

TOPKİM-TOPKAPI İLAÇ PREMİKS SAN. VE TİC. A.Ş.

Balance Sheet As at 31st March 2022

All amounts are in Turkish Lira unless otherwise stated

Particulars	Note No.	As at 31st Mar 2022	As at 31st Mar 2021
ASSETS			
1 Non-current assets			
(a) Property, plant and equipment	3	527,254	489,034
(b) Capital work in progress	3	-	-
(c) Other Intangible assets	3	27,004	27,409
(d) Other financial assets	4	161,172	216,686
(e) Deferred tax assets (net)	5	888,899	99,695
		1,604,329	832,826
2 Current assets			
(a) Inventories	6	22,861,902	10,960,721
(b) Financial Assets			
(i) Investments	7	2,510,133	1,943,487
(i) Trade receivables	8	82,858,903	56,045,632
(ii) Cash and cash equivalents	9	11,298,559	1,605,898
(iii) Loans	10	63,095	33,177
(c) Other current assets	11	2,874,472	628,323
		122,467,063	71,217,237
TOTAL ASSETS		124,071,392	72,050,063
EQUITY AND LIABILITIES			
1 Equity			
(a) Equity share capital	12	1,000,000	1,000,000
(b) Other Equity	13	69,238,027	47,516,159
		70,238,027	48,516,159
2 Non-Current Liabilities			
(a) Financial Liabilities			
(i) Lease liability	29	104,456	111,445
(b) Long-term provisions	14	1,832,690	1,601,385
		1,937,146	1,712,830
3 Current liabilities			
(a) Financial Liabilities			
(i) Borrowings	15	12,938,355	217,924
(ii) Trade payables	16	29,878,397	11,421,306
(iii) Lease liability	29	6,989	5,511
(b) Other current liabilities	17	555,611	516,528
(c) Provisions	18	596,133	163,034
(d) Current tax liabilities (Net)	19	7,920,735	9,496,770
		51,896,220	21,821,073
TOTAL EQUITY AND LIABILITIES		124,071,392	72,050,063
See accompanying notes to the financial statements		2	
As per our report of event date EY Turkey Auditors		For and on Behalf of the Board of Directors	
GÜNEY Bağımsız Denetim ve SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş. Maslak Mah. Eski Büyükdere Cad. No:27 Daire:54-57-59 Kat:2-3-4 Saniyer / İSTANBUL Ticaret Sicil No: 479920 Mersis No: 0-4350-3032-6000017		Murat Menten Director Thane, 20th May 2022	
Place : Istanbul Date : 20th May 2022			

TOPKİM TOPKAPI İLAÇ PREMİK
SAN. ve TİC. A.Ş.
Çavuşoğlu Mah. Başkumandan Cd. No:2
Kartal / İSTANBUL
Yenikapı V.D. : 854 000 7944

TOPKİM-TOPKAPI İLAÇ PREMİKS SAN. VE TİC. A.Ş.
Statement of Profit and Loss for the Year ended 31st March 2022
All amounts are in Turkish Lira unless otherwise stated

Particulars		Note No	Year Ended 31 March 2022	Year Ended 31 March 2021
(I)	Revenue From Operations	20	138,208,935	95,085,837
(II)	Other Income	21	2,098,930	1,797,546
Total Income (I+ II)			140,307,865	96,883,383
(III)	EXPENSES			
	Cost of materials consumed	22	84,430,765	50,143,407
	Changes in inventories of finished goods and work-in-progress & intermediates	23	(1,858,391)	418,908
	Employee benefits expense	24	13,122,627	6,795,724
	Finance costs	25	325,407	472,410
	Depreciation and amortization expense	26	186,570	572,248
	Other expenses	27	26,720,120	16,915,126
Total expenses (III)			122,927,098	75,317,823
(IV)	Profit before tax and exceptional item (III- IV)		17,380,767	21,565,560
(V)	Exceptional item (gain)/loss		-	-
(VI)	Profit before tax and after exceptional item (V-VI)		17,380,767	21,565,560
(VII)	Tax expense:	28		
	(a) Current tax		6,287,006	3,701,201
	(b) Deferred tax		(789,204)	182,385
	(c) Prior Period tax		(7,390,656)	2,362,989
Total Tax (VII)			(1,892,853)	6,246,574
(VIII)	Profit (Loss) for the period (VI-VII)		19,273,621	15,318,986
(IX)	Other comprehensive income for the year, net of taxes		(322,472)	(14,609)
(X)	Total Comprehensive Income for the period (VIII - IX)		18,951,149	15,304,377
(XI)	Earnings per equity share:	30		
	(1) Basic		0.19	0.15
	(2) Diluted		0.19	0.15
See accompanying notes to the financial statements		2		

As per our report of event date
EY Turkey
Auditors **GÜNEY**
BAĞIMSIZ DENETİM VE
SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
Maslak Mah. Eski Büyükdere Cad. No:27
Daire:54-57-59 Kat:2-3-4 Sarıyer / İSTANBUL
Ticaret Sicil No: 479920
Mersis No: 0-4350-3032-6000017
Place : Istanbul
Date : 20th May 2022

