Good Health Can't Wait.

Dr.Reddy's

SUBSIDIARY COMPANIES FINANCIALS
2019-20

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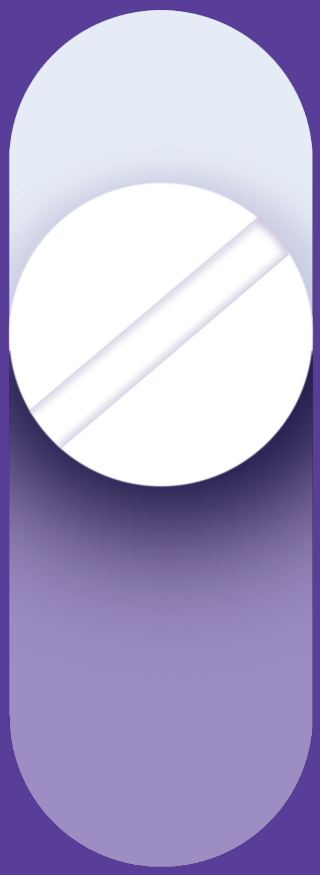

Accelerating the Transformation

DR. REDDY'S LABORATORIES MALAYSIA SDN. BHD.
201701023988 (1238154-X)
(Incorporated in Malaysia)

REPORTS AND FINANCIAL STATEMENTS
for the year ended 31 December 2019

YONG & LEONARD (AF 0075)
Chartered Accountants

Company No.: 201701023988 (1238154-X)

DR. REDDY'S LABORATORIES MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

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Company No.: 201701023988 (1238154-X)

DR. REDDY'S LABORATORIES MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors hereby submit their report together with the audited financial statements of the Company for the year ended 31 December 2019.

PRINCIPAL ACTIVITIES

The principal activity of the Company is in the sales and marketing activities of pharmaceutical formulations. There have been no significant changes in the nature of the activities during the year.

RESULTS

	RM
Profit for the year	175,668

In the opinion of the directors, the results of the operations of the Company during the year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividends have been paid or declared since the end of the previous year. The directors do not recommend that a dividend to be paid in respect of the current year.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions except as disclosed in the financial statements.

SHARES AND DEBENTURES

The Company did not issue any shares or debentures during the year.

SHARE OPTIONS

No options have been granted by the Company to any parties during the year to take up unissued shares of the Company.

No shares have been issued during the year by virtue of the exercise of any option to take up unissued shares of the Company. As of the end of the year, there were no unissued shares of the Company under options.

DIRECTORS

The directors who held office since the date of the last report are:

Sameer Sudhakar Natu	
Venkata Ramana Motupalli	
Mohammed Izad Bin Ariffin	(Appointed on 27 September 2019)
Rubendran A/L Ramachandran	(Resigned on 30 September 2019)

DIRECTORS' BENEFITS

During and at the end of the year, no arrangements subsisted to which the Company is a party, with the object of enabling directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Since the end of the previous year, no director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 14.3 to the financial statements) by reason of a contract made by the Company or a related corporation with the director or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

No payment has been paid to or payable to any third party in respect of the services provided to the Company by the directors or past directors of the Company during the year.

DIRECTORS' INTERESTS

According to the register of directors' shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the directors who held office at the end of the year have any shares or debentures in the Company during the year ended 31 December 2019.

INDEMNIFYING DIRECTORS, OFFICERS AND AUDITORS

No indemnities have been given to or insurance effected for, during or since the end of the year, for any person who is or has been the director, officer or auditor of the Company.

OTHER STATUTORY INFORMATION

Before the statement of comprehensive income and the statement of financial position of the Company were made out, the directors took reasonable steps:

(a) to ascertain that proper action had been taken in relation to the writing-off of bad debts and the making of allowance for doubtful debts, and have satisfied themselves that all known bad debts had been written-off and that adequate allowance had been made for doubtful debts; and

(b) to ensure that any current assets which were unlikely to be realised in the ordinary course of business including the values of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.

As of the date of this report, the directors are not aware of any circumstances:

(a) which would render the amount written off for bad debts or the amount of the allowance for doubtful debts inadequate to any substantial extent in the financial statements of the Company; or

(b) which would render the values attributed to current assets in the financial statements of the Company misleading; or

(c) which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(d) not otherwise dealt with in this report or financial statements which would render any amount stated in the financial statements of the Company misleading.

As of the date of this report, there does not exist:

(a) any charge on the assets of the Company which has arisen since the end of the year which secures the liability of any other person; or

(b) any contingent liability of the Company which has arisen since the end of the year.

No contingent or other liability has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the year which, in the opinion of the directors, will or may substantially affect the ability of the Company to meet its obligations as and when they fall due.

In the opinion of the director, no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the year and the date of this report which is likely to affect substantially the results of the operations of the Company for the succeeding year.

HOLDING COMPANIES

The Company is a wholly owned subsidiary of Dr. Reddy's Laboratories SA, a company incorporated in Switzerland. The directors also regard Dr. Reddy's Laboratories Limited as the ultimate holding company, a company incorporated in India.

AUDITORS' REMUNERATION

Details of auditors' remuneration are set out in Note 14.2 to the financial statements.

Company No.: 201701023988 (1238154-X)

AUDITORS

The auditors, Yong & Leonard, have indicated their willingness to accept re-appointment as auditors.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

SAMEER SUDHAKAR NATU
Director

DocuSigned by:
Ramana MV
B80550D11853419...

VENKATA RAMANA MOTUPALLI
Director

Date: 30 April 2020

Company No.: 201701023988 (1238154-X)

DR. REDDY'S LABORATORIES MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT BY DIRECTORS
Pursuant to Section 251 (2) of the Companies Act, 2016

The directors of Dr. Reddy's Laboratories Malaysia Sdn. Bhd. states that, in their opinion, the financial statements set out on pages 10 to 35 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and of its financial performance and the cash flows of the Company for the year ended 31 December 2019.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors,

DocuSigned by:
Ramana MV
B80550D11853419...

SAMEER SUDHAKAR NATU
Director

VENKATA RAMANA MOTUPALLI
Director

Date: 30 April 2020

STATUTORY DECLARATION
Pursuant to Section 251 (1) of the Companies Act, 2016

I, Venkata Ramana Motupalli, the director primarily responsible for the financial management of Dr. Reddy's Laboratories Malaysia Sdn. Bhd., do solemnly and sincerely declare that the financial statements set out on pages 10 to 35 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
the above-named Venkata Ramana Motupalli)
on 30 April 2020 at)

DocuSigned by:
Ramana MV
B80550D11853419...

VENKATA RAMANA MOTUPALLI

Before me,

Commissioners for Oaths

YONG & LEONARD
Chartered Accountants
(AF0075)
Seamless Services. Delivered
ESTB. 1976

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8 Avenue Business Centre,
Jalan Sungai Jernih 8/1,
Seksyen 8, 46050 Petaling Jaya,
Selangor Darul Ehsan, Malaysia
Tel : +603-7956 3668
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www.yongleonard.com

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DR. REDDY'S LABORATORIES MALAYSIA SDN. BHD.
(Company No.: 201701023988 (1238154-X))
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Dr. Reddy's Laboratories Malaysia Sdn. Bhd., which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 10 to 35.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence and Other Ethical Responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical Responsibilities in accordance with the By-Laws and the IESBA Code