other comprehensive income.

vii. Property, plant and equipment

a) Recognition and measurement

Property, Plant and Equipment are stated at cost, net of recoverable taxes, trade discount and rebates less accumulated depreciation and impairment losses, if any.

Cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use.

When parts of an item of property, plant and equipment have significant cost in relation to total cost and different useful lives, they are recognised and depreciated separately.

Depreciation is recognised so as to write off the cost of assets (other than freehold land) less their residual values, using the straight-line method, over the useful lives

Nature of the assets	Useful life in years
Computers	5 years
Furniture and fixtures	10 years
Plant and machinery	10 years
Lease hold property-development	25 years

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

b) Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.

c) Derecognition of property, plant and equipment

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

viii. Intangible assets

a) Intangible assets acquired separately

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on straight-line basis over the estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each financial year, with the effect of any changes in estimate being accounted for on a prospective basis. Cost includes any directly attributable incidental expenses necessary to make the assets ready for use.

Useful lives of intangible assets

Estimated useful lives of the intangible assets are as follow:

Nature of the assets	Useful life in years
Software	3-5
Product Licenses	10-15

b) Subsequent costs

Subsequent costs are capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditures, including expenditure on internally-generated intangibles, are recognised in the statement of profit and loss as incurred.

Interchange Veterinaria Industria E Comercio Ltda
Notes to the financial statements for the year ended 31 March 2021

c) Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the statement of profit and loss.

ix. Inventories

Inventories comprises of consumables used for analytical purposes. These are valued at the lower of cost and net realizable value. Cost is determined on First in First out basis, at purchase cost including other cost incurred in bringing consumables to their present location and condition.

x. Provisions and contingent liabilities

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of each reporting period, taking into account the risks and uncertainties surrounding the obligation.

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

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount cannot be made. Contingent liabilities are not recognised but are disclosed in the notes to financial statements. Contingent assets are not recognised but are disclosed in the notes to financial statements when economic inflow is probable.

xi. Financial instruments


Financial assets and financial liabilities are recognised when an entity becomes a party to the contractual provisions of the instruments.

All financial instruments are initially measured at fair value. Transaction costs that are attributable to the acquisition or issue of the financial assets and financial liabilities (other than financial assets recorded at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities as appropriate, on initial recognition. Transaction cost directly attributable to the acquisition or issue of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

Purchase 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 trade) are recognised on trade date.

For the purpose of subsequent measurement, financial instruments of the Company are classified in the following categories: non-derivative financial assets comprising amortised cost, debt instruments at fair value through other comprehensive income (FVTOCI), equity instruments at fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL), non-derivative financial liabilities at amortised cost or FVTPL and derivative financial instruments (under the category of financial assets or financial liabilities) at FVTPL.

The classification of financial instruments depends on the objective of the business model for which it is held. Management determines the classification of its financial instruments at initial recognition.



Interchange Veterinaria Industria E Comercio Ltda
Notes to the financial statements for the year ended 31 March 2021

xii Impairment

a) Financial assets

In accordance with Ind AS 109 - Financial Instruments, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivable.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting period, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. Lifetime ECLs are the expected credit losses resulting from all possible default events over the expected life of a financial instrument.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) All contractual terms of the financial instrument (including prepayment, extension etc.) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument;

(ii) Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in forward-looking estimates are analysed.

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

Financial assets measured at amortised cost, contractual revenue receivables. ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

b) Non-financial assets

The Company assesses at each reporting date whether there is any objective evidence that a non-financial asset or a group of non-financial assets is impaired. If any such impairment exists, the recoverable amount of an asset is estimated to determine extent of impairment, if any. Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

xiii Earnings per share

Basic EPS is computed by dividing the net profit for the period attributable to the equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted EPS is computed by dividing the net profit after tax by the weighted average number of equity shares considered for deriving basic EPS and also weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for bonus shares, as appropriate.

xiv Cash and cash equivalents

Cash and cash equivalents 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.

xv Segment

Segments have been identified taking into account the nature of services, the differing risks and returns, the organisational structure and the internal reporting system.

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

All other assets are classified as non-current.

A liability is current when:

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

All other liabilities are classified as non-current.