For and on Behalf of the Board of Directors

Murat Mentes
Director
Thane, 20th May 2022

TOPKİM TOPKAPI İLAÇ PREMİKS
SAN. ve TİC. A.Ş.
Çavuşoğlu Mh. Başkumarcılar Cd. No
Kartal / İSTANBUL
Yenikapı V.D. 854 000 7944

TOPKİM-TOPKAPI İLAÇ PREMİKS SAN. VE TİC. A.Ş.
Statement of cash flows for the year ended 31 March, 2022
All amounts are in Turkish Lira unless stated otherwise

Particulars	Year ended 31 March, 2022	Year ended 31 March, 2021
Cash flow from Operating Activities :-		
Net Profit before tax	17,380,767	21,565,560
Adjustments for:		
Finance costs	325,407	472,410
Depreciation and amortisation expenses	186,570	572,248
ESOP	2,770,719	
Interest Income	(103,485)	(68,375)
Profit on sale of property, plant and equipment (net)	-	(269,088)
Profit on sale of investment (net)	(193,833)	(316,641)
Unrealised forex loss (net)	-	193,714
Allowance for doubtful trade receivables	-	42,928
Operating profit before working capital changes	20,366,143	22,192,756
Change in working Capital		
(Increase) / decrease in trade receivables, loans and advances and other assets	(29,033,824)	(16,201,956)
(Increase) / decrease in inventories	(11,901,181)	(4,337,782)
Increase / (decrease) in trade payables, other payables and provisions	18,838,105	6,576,224
Net change in working capital	(22,096,900)	(13,963,514)
Cash generated from operations	(1,730,756)	8,229,242
Direct taxes (paid)/refund	(472,385)	(224,085)
Net cash generated/used from operating activities	(2,203,142)	8,005,157
Cash Flow from Investing activities		
Purchase of property, plant and equipment and intangible assets	(224,384)	(508,534)
Proceeds from disposal of property, plant and equipment and intangible assets	-	11,139,423
(Purchase) / sale of current investments (net)	(372,812)	2,241,471
Interest received	103,485	68,375
Net cash generated/used in investing activities	(493,711)	12,940,735
Cash flow from Financing activities		
Repayment of loan	(5,511)	(19,943,862)
Proceed from loan	12,720,430	-
Interest paid	(325,407)	(415,129)
Net cash generated/used in investing activities	12,389,513	(20,358,991)
Net increase/(decrease) in cash and cash equivalents during the year	9,692,661	586,901
Opening Cash & cash equivalent at the beginning of the year	1,605,898	1,018,997
Cash and cash equivalents at the end of the year	11,298,558	1,605,898
Reconciliation of cash and cash equivalents with the Balance sheet		
Cash on hand	643	643
Balances with banks	11,297,915	1,605,255
Cash and cash equivalents as per Balance Sheet (Refer Note 9)	11,298,559	1,605,898

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

As per our report of event date

EY Turkey

Auditors

GÜNEY
 BAĞIMSIZ DENETİM VE
 SERBEST MUHASEBECİ MALİ MÜŞAVİRLİK A.Ş.
 Maslak Mah. Eski Büyükdere Cad. No:27
 Daire:54-57-59 Kat:2-3-4 Sıhıyer / İSTANBUL
 Ticaret Sicil No: 479920
 Mersis No: 0-4350-3032-6000017

Place : İstanbul
 Date : 20th May 2020

For and on Behalf of the Board of Directors

Murat Mentec
 Director
 Thane, 20th May 2020

TOPKİM TOPKAPI İLAÇ PREMİK
SAN. ve TİC. A.Ş.
 Çavuşođlu Mah. Bekirimandan Cad. No:2
 Kat:1 / İSTANBUL
 Yenikapı V.D.: 854 000 7944

TOPKİM-TOPKAPI İLAÇ PREMİKS SAN. VE TİC. A.Ş.
Statement of Changes in Equity (SOCIE) for the period ended 31 March, 2022
All amounts are in Turkish Lira unless otherwise stated

Particulars	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 period	100,000,000	1,000,000	100,000,000	1,000,000
Changes in equity share capital during the year/ period	-	-	-	-
Balance at the end of the reporting period	100,000,000	1,000,000	100,000,000	1,000,000
(b) Other Equity	As at 31 March, 2022		As at 31 March, 2021	
Reserves and Surplus	General reserve	Remeasurement Benefit	Retained Earnings	Total
Opening balance	6,237,293	(341,633)	41,620,500	47,516,159
Profit for the period	-	(322,472)	19,273,621	18,951,149
Remeasurement of the defined Benefits	-	-	-	-
Corporate Emp Expenses - Reserve	2,770,719	-	-	2,770,719
Lease IND AS 116	-	-	-	-
Deferred Tax - IND AS 116	-	-	-	-
Closing balance	9,008,011	(664,105)	60,894,120	69,238,027
	General reserve	Remeasurement Benefit	Retained Earnings	Total
	6,237,293	(327,024)	26,301,514	32,211,783
		(14,609)	15,318,986	15,304,377
	6,237,293	(341,633)	41,620,500	47,516,159

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

As per our report of event date
EY Turkey
Auditors

Place : Istanbul
Date : 20 May 2021

For and on Behalf of the Board of Directors

Murat Mentes
Director
Thane, 20 May 2021

TOPKİM TOPKAPI İLAÇ PREMİKS
SAN. VE TİC. A.Ş.
Çavuşoğlu Mh. Başkumandan Cd. No:28
Kartal / İSTANBUL
Yenikapı V.B. 854 000 7944

BAĞIMSIZ DENETİM VE
SERBEST MUHASEBİ MALİ MÜŞAVİRLİK A.Ş.
M. İzzet Mah. Eski Büyükdere Cad. No:27
Daire:54-57-59 Kat:33-4 Sarıyer / İSTANBUL
Ticaret Sicil No: 479920
Mersis No: 33030303326000017

TOPKİM-TOPKAPI İLAÇ PREMİKS SAN. VE TİC. A.Ş.
Notes to the financial statements for the year ended 31 March 2022

1. CORPORATE INFORMATION

TOPKİM-TOPKAPI İLAÇ PREMİKS SAN. VE TİC. A.Ş. (‘the Company’) is a company duly organised and incorporated in accordance with the laws of Turkey and is engaged in the manufacturing and marketing of pharmaceuticals 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 Turkish Lira (TL), 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.

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.

c) Short-term employee benefits

TOPKİM-TOPKAPI İLAÇ PREMİKS SAN. VE TİC. A.Ş.
Notes to the financial statements for the year ended 31 March 2022

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
Freehold land	-
Factory building	21 years
Furniture and fixtures	5 years
Office equipments	5 years
Computers	4 years
Plant and machinery	10 years
Vehicles	8 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

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.

TOPKİM-TOPKAPI İLAÇ PREMİKS SAN. VE TİC. A.Ş.
Notes to the financial statements for the year ended 31 March 2022

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.

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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.

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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.

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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.

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Note 3: Statement of Fixed assets for the year ended 31st March 2022

All amounts are in Turkish Lira unless otherwise stated

Particulars	As at	As at
	31 March, 2022	31 March, 2021
Carrying Amount of:		
Building	73,125	(0)
Furniture and fixtures	18,961	71,358
Plant and machinery	365,754	335,643
ROU Lease Asset	69,414	89,247
Vehicles	0	2,703
	527,254	498,951
Capital work-in-progress	-	789,536
Acquired software	27,004	27,409
Total	554,258	1,315,896

Cost or deemed cost	Tangible asset					Intangible asset	Total
	Building	Furniture and fixtures	Plant and machinery	ROU Lease Asset	Vehicles	Acquired software	
Balance as on 01 April, 2020	6,967,638	552,252	4,005,033	99,163	86,728	500,139	12,210,953
Additions:							
Assets acquired	155,696	128,251	363,987	-	-	26,388	674,322
Deletions	7,123,333	108,339	2,827,260	-	-	154,434	10,213,366
Balance as on 31 March, 2021	-	572,164	1,541,760	99,163	86,728	372,093	2,671,908
Balance as on 01 April, 2021	-	572,164	1,541,760	99,163	86,728	372,093	2,671,908
Additions:							
Assets acquired	77,500	13,196	126,187	-	-	7,500	224,384
Deletions	-	-	-	-	-	-	-
Balance as on 31 March, 2022	77,500	585,361	1,667,948	99,163	86,728	379,593	2,896,292

Accumulated depreciation	Tangible asset					Intangible asset	Total
	Building	Furniture and fixtures	Plant and machinery	ROU Lease Asset	Vehicles	Acquired software	
Balance as on 01 April, 2020	1,680,567	451,295	2,362,560	9,916	80,421	370,448	4,955,207
Depreciation / amortisation expense for the year	133,844	92,668	263,604	9,916	3,604	68,612	572,248
Deletions	1,814,411	43,157	1,420,046	-	-	94,376	3,371,991
Balance as on 31 March, 2021	-	500,806	1,206,117	19,833	84,025	344,684	2,155,465
Balance as on 01 April, 2021	-	500,806	1,206,117	19,833	84,025	344,684	2,155,465
Depreciation / amortisation expense for the year	4,375	65,593	96,077	9,916	2,703	7,906	186,570
Deletions	-	-	-	-	-	-	-
Balance as on 31 March, 2022	4,375	566,399	1,302,194	29,749	86,728	352,589	2,342,034