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

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

xvii 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:

- In the principal market for the asset or liability or
- 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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

2A. Use of estimates and management judgments

In application of the accounting policies, which are described in note 2, the management of the Company is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future periods. In particular, information about significant areas of estimation, uncertainty and critical judgements used in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

i Deferred tax

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

ii. Fair value

Management uses valuation techniques in measuring the fair value of financial instruments where active market quotes are not available. In applying the valuation techniques, management makes maximum use of market inputs and uses estimates and assumptions that are, as far as possible, consistent with observable data that market participants would use in pricing the instrument. Where applicable data is not observable, management uses its best estimate about the assumptions that market participants would make. These estimates may vary from the actual prices that would be achieved in an arm's length transaction at the reporting date.

Interchange Veterinaria Industria E Comercio Ltda
Notes to the financial statements for the year ended 31 March 2021

iii. Post-retirement benefit plans

The obligation arising from the defined benefit plan is determined on the basis of actuarial assumptions which include discount rate, trends in salary escalation and vested future benefits and life expectancy. The discount rate is determined with reference to market yields at each financial year end on the government bonds.

iv. Provisions and contingencies

The recognition and measurement of other provisions are based on the assessment of the probability of an outflow of resources, and on past experience and circumstances known at the reporting date. The actual outflow of resources at a future date may therefore vary from the figure estimated at end of each reporting period.



INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.

Notes to the financial statements for the year ended 31 March, 2021

All amounts are in BRL.

Note 3: Property, plant and equipment and capital work-in-progress

Particulars	As at 31 March, 2021	As at 31 March, 2020
Carrying Amount of:		
Lease hold improvements	240,391	62,663
Furniture and fixtures	117,319	84,165
Computers	31,367	32,954
Right-of-use assets	1,616,985	1,858,934
Plant and machinery	619,675	483,489
Total	2,625,737	2,522,207

Particulars	Lease hold improvements	Furniture and fixtures	Computers	Right-of-use assets	Plant and machinery	Total
Cost or deemed cost						
Balance as on 01 April, 2019	83,479	314,398	103,673	-	542,537	1,044,087
Assets acquired	-	22,184	12,681	2,100,884	249,398	2,385,146
Balance as on 01 April, 2020	83,479	336,582	116,354	2,100,884	791,935	3,429,234
Assets acquired	182,313	52,275	12,711	-	212,468	459,767
Balance as on 31 March, 2021	265,792	388,857	129,065	2,100,884	1,004,402	3,889,000

Particulars	Lease hold improvements	Furniture and fixtures	Computers	Right-of-use assets	Plant and machinery	Total
Accumulated depreciation and impairment						
Balance as on 01 April, 2019	17,477	238,122	68,318	-	259,049	582,965
Depreciation expense for the year	3,339	14,295	15,082	241,949	49,397	324,062
Balance as on 01 April, 2020	20,816	252,417	83,400	241,949	308,445	907,027
Depreciation expense for the year	4,585	19,122	14,298	241,950	76,282	356,236
Balance as on 31 March, 2021	25,401	271,539	97,698	483,899	384,727	1,263,263

Particulars	Lease hold improvements	Furniture and fixtures	Computers	Right-of-use assets	Plant and machinery	Total
Carrying amount						
Balance as on 01 April, 2019	66,002	76,276	35,356	-	283,488	461,122
Assets acquired	-	22,184	12,681	2,100,884	249,398	2,385,146
Depreciation expense for the year	3,339	14,295	15,082	241,949	49,397	324,062
Balance as on 01 April, 2020	62,663	84,165	32,954	1,858,934	483,489	2,522,207
Assets acquired	182,313	52,275	12,711	-	212,468	459,767
Depreciation expense for the year	4,585	19,122	14,298	241,950	76,282	356,236
Balance as on 31 March, 2021	240,391	117,319	31,367	1,616,985	619,675	2,625,737

INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.

Notes to the financial statements for the year ended 31 March, 2021

All amounts are in BRL

Note 4: Other Intangible assets

Particulars	As at 31 March, 2021	As at 31 March, 2020
Carrying Amount of:		
Product Licenses	2,125,000	2,375,000
Total	2,125,000	2,375,000

Particulars	Product Licenses
Cost or deemed cost	
Balance as on 01 April, 2019	-
Assets acquired	2,500,000
Balance as on 01 April, 2020	2,500,000
Assets acquired	-
Balance as on 31 March, 2021	2,500,000

Particulars	Product Licenses
Accumulated amortisation	
Balance as on 01 April, 2019	-
Amortisation expense for the year	125,000
Balance as on 01 April, 2020	125,000
Amortisation expense for the year	250,000
Balance as on 31 March, 2021	375,000