Carrying amount	Tangible asset					Intangible asset	Total
	Building	Furniture and fixtures	Plant and machinery	ROU Lease Asset	Vehicles	Acquired software	
Balance as on 01 April, 2020	5,287,070	100,957	1,642,474	89,247	6,307	129,691	7,255,746
Additions:							
Assets acquired	155,696	128,251	363,987	-	-	26,388	674,322
Deletions	5,308,922	65,182	1,407,214	-	-	60,058	6,841,376
Depreciation expense	133,844	92,668	263,604	9,916	3,604	68,612	572,248
Balance as on 31 March, 2021	(0)	71,358	335,643	79,330	2,703	27,409	516,444
Balance as on 01 April, 2021	(0)	71,358	335,643	79,330	2,703	27,409	516,444
Additions:							
Assets acquired	77,500	13,196	126,187	-	-	7,500	224,384
Deletions	-	-	-	-	-	-	-
Depreciation expense	4,375	65,593	96,077	9,916	2,703	7,906	186,570
Balance as on 31 March, 2022	73,125	18,961	365,754	69,414	0	27,004	554,258

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Note No.	Particulars	As at 31st Mar 2022	As at 31st Mar 2021					
4	Non current Other Financial assets Security Deposits	161,172	216,686					
5	Deferred tax assets (net) On account of Leases On account of employee benefit	12,063 876,836 888,899	8,770 90,926 99,695					
6	Inventories Raw materials and packing materials Work-in-progress and intermediates Finished goods	20,160,194 1,226 2,700,482 22,861,902	10,117,405 45,584 797,732 10,960,721					
	During the year ended 31 March 2022 TRY 559,584 (31 March 2021 : TRY 1,92,641) was recognised as an expense towards provision for slow moving, expired and near expiry inventories							
7	Current Investments Investments in Mutual funds	2,510,133 2,510,133	1,943,487 1,943,487					
		As at 31 March 2022 Nos of Shares Amount	As at 31 March 2021 Nos of Shares Amount					
	Halk bank	34,936 2,509,859	28,659,000 1,943,254					
	Garanti bank	9,548 274	1 233					
		44,484 2,510,133	28,659,001 1,943,487					
8	Trade receivables Unsecured, considered good	82,858,903 82,858,903	56,045,632 56,045,632					
	March'22	Outstanding for following periods from						Total
	Particulars	Not Due	Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	Total
	(i) Undisputed Trade Receivables - considered good	82,329,172	152,104	367,074	10,552	-	-	82,858,903
	(ii) Undisputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
	(iii) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
	(iv) Disputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
	Grand Total	82,329,172	152,104	367,074	10,552	-	-	82,858,903
	March'21	Outstanding for following periods from						Total
	Particulars	Not Due	Less than 6 months	6 months - 1 years	1-2 years	2-3 years	More than 3 years	Total
	(i) Undisputed Trade Receivables - considered good	53,948,555	2,041,462	37,630	17,984	-	-	56,045,632
	(ii) Undisputed Trade Receivables - considered doubtful	-	-	-	-	-	-	-
	(iii) Disputed Trade Receivables - considered good	-	-	-	-	-	-	-
	(iv) Disputed Trade Receivables - considered doubtful	-	-	-	42,928	-	-	42,928
	Grand Total	53,948,555	2,041,462	37,630	60,913	-	-	56,045,632
9	Cash and cash equivalents Cash on hand Balances with banks in current account	643 11,297,915 11,298,559	643 1,605,255 1,605,898					
10	Loans Unsecured, considered good Advances to employees	63,095 63,095	33,177 33,177					
11	Other current assets Advance to suppliers Balances with government authorities Prepaid expenses Others	174,012 2,326,288 238,449 135,723 2,874,472	218,485 278,896 130,942 - 628,323					

Note No.	Particulars	As at			
		31st Mar 2022	31st Mar 2021		
12	Share capital				
(a)	Authorised 100,000,000 equity shares of TRL 0.01	1,000,000	1,000,000		
(b)	Issued, Subscribed and fully paid up 100,000,000 equity shares of TRL 0.01	1,000,000	1,000,000		
		1,000,000	1,000,000		
	Notes:				
	(i) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:				
	Particulars	As at 31 March 2022		As at 31 March 2021	
	Equity shares	Nos of Shares	Amount	Nos of Shares	Amount
	Shares outstanding at the beginning of the period	100,000,000	1,000,000	100,000,000	1,000,000
	Add: Shares issued during the period	-	-	-	-
	Shares outstanding at the end of the period	100,000,000	1,000,000	100,000,000	1,000,000
	(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 2022		As at 31 March 2021	
	Provet	Nos of Shares	% of Holding	Nos of Shares	% of Holding
		100,000,000	100%	100,000,000	100%
13	Other equity				
(a)	Retained Earnings				
	Opening Balance			41,278,867	25,974,490
	Profit for the year			19,273,621	15,318,986
	Lease expenses			-	-
	Deferred Tax on lease expenses			-	-
	Remeasurement Benefit			(322,472)	(14,609)
	Closing balance			60,230,015	41,278,867
(b)	General reserves				
	Opening Balance			6,237,293	6,237,293
	Add movement during the year			-	-
	Corporate Emp Expenses - Reserve			2,770,719	-
	Closing balance			9,008,011	6,237,293
	Other equity			69,238,027	47,516,159
14	Non current provisions				
	Provision for employee benefits				
	Provision for gratuity (net)			676,082	490,032
	Provision for compensated absences			156,608	111,353
	Other employee Provision			1,000,000	1,000,000
				1,832,690	1,601,385

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Note No	Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
20	Revenue from operations		
	Gross Sales	147,762,631	101,172,777
	Less: Sales Return	558,318	346,214
	Less: Turnover Premium	8,283,489	5,740,725
	Less: Profit Participation of Orgalabs	711,889	-
		138,208,935	95,085,837
21	Other Income		
	Interest income	103,485	68,375
	Net gain on sale of investments	193,833	316,641
	Other non-operating income	12,148	4,004
	Profit on Sales of Fixed Assets	-	269,088
	Miscellaneous Income	1,154,104	393,041
	Net profit on foreign currency transactions and translation	635,360	746,396
		2,098,930	1,797,546
22	Cost of materials consumed		
	Opening stock	10,730,406	5,360,714
	Add: Purchases	93,860,553	55,513,099
	Less: Closing stock	20,160,194	10,730,406
		84,430,765	50,143,407
23	Changes in inventories of finished goods and work-in-progress & intermediates		
	Opening stock		
	Work-in-progress and intermediates	45,584	85,584
	Finished goods	797,732	1,176,641
		843,317	1,262,224
	Closing stock		
	Work-in-progress and intermediates	1,226	45,584
	Finished goods	2,700,482	797,732
		2,701,708	843,317
	Net (Increase) / decrease	(1,858,391)	418,908
24	Employee benefits expense (refer note 35)		
	Salaries and wages	7,924,314	4,972,686
	Contribution to provident and other funds	1,490,302	1,099,105
	Corporate Emp Expenses	2,770,719	-
	Gratuity	182,317	147,153
	Staff welfare expenses	754,975	576,781
		13,122,627	6,795,724
25	Finance costs		
	Interest expense	-	336,570
	Lease Interest costs	27,489	28,655
	Other borrowing costs	297,918	107,186
		325,407	472,410
26	Depreciation and amortization expense		
	Tangible assets	178,664	503,636
	Intangible assets	7,906	68,612
		186,570	572,248

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Note No	Particulars	Year Ended 31 March 2022	Year Ended 31 March 2021
27	Other expenses		
	Travel expenses	2,620,135	1,691,319
	Communication expenses	164,368	113,193
	Consumables	128,369	69,331
	Contract labour charges	14,250,000	10,250,000
	Legal and Professional charges	1,166,139	488,239
	Freight and forwarding	526,044	277,136
	Power and fuel	723,916	356,717
	Rent	1,534	-
	Analytical charges	136,123	64,140
	Repairs to others	565,173	208,162
	Insurance	205,288	175,615
	Advertisement and selling expenses	3,708,005	1,864,721
	Rates and taxes	1,272,252	417,183
	Net loss on foreign currency transactions and translation	-	-
	Provision for doubtful trade receivables	-	42,928
	Other expenses	1,252,775	896,443
		26,720,120	16,915,126
28	Tax expense (refer note 34)		
	Current tax	6,287,006	3,701,201
	Deferred tax	(789,204)	182,385
	Prior Period Taxes	(7,390,656)	2,362,989
		(1,892,853)	6,246,574

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Notes for the period of April'21 to March'22

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29 Details of leasing arrangements

The Company's significant leasing arrangement is mainly in respect of office premises; the aggregate lease rent payable on these leasing arrangements charged to Statement of Profit and Loss is TRY 33,000 (FY 2019-20 TRY 33,000)

Particulars	ROU- Building
Balance recognised as at 1st April, 2019	99,163
Depreciation Expenses	(9,916)
As at March 2020	89,247
Depreciation Expenses	(9,916)
As at March 2021	79,330

The following is the movement in lease liabilities during the year ended 31 March 2021:

Particulars	1 April 2021 to 31 March, 2022	1 April 2020 to 31 March, 2021
Opening Balance	116,956	121,301
Accretion of interest	27,489	28,655
Payments	(33,000)	(33,000)
Closing Balance	111,445	116,956
Current	6,989	5,511
Non-current	104,456	111,445

The effective interest rate for lease liabilities is 24%, with maturity till Mar,2029

The following are the amounts recognised in profit or loss:

	Year ended 31 March 2022	Year ended 31 March 2021
Depreciation expense of right-of-use assets	9,916	9,916
Interest expense on lease liabilities	27,489	28,655
Deferred tax leases	(1,718)	(1,428)
Total amount recognised in profit or loss	35,688	37,143

Maturity Analysis of Lease (Refer Note 33.4)

Impact on the statement of cash flows increase / (decrease)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Payment of principal portion of lease liabilities	(5,511)	(4,345)
Payment of interest portion of lease liabilities	(27,489)	(28,655)
Net cash flows from financing activities	(33,000)	(33,000)

30 Earnings per share

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Net profit / (loss) for the period as per statement of profit and loss	19,273,621	15,318,986
Net profit / (loss) for the period attributable to the equity shareholders	19,273,621	15,318,986
Weighted average number of equity shares	100,000,000	100,000,000
Earnings / (Loss) per share - Basic	0.19	0.15
Earnings / (Loss) per share - Diluted	0.19	0.15

31 Contingent liabilities and commitments

There are no contingent liability and commitments as at 31 March 2022 & 31st March 2021

Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of

	Year Ended 31 March 2022	Year Ended 31 March 2021
Tangible Fixed assets	Nil	Nil

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32 Segment information

Segments have been identified taking into account the nature of services, 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 and marketing of Vet Pharmaceutical products. Considering the nature of business and financial reporting of the Company, the Company has only one business segment viz; Vet formulation as primary reportable segment.