Particulars	Product Licenses
Carrying amount	
Balance as on 01 April, 2019	-
Assets acquired	2,500,000
Amortisation expense	125,000
Balance as on 01 April, 2020	2,375,000
Assets acquired	-
Amortisation expense	250,000
Balance as on 31 March, 2021	2,125,000

INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.
Notes to the financial statements for the year ended 31 March, 2021
All amounts are in BRL

Note no	Particulars	As at 31 Mar 2021	As at 31 Mar 2020
5	Financial assets - Long term loans		
	Security Deposits	134,633	134,633
	Loan to Others	210,203	-
		<u>344,837</u>	<u>134,633</u>
6	Deferred tax assets (net)		
	On account of Leases	100,692	73,176
	On Carry forward of losses	1,555,629	2,408,925
		<u>1,656,321</u>	<u>2,482,101</u>
7	Inventories (At lower of cost and net realisable value)		
	Raw materials	3,808,848	3,583,710
	Packing materials	327,319	101,942
	Work-in-progress and intermediates	4,136,167	3,685,652
	Finished goods	219,151	176,582
	Trading Goods	3,087,538	987,490
		<u>1,185,901</u>	<u>1,515,963</u>
		<u>8,628,756</u>	<u>6,365,687</u>
	During the year ended 31 March 2021 BRL 1,03,824 (31 March 2020 : BRL 2,81,656) was recognised as an expense towards provision for slow moving, expired and near expiry inventories		
8	Trade receivables		
	(a) Unsecured, considered good	18,007,258	11,766,954
	(b) Unsecured, considered doubtful	384,583	610,274
		<u>18,391,841</u>	<u>12,377,228</u>
	Less: Provision for doubtful debts	(384,583)	(610,274)
		<u>18,007,258</u>	<u>11,766,954</u>
9	Cash and cash equivalents		
	Cash on hand	1,896	2,641
	Balances with banks - In current accounts	743,163	190,235
		<u>745,058</u>	<u>192,876</u>
10	Loans		
	Unsecured, considered good:		
	Advances to employees	8,000	8,000
	Loans & Advances to related parties	-	225,087
	Loans to others	10,380	-
		<u>18,380</u>	<u>233,087</u>
11	Other current financial assets		
	Derivative Asset	86,958	379,984
		<u>86,958</u>	<u>379,984</u>
12	Other current assets		
	Advance to suppliers	462,035	221,534
	Balances with government authorities	852,153	292,136
	Prepaid expenses	496,460	-
	Others	-	37,949
		<u>1,810,648</u>	<u>551,619</u>

INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.
Notes to the financial statements for the year ended 31 March, 2021
All amounts are in BRL

Note no	Particulars	As at 31 Mar 2021	As at 31 Mar 2020
13	Share capital		
(a)	Authorised		
	1,303,950 equity shares (March 31, 2020: 1,303,950 equity shares) of BRL 10 each	13,039,500	13,039,500
(b)	Issued, Subscribed and fully paid up		
	1,302,020 equity shares (March 31, 2020: 1,302,020 equity shares) of BRL 10 each	13,020,200	13,020,200
		<u>13,020,200</u>	<u>13,020,200</u>

Notes:

(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting year:

Particulars	As at 31 March 2021		As at 31 March 2020	
	Nos of Shares	Amount	Nos of Shares	Amount
Equity shares				
Shares outstanding at the beginning of the year	13,020,200	13,020,200	13,020,200	13,020,200
Add: Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	<u>13,020,200</u>	<u>13,020,200</u>	<u>13,020,200</u>	<u>13,020,200</u>

(ii) Terms/rights attached to equity shares

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, if any. The distribution will be in proportion to the number of equity shares held by the shareholders.

(iii) Details of shares held by each shareholder holding more than 5% shares

Equity shares	As at 31 March 2021		As at 31 March 2020		
	Name of the shareholder	Nos of Shares	% of Holding	Nos of Shares	% of Holding
	Alvira, Brazil	9,114,140	70.00%	9,114,140	70.00%
	Ares Holding Ltda	3,906,060	30.00%	3,906,060	30.00%

14 **Other Equity**

a) Retained Earnings	4,691,442	795,887
b) General reserve	(21,247,260)	(21,247,260)
	<u>(16,555,818)</u>	<u>(20,451,373)</u>

15 **Financial Liabilities - Long term borrowings**

Unsecured - Fitch Participacoes Ltda	3,632,612	4,110,008
Unsecured Judicial liabilities	2,628,171	3,852,682
	<u>6,260,783</u>	<u>7,962,690</u>