Secondary Segment Information (Geographical Segment)

Particulars	Year ended 31 March 2022	Year ended 31 March 2021
Revenue from operation		
Europe	616,568	116,231
Asia	137,592,367	94,969,606
Total	138,208,935	95,085,837
Segment Assets		
Europe	279,735	17,984
Asia	122,839,663	71,899,206
Total	123,119,398	71,917,191
Unallocable Asset	951,994	132,872
Total Asset	124,071,392	72,050,063
Cost incurred during the year to acquire segment assets (tangible and intangible fixed assets)		
Asia	224,384	674,322
Total	224,384	674,322

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33 Financial Instruments

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

Financial assets	Carrying value and fair value	
	31 March 2022	31 March 2021
Measured at amortised cost		
Loans	63,095	33,177
Trade receivables	82,858,903	56,045,632
Cash and cash equivalents	11,298,559	1,605,898
Other financial assets	161,172	216,686
Measured at fair value through profit or loss (FVTPL)		
Investments in mutual fund	2,510,133	1,943,487
Total	96,891,861	59,844,880
Financial liabilities		
Measured at amortised cost		
Borrowings (including current maturity of long-term borrowings)	12,938,355	217,924
Trade payables	29,878,397	11,421,306
Other financial liabilities	111,445	116,956
Total	42,928,196	11,756,187

33.1 Fair value hierarchy

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

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value measurement hierarchy of financial assets and liabilities measured at fair value on recurring basis as at 31 March 2022 and 31 March 2021:

Particulars	Date of valuation	Total	Fair value measurement using		
			Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets designated at fair value through profit or loss (refer note 11):					
Investment in mutual funds	31 March 2022	2,510,133	-	2,510,133	-
Investment in mutual funds	31 March 2021	1,943,487	-	1,943,487	-

There have been no transfers among Level 1, Level 2 and Level 3 during the year.

Notes:

- Refer note 2(xi) under significant accounting policy for recognition and measurement of financial assets.
- The fair value of investments in mutual fund is based on market observable inputs.

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33.2 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.

33.3 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 2022	31 March 2021
Outstanding for more than 6 months	377,627	55,615
Others	82,481,276	55,990,017
Total	82,858,903	56,045,632

Information about major Customer :-

Two largest customers group have total exposure in sales TRY 37.01 Mn (27% of total sales) in current year and TRY 28.31 Mn (30% of total sales) in FY 2020-21. The receivables from these customers are TRY 28.62 Mn (35% of total receivable) in current year and TRY 17.49 Mn (31% of total receivable) in FY 2020-21. Apart from the aforesaid customers, the Company does not have a significant credit risk exposure to any other external counterparty.

33.4 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 2022			
	Less than 1 year	1-2 years	2 years and above	Total
Borrowings (including current maturity of long-term borrowings)	12,938,355	-	-	12,938,355
Trade payables	29,878,397			29,878,397
Lease Liability	6,989	8,864	95,592	111,445

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)	217,924			217,924
Trade payables	11,421,306			11,421,306
Lease Liability	5,511	6,989	104,456	116,956

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33.5

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 financing activities & operating activity. The Company manages its foreign currency risk of operating activity & Finance activities (excluding group exposure) by keeping net exposure positive.

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

Foreign currency	31 March 2022		31 March 2021	
	Receivables / (payables)	Receivables / (payables) in foreign currency	Receivables / (payables)	Receivables / (payables) in foreign currency
EURO	824,912	50,581	102,547	10,492
USD	(5,965,321)	(407,306)	(3,097,880)	(372,073)
Net exposure	(5,140,409)		(2,995,333)	

b) 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 TRY 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 TRY strengthens 10% against the relevant currency. For a 10% weakening of the TRY 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)	(82,491)	(10,255)
Currency of U.S.A (USD)	596,532	309,788
10% Increase in foreign currency		
Currency of Europe (Euro)	82,491	10,255
Currency of U.S.A (USD)	(596,532)	(309,788)

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.

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c) **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:

	<u>31 March 2022</u>	<u>31 March 2021</u>
Financial liabilities		
-Borrowings from related party	5,538,355	217,924
	<u>5,538,355</u>	<u>217,924</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.