(i) Details of terms of repayment for the unsecured long-term borrowings -

Particulars	Terms of repayment	As at	31	As at	31
		Mar 2021	Mar 2021	Mar 2020	Mar 2020
FITCH PARTICIPACOES LTDA: The Company has obtained the loan through various disbursements. The rate of interest is 1.10% on the loan outstanding. However it is changes to 0.50% per month from 1st Jan 2020	Repayable in 108 monthly instalments commencing from Jan2020 and repayable fully by Dec 2028	4,042,048		4,315,549	
Judicial Liabilities: The Company has received the judicial recovery judgement dated May 7, 2015 from the 2nd Civil Court of the District of Campinas, Sao Paulo for restructuring the payable towards class of vendors and banks to the loan. The interest rate of the restructured loan payable to vendors and banks is Mortgage reference rate of Brazil plus 1%.	The loan is repayable in half yearly 18 unequal instalments commencing from Nov 2016. Repayable fully by May 2025	3,325,699		4,424,682	
Gross Amount		7,367,747		8,740,232	
Less: Current maturity of long term debt		1,106,965		777,541	
		<u>6,260,783</u>		<u>7,962,690</u>	

INTERCHANGE VETERINARIA INDÚSTRIA E COMÉRCIO LTDA.
Notes to the financial statements for the year ended 31 March, 2021
All amounts are in BRL

Note no	Particulars	As at 31 Mar 2021	As at 31 Mar 2020
16	Other financial liabilities		
	Statutory remittances	668,561	699,565
	Other Obligations	-	206,441
		<u>668,561</u>	<u>906,006</u>
17	Financial Liabilities - Short term borrowings		
	Loans repayable on demand		
	Secured loan		
	From bank (refer note (i) below)	1,245	5,849,952
	Unsecured loan		
	From related party (refer note (ii) below)	8,046,037	-
		<u>8,047,282</u>	<u>5,849,952</u>
	Note :-		
	i) Loan from Daycoval bank in USD/BRL secured against current asset of the company and personal guarantee by minority shareholders repaid during 2020 The interest rate range from 7% to 17% per annum		
	ii) Loan from Alivira Saude Animal Do Brasil Participacoes LTDA. The interest rate is 8.25% p.a		
18	Trade Payable		
	Trade payable	20,100,755	14,745,118
		<u>20,100,755</u>	<u>14,745,118</u>
19	Other Current financial Liabilities		
	Current maturities of long-term debt (Refer Note 15)	1,106,965	777,541
	Capital Creditors	-	729,167
		<u>1,106,965</u>	<u>1,506,708</u>
20	Other Current Liabilities		
	Statutory remittances	1,034,274	761,152
	Advances from customers	2,435	5,558
		<u>1,036,709</u>	<u>766,710</u>
21	Short term provisions		
	Provision for compensated absences	310,165	267,276
		<u>310,165</u>	<u>267,276</u>
22	Current tax liabilities (Net)		
	Provision for taxation (Net of Advance Tax : BRL -1,087,473) (31 March 2020 : BRL 266,762)	140,214	356,702
		<u>140,214</u>	<u>356,702</u>

INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.
Notes to the financial statements for the year ended 31 March, 2021
All amounts are in BRL

Note no	Particulars	Year Ended 31st Mar'21	Year Ended 31st Mar'20
23	Revenue from operations		
	Gross Sale	81,458,737	45,143,119
	Less: Sale Return	917,713	674,083
		<u>80,541,024</u>	<u>44,469,035</u>
24	Other Income		
	Other Miscellenous income	590,297	-
	Liabilities / provisions no longer required written back	245,267	7,205
		<u>835,564</u>	<u>7,205</u>
25	Cost of materials consumed		
	Opening stock	3,685,652	885,463
	Add: Purchases	51,388,835	23,733,349
	Less: Closing stock	4,136,167	3,685,652
		<u>50,938,320</u>	<u>20,933,160</u>
26	Purchases of stock-in-trade		
	Purchases of stock-in-trade	11,343,495	9,188,533
		<u>11,343,495</u>	<u>9,188,533</u>
27	Changes in inventories of finished goods and work-in-progress & intermediates		
	Opening stock		
	Work-in-progress and intermediates	176,582	119,408
	Finished goods	2,503,453	2,390,687
		<u>2,680,035</u>	<u>2,510,095</u>
	Closing stock		
	Work-in-progress and intermediates	219,151	176,582
	Finished goods	4,273,439	2,503,453
		<u>4,492,590</u>	<u>2,680,035</u>
	Net (increase) / decrease	<u>(1,812,554)</u>	<u>(169,941)</u>
28	Employee benefits expense		
	Salaries and wages	2,044,909	1,411,910
	Contribution to funds/other funds	819,239	697,176
	Staff welfare expenses	1,840,507	1,234,164
		<u>4,704,656</u>	<u>3,343,250</u>
29	Finance costs		
	Interest expense	1,108,954	1,039,965
	Other borrowing costs	243,207	80,268
	Interest on lease liabilities	320,396	344,058
		<u>1,672,557</u>	<u>1,464,291</u>
30	Depreciation and amortization expense		
	Depreciation on Tangible Assets	114,286	82,113
	Depreciation on right-of-use assets	241,950	241,949
	Amortisation of Intangible Assets	250,000	125,000
		<u>606,236</u>	<u>449,062</u>

INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.
Notes to the financial statements for the year ended 31 March, 2021
All amounts are in BRL

Note no	Particulars	Year Ended 31st Mar'21	Year Ended 31st Mar'20
31	Other expenses		
	Travel expenses	75,478	55,354
	Communication expenses	34,879	38,072
	Contract labour charges	66,938	58,648
	Legal and Professional charges	630,890	671,909
	Freight and forwarding	1,522,536	932,379
	Power and fuel	178,886	131,295
	Rent	45,807	16,095
	Analytical charges	446,991	392,457
	Repairs to buildings	81,109	39,754
	Repairs to machinery	358,363	177,828
	Repairs to others	36,694	35,678
	Research & Development	336,203	98,213
	Insurance	15,790	16,630
	Commission on sales	2,433,704	1,344,818
	Production Waste Disposal	34,278	21,927
	Water & Sewage	114,182	61,531
	Other Office Expenses	479,245	320,183
	Advertisement and selling expenses	179,461	185,215
	Rates and taxes	201,057	188,452
	Net loss on foreign currency transactions and translation	1,284,759	3,402,324
	Provision for doubtful trade receivables	(225,691)	-
	Other expenses	-	138,680
		8,331,561	8,327,444
32	Tax expense		
	Current tax	870,984	-
	Deferred tax	825,780	(212,595)
		1,696,764	(212,595)

INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.
Notes to the financial statements for the year ended 31 March, 2021
All amounts are in BRL

33 Details of leasing arrangements

The Company's significant leasing arrangement is mainly in respect of office premises, fork lift, Lift platform & Server; the aggregate lease rent payable on these leasing arrangements charged to Statement of Profit and Loss is BRL 4,81,416

The following is the movement in lease liabilities:

Particulars	1 April 2020 to 31 March, 2021	1 April 2019 to 31 March, 2020
Opening Balance	2,074,158	2,211,516
Accretion of interest	320,396	344,058
Payments	(481,416)	(481,417)
Closing Balance	1,913,138	2,074,158
Current	157,128	161,020
Non-current	1,756,010	1,913,138

The effective interest rate for lease liabilities is 16%, with maturity till Mar,2029

The following are the amounts recognised in profit or loss:

	Year ended 31 March 2021	Year ended 31 March 2020
Depreciation expense of right-of-use assets (Refer Note 30)	241,950	241,950
Interest expense on lease liabilities (Refer Note 29)	320,396	344,058
Deferred tax lease (Refer Note 37)	(27,516)	(35,561)
Total amount recognised in profit or loss	534,830	550,447

34 Earnings per share

Particulars	01 Apr 2020 to 31 March, 2021	01 Apr 2019 to 31 March, 2020
Net profit for the period as per statement of profit and loss	3,895,555	1,153,035
Net profit for the period attributable to the equity shareholders	3,895,555	1,153,035
Weighted average number of equity shares	13,020,200	13,020,200
Earnings per share - Basic	0.30	0.09
Earnings per share - Diluted	0.30	0.09

35 Segment information

Segments have been identified taking into account the nature of operations, the differing risks and returns, the organisational structure and the internal reporting system

Primary segment: Business segment

The Company is mainly engaged in the business of Manufacturing, trading and marketing of Pharmaceutical products. Considering the nature of business and financial reporting of the Company, the Company has only one business segment viz; Pharmaceuticals as primary reportable segment. All the activities of the Company are in Latin America.

36 Contingent liabilities and commitments

(i) **Contingent liabilities**

There is no contingent liabilities and commitments as at 31st March 2021

(ii) **Commitments**

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) as at 31st March 2021: Nil
(March 31, 2020 : Nil)

37 Reconciliations of tax expenses and details of deferred tax balances

A) Income tax expense recognised in the statement of profit and loss

	Year ended 31 March 2021	Year ended 31 March 2020
i) Income tax expense recognised in the statement of profit and loss		
Current tax	870,984	-
Total (I)	870,984	-
Deferred tax		
Origination and reversal of temporary differences	825,780	-212,595
Total (II)	825,780	-212,595
Total (III = I+II)	1,696,764	(212,595)

The current tax is calculated using tax rates that have been enacted or substantively enacted by the end of each reporting period. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

B) Reconciliation of effective tax rate

The reconciliation between the statutory income tax rate applicable to the Company and the effective income tax rate of the Group is as

	31 March 2021	31 March 2020
Profit before tax	5,592,319	940,441
Statutory income tax rate	34.00%	34.00%
Tax as per applicable tax rate	1,901,388	319,750
Differences due to:		
- Disallowed expenses		-7,618
- Effect of deferred tax on brought forward business losses		-177,034
- Others	(9,364)	(347,693)
Income tax expenses charged to the statement of profit and loss	1,892,024	(212,595)
Effective tax rate	33.8%	-22.6%

C) Movement in deferred tax assets and liabilities

31 March 2021			
	As at 01 April 2020	Credit / (charge) in the statement of profit and loss	As at 31 March 2021
- Right-of-use assets (*)	73,176	27,516	100,692
Tax assets / (liabilities)	73,176	27,516	100,692
- Unabsorbed depreciation and carried forward of losses	2,408,925	-853,296	1,555,629
Net tax assets / (liabilities)	2,482,101	(825,780)	1,656,321

31 March 2020			
	As at 01 April 2019	Credit / (charge) in the statement of profit and loss	As at 31 March 2020
- Right-of-use assets (*)	37,615	35,561	73,176
Tax assets / (liabilities)	37,615	35,561	73,176
- Unabsorbed depreciation and carried forward of losses	2,231,891	177,034	2,408,925
Net tax assets / (liabilities)	2,269,506	212,595	2,482,101

(*) Opening balances is on account of transition impact of Ind AS 116.

38 Financial instruments

The carrying value / fair value of financial instruments by categories are as follows:

Financial assets	Carrying value & fair value	
	31 March 2021	31 March 2020
Measured at amortised cost		
Loans	363,217	367,721
Trade receivables	18,007,258	11,766,954
Cash and cash equivalents	745,058	192,876
Other financial assets	86,958	379,984
Total	19,202,491	12,707,535
Financial liabilities		
Measured at amortised cost		
Borrowings (including current maturity)	15,415,029	14,590,184
Trade payables	20,100,755	14,745,118
Lease Liabilities	1,913,138	2,074,158
Other financial liabilities	668,561	1,635,173
Total	38,097,484	33,044,633

INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.
Notes to the financial statements for the year ended 31 March, 2021
All amounts are in BRL

38.1 Financial risk management objective and policies

The Company's principal financial liabilities comprise loans and borrowings, trade payables and other payables. The main purpose of these financial liabilities is to finance the company's operations. The company's principal financial assets include investments, loans, trade and other receivables, and cash and deposits that derive directly from its operations.

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Company's exposure to each of the above risks, the company's objectives, policies and processes for measuring and managing risk, and the company's management of capital. Further quantitative disclosures are included throughout these financial statements.

Risk management framework

The company's activities makes it susceptible to various risks. The company has taken adequate measures to address such concerns by developing adequate systems and practices. The company's overall risk management program focuses on the unpredictability of markets and seeks to manage the impact of these risks on the company's financial performance.

38.2 Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations resulting in a financial loss to the Company. Credit risk arises principally from trade receivables. Credit risk arises from cash held with banks and financial institutions, as well as credit exposure to customers, including outstanding accounts receivables. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. The Company monitors the credit quality of the counterparties, taking into account their financial position, past experience and other factors.

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

The Company's trade and other receivables are actively monitored to review creditworthiness of the customers to whom credit terms are granted and also avoid significant concentrations of credit risks.