33.6 **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 2022, 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:

	<u>31 March 2022</u>	<u>31 March 2021</u>
Debt (i)	12,938,355	217,924
Cash and bank balances (ii)	11,298,559	1,605,898
Current investment (iii)	2,510,133	1,943,487
Net debt [(i) - { (ii)+(iii) }]	<u>(870,336)</u>	<u>(3,331,460)</u>
Equity attributable to owners of the Company	70,238,027	48,516,159
Gearing ratio : Net debt / Equity.	<u>-1.2%</u>	<u>-6.87%</u>

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

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34 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 2022	Year ended 31 March 2021
I) Income tax expense recognised in the statement of profit and loss		
Current tax	6,287,006	3,701,201
Total (I)	6,287,006	3,701,201
Deferred tax charge		
Origination and reversal of temporary differences	(789,204)	182,385
Total (II)	(789,204)	182,385
Provision for tax of earlier years (written back)/Provided (III)	(7,390,656)	2,362,989
Total (IV = I+II+III)	(1,892,853)	6,246,574

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 follows:

	31 March 2022	31 March 2021
Profit before tax	17,380,767	21,565,560
Statutory income tax rate	25.00%	20.00%
Tax as per applicable tax rate	4,345,192	4,313,112
Differences due to:		
- Effect of change in tax rate		187,360
- Provision for tax of earlier years	-7,390,656	2,362,989
- Others	1,152,611	-616,886
Income tax expenses charged to the statement of profit and loss	(1,892,853)	6,246,574
Effective tax rate	-10.9%	29.0%

C) Movement in deferred tax assets and liabilities

31 March 2022			
	As at 01 April 2021	Credit / (charge) in the statement of profit and loss	As at 31 March 2022
- Right-of-use assets (^)	8,770	3,294	12,063
- ESOP		692,680	692,680
- Other	90,926	93,230	184,156
Tax assets / (liabilities)	99,695	789,204	888,899
- Unabsorbed depreciation and carried forward of losses	-	-	-
Net tax assets / (liabilities)	99,695	789,204	888,899
- MAT credit entitlement	-	-	-
Total	99,695	789,204	888,899

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 (^)	7,052	1,718	8,770
- Other	275,028	(184,102)	90,926
Tax assets / (liabilities)	282,080	-182,385	99,695
- Unabsorbed depreciation and carried forward of losses	-	-	-
Net tax assets / (liabilities)	282,080	-182,385	99,695
- MAT credit entitlement	-	-	-
Total	282,080	-182,385	99,695

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

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35 Employee benefit plans

(i) Defined contribution plans:

Company makes Social Security scheme contributions which are defined contribution plans, for all employees. Under the scheme, the company is required to contribute a specified percentage payroll costs to fund the benefits. The Company has recognised TL 14,90,302 (31 March 2021 : TL 10,99,105) for social security scheme contributions.

(ii) Defined benefit plans:

Company has termination benefits for its employees. Termination benefits are payable to all eligible employees of the Company on superannuation, death and resignation. The following table summarises the components of net employee benefit expenses recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the plan.

	<u>31 March 2022</u>	<u>31 March 2021</u>
	<u>Termination</u>	<u>Termination</u>
	<u>benefits</u>	<u>benefits</u>
Expense/ (income) recognised in the statement of profit and loss:		
Current service cost	182,316	147,153
Net interest cost	101,794	57,281
Expected return on plan assets	-	-
Component of defined benefit costs recognised in the statement of profit and loss	284,110	204,434
Expense / (income) recognised in other comprehensive income:		
Return on plan assets (excluding amounts included in net interest cost)	-	-
Actuarial (gains) / losses arising from changes in demographic assumptions	252,389	104,957
Actuarial (gains) / losses arising from changes in financial assumptions	210,271	-104,679
Actuarial (gains) / losses arising from changes in experience adjustments	-140,187	14,331
Component of defined benefit costs recognised in the other comprehensive income	322,473	14,609
Total	606,583	219,042

The current service cost is included in 'Employee benefit expenses' and net interest cost is included in the 'Finance costs' line item in the statement of profit and loss.

The remeasurement of the net defined benefit liability is included in other comprehensive income.

Net defined benefit obligation as reflected in balance sheet:

	<u>31 March 2022</u>	<u>31 March 2021</u>
	<u>Termination</u>	<u>Termination</u>
	<u>benefits</u>	<u>benefits</u>
Present value of defined benefit obligation (DBO)	1,219,826	636,008
Fair value of plan assets	-	-
Funded status [surplus / (deficit)]	-1,219,826	-636,008
Net liability recognised in balance sheet	1,219,826	636,008

A. Movements in the present value of the defined benefit obligation are as follows:

	<u>31 March 2022</u>	<u>31 March 2021</u>
	<u>Termination</u>	<u>Termination</u>
	<u>benefits</u>	<u>benefits</u>
Opening balance	636,008	463,879
Current service cost	182,316	147,153
Interest cost	101,794	57,281
Liability transferred out / divestment		
Liability transferred in / acquisitions		
Benefits paid	(22,765)	(46,913)
Re-measurement loss/ (gain):		
Actuarial loss/ (gain) arising from:		
Actuarial (Gain) / Loss - Demographic Assumptions	252,389	104,957
Actuarial (gains) / losses arising from changes in financial assumptions	210,271	(104,679)
Actuarial (gains) / losses arising from changes in experience adjustments	(140,187)	14,331
Exchange gain or loss		
Closing defined benefit obligation	1,219,826	636,008

Actuarial assumptions

The principal assumptions used for the purpose of actuarial valuations are shown in the table below. The assumptions as at the balance sheet date are used to determine the present value of defined benefit obligation at that date.