Given below is ageing of trade receivable spread by period of six months:

	31 March 2021	31 March 2020
Outstanding for more than 6 months	63,334	-
Others	17,943,924	11,766,954
Total	18,007,258	11,766,954

Information about major Customer

Two largest customers Company has total exposure in sales (BRL 2,01,18,958 of total sales) in current year and (BRL 1,20,32,968 of total sales) in FY 2019-20. The receivables from these customers are (BRL 72,95,003 of total receivable) in current year and (BRL 48,33,472 of total receivable) in FY 2019-20. Apart from the aforesaid customers, the Company does not have a significant credit risk exposure to any other external counterparty.

38.3 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company reputation.

The Company has an appropriate liquidity risk management framework for the management of short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate cash reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below provides details regarding the contractual maturities of significant financial liabilities as at 31 March 2021 and 31 March 2020:

Particulars	As at 31 March 2021			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings (including current maturity of long-term borrowings)	9,154,246	1,284,674	4,976,109	15,415,029
Trade payables	20,100,755	-	-	20,100,755
Lease Liabilities	157,128	148,125	1,607,885	1,913,138
Other financial liabilities	-	-	668,561	668,561

Particulars	As at 31 March 2020			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings (including current maturity of long-term borrowings)	6,627,493	921,307	7,041,384	14,590,184
Trade payables	14,745,118	-	-	14,745,118
Lease Liabilities	161,020	157,128	1,756,010	2,074,158
Other financial liabilities	935,607	-	699,565	1,635,173

INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.
Notes to the financial statements for the year ended 31 March, 2021
All amounts are in BRL

38.4 Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Company is exposed to interest rate risk arises mainly from debt. The Company is exposed to interest rate risk because the fair value of fixed rate borrowings and the cash flows associated with floating rate borrowings will fluctuate with changes in interest rates.

The Company is also exposed to foreign currency risk on certain transactions that are denominated in a currency other than the Company's functional currency, hence exposures to exchange rate fluctuations arise. The risk is that the functional currency value of cash flows will vary as a result of movements in exchange rates.

Foreign currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted purchase.

a) Foreign currency risk exposure from financial instruments are given below

Foreign currency	31 March 2021		31 March 2020	
	Receivables / (payables)	Receivables / (payables) in foreign currency	Receivables / (payables)	Receivables / (payables) in foreign currency
EURO	(2,558)	(387)	(190,235)	(33,492)
USD	(17,311,397)	(3,038,847)	(15,332,436)	(2,949,623)
USD	202,615	35,567	-	-
Net exposure	(17,111,341)		(15,522,671)	

b) Derivative financial instruments

Derivative transactions are undertaken to act as economic hedges for the Company's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments.

(i) Outstanding forward exchange contracts entered into by the Company as at 31 March 2021 and 31 March 2020:

Currency	Amount in US \$ million			
	As at 31 March 2021	As at 31 March 2020	Buy / Sell	Cross currency
USD	927,000	364,633	Buy	BRL

Foreign currency Risk:

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). The Company manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales.

c) Foreign currency sensitivity analysis

The Company is mainly exposed to currency fluctuation of USD and Euro.

The following table details the Company's sensitivity to a 10% increase and decrease in the BRL against the relevant foreign currencies. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for 10% change in foreign currency rates. A positive numbers below indicates an increase in profit or equity where the BRL strengthens 10% against the relevant currency. For a 10% weakening of the BRL against the relevant currency, there would be a comparable impact on the profit or equity, and the balance below would be negative.

	Impact on profit or loss and total equity	
	31 March 2021	31 March 2020
10% decrease in foreign currency		
Currency of Europe (Euro)	256	19,023
Currency of U.S.A (USD)	1,710,878	1,533,244
10% increase in foreign currency		
Currency of Europe (Euro)	(256)	(19,023)
Currency of U.S.A (USD)	(1,710,878)	(1,533,244)

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year.

INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.

Notes to the financial statements for the year ended 31 March, 2021

All amounts are in BRL

d) Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates.

At the reporting date the interest rate profile of the Company's interest-bearing financial instruments are as follows:

	31 March 2021	31 March 2020
Fixed-rate instruments		
Financial liabilities		
-Borrowings from bank	1,245	5,849,952
-Borrowings from related party	-	-
-Borrowings from others	4,042,048	4,315,549
	<u>4,043,293</u>	<u>10,165,501</u>
Variable-rate instruments		
Financial liabilities		
-Borrowings from bank		
-Borrowings from related party	8,046,037	-
-Borrowings from others	3,325,699	4,424,682
Total	<u>11,371,736</u>	<u>4,424,682</u>

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Interest rate sensitivity analysis for variable-rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

Effect	Profit or loss	
	100 bps (increase)	100 bps decrease
31 March 2021		
Variable-rate instruments	(113,717)	113,717
	<u>(113,717)</u>	<u>113,717</u>
31 March 2020		
Variable-rate instruments	(44,247)	44,247
	<u>(44,247)</u>	<u>44,247</u>

INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.