	<u>31 March 2022</u>	<u>31 March 2021</u>
	<u>Termination</u>	<u>Termination</u>
	<u>benefits</u>	<u>benefits</u>
Financial assumption:		
Discount rate	23.96%	18.08%
Salary escalation rate	21.58%	15.00%
Demographic assumption:		
Withdrawal rate	19%	10%
Mortality rate	IALM (2012-14) Ultimate	IALM (2012-14) Ultimate
Retirement age	58-60	58-60

As per para 83 of Ind As 19-Employee benefits, the rate used to discount post-employment benefit obligation (both funded and unfunded) shall be determined by reference to market yields at the end of each reporting period on government bonds.

	<u>31 March 2022</u>	<u>31 March 2021</u>
	<u>Termination</u>	<u>Termination</u>
	<u>benefits</u>	<u>benefits</u>
Expected future cash flows		
Within 1 year	543,744	145,976
2-5 years	1,050,786	524,827
6-10 years	551,635	413,945

Sensitivity Analysis

The sensitivity analyses below have been determined based on a method that extrapolates the impact on defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period. The sensitivity analyses are based on a change in a significant assumption, keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation from one another.

	<u>Impact on the defined benefit obligation</u>	
	<u>Termination benefits</u>	
	<u>100 bps</u>	<u>100 bps</u>
	<u>increase</u>	<u>decrease</u>
31 March 2022		
Discounting rate	(1.78)	1.86
Salary escalation rate	0.10	(0.10)
31 March 2021		
Discounting rate	(2.94)	3.15
Salary escalation rate	0.11	(0.13)

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Notes forming part of the financial statements

All amounts are in Turkish Lira unless otherwise stated

Note 36 Related Party Disclosures**Holding company:**

Provet Veteriner Ürünleri San. ve Tic. A.Ş.

Alivira Animal Health Limited, Ireland ((Holding company of Provet Veteriner Ürünleri San. ve Tic. A.Ş.)

Alivira Animal Health Limited, India (Holding company of Alivira Animal Health Limited, Ireland)

Sequent Scientific Limited, India (Ultimate Holding Company)

Key Management Personnel

Dr. Huseyin Aydin (Date of cessation – November 16, 2020)

Murat Mentec (Date of appointment – November 16, 2020)

Alexis Goux (Date of appointment - March 22, 2022)

Manish Gupta (Date of cessation - March 22, 2022)

Ashish Dilip Kakabalia

Fellow Subsidiaries

Laboratorios Karizoo SA, Spain

Bremer Pharma GmbH, Germany

A. Transaction during the year

	Year Ended 31.03.2022	Year Ended 31.03.2021
(i) Purchase of materials/services		
Alivira Animal Health Ltd, India	5,886,178	3,209,429
Provet Veteriner Ürünleri San. ve Tic. A.Ş.	38,393,134	22,161,794
Laboratorios Karizoo SA	-	-
(ii) Sale of materials/services		
Provet Veteriner Ürünleri San. ve Tic. A.Ş.	28,323,648	15,430,046
(iii) Interest on Loan		
Dr. Huseyin Aydin	-	336,570
(iv) Expenses from Car rent cross charge		
Provet Veteriner Ürünleri San. ve Tic. A.Ş.	1,500,000	1,031,117
(v) Conversion charges cross charge		
Provet Veteriner Ürünleri San. ve Tic. A.Ş.	14,250,000	10,250,000
(vi) Loan repaid during the year		
Dr. Huseyin Aydin	-	16,754,869
(vi) Sales of fixed asset		
Dr. Huseyin Aydin	-	11,139,423
(vii) Expenses from Logistic Service		
Provet Veteriner Ürünleri San. ve Tic. A.Ş.	373,760	175,915
(ix) Managerial remuneration		
Murat Mentec	1,919,963	220,238
(x) Cross charges of Fuel Expenses		
Provet Veteriner Ürünleri San. ve Tic. A.Ş.	169,563	-

B. Balance as at balance sheet date:

	As at 31.03.2022	As at 31.03.2021
I) Borrowing		
Provet Veteriner Ürünleri San. ve Tic. A.Ş.	5,538,355	217,924
II) Creditors balance		
Alivira Animal Health Ltd, India	1,812,418	-
Alivira Animal Health Ltd, Ireland	-	288,871

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

As per our report of event date
EY Turkey
AuditorsPlace : Istanbul
Date : 20 May 2022

For and on Behalf of the Board of Directors

Murat Mentec
Director
Thane, 20 May 2022TOPKİM TOPKAPI İLAÇ PREMİKS
SAN. ve TİC. A.Ş.
Cavuşoğlu Mh. Bankalar Cad. No:28
K:11 / İSTANBUL
Yenikapı V D 854 000 7944