Notes to the financial statements for the year ended 31 March, 2021

All amounts are in BRL

38.5 Capital management

For the purpose of Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity share holders of the Company. The primary objective of the Company's capital management is to maximise 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 less cash and cash equivalents. As at 31 March 2021, there is no breach of covenant attached to the borrowings.

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (offset by cash and bank balances) and total equity of the Company.

The Company's gearing ratio at end of each reporting year is as follows:

	31 March 2021	31 March 2020
Debt (i)	15,415,029	14,590,184
Cash and bank balances (ii)	745,058	192,876
Net debt (i) - (ii)	14,669,971	14,397,308
Equity attributable to owners of the Company	(3,535,618)	(7,431,173)
Gearing ratio : Net debt / Equity.	NA	NA

(i) Debt is defined as long-term (including current maturity on long-term borrowings) and short-term borrowings



INTERCHANGE VETERINÁRIA INDÚSTRIA E COMÉRCIO LTDA.
Notes to the financial statements for the year ended 31 March, 2020
All amounts are in BRL

39 Related Party Disclosures:

A List of related parties:

i) Holding company:

Alvira Saude Animal Do Brasil Participacoes LTDA.
 Alvira Animal Health Limited, Ireland (Holding company of Alvira Saude Animal Do Brasil Participacoes LTDA.)
 Alvira Animal Health Limited, India (Holding company of Alvira Animal Health Limited, Ireland)
 Sequent Scientific Limited, India (Ultimate Holding Company)

ii) Fellow Subsidiary :

Evanvet Distribuidora De Produtos Veterinarios Ltda (Formerly known as Evance Saude Animal Ltda)

iii) Key Management Personnel

Claudinei de Castro Vieira (Chief Financial officer)
 José Nunes Filho (Chief Executive officer)
 Ricardo Santos Wegher (Operation Head)
 Marcelo Ziani (Marketing Head)

iv) Enterprises owned or Significantly influenced by individuals who have control / significant influence over the Company

Fitch Participacoes Ltda


A. Transaction during the period

Nature of Transactions	Year ended 31 March 2021	Year ended 31 March 2020
(i) Sales of materials		
Evanvet Distribuidora De Produtos Veterinarios Ltda	28,100,406	6,623,001
(ii) Professional/ Support Charges		
José Nunes Filho	-	10,518
Claudinei de Castro Vieira	-	26,997
Marcelo Ziani	-	33,486
Ricardo Wegher	-	17,000
(iii) Interest Expenses		
Fitch Participacoes Ltda	252,710	482,514
Alvira Animal Health Limited, Brazil	437,298	-
(iv) Loan taken		
Alvira Saude Animal Do Brasil Participacoes LTDA.	7,900,000	-
(v) Loan/Interest repaid		
Fitch Participacoes Ltda	526,211	277,500
Alvira Saude Animal Do Brasil Participacoes LTDA.	291,261	-
(vi) Repayment of Advance given		
Evanvet Distribuidora De Produtos Veterinarios Ltda	225,087	-

B. Balance as at balance sheet date:

Nature of Transactions	As at 31 March 2021	As at 31 March 2020
(i) Debtors balance		
Evanvet Distribuidora De Produtos Veterinarios Ltda	4,623,351	1,691,434
(ii) Creditors balance		
Alvira Animal Health Limited, Ireland	2,640	2,297
(iii) Advance given		
Evanvet Distribuidora De Produtos Veterinarios Ltda	-	225,087
(iv) Loan Outstanding		
Alvira Saude Animal Do Brasil Participacoes LTDA.	8,046,037	-
Fitch Participacoes Ltda	4,042,048	4,315,549

FOR AND ON BEHALF OF THE COMPANY


 Jose Nunes
 Chief Executive officer
 Campinas
 Date: 30th June 2021


 Claudinei de Castro Vieira
 Chief financial officer
 Campinas
 Date: 30th June 2021

**INTERCHANGE VETERINÁRIA
 INDÚSTRIA E COMÉRCIO LTDA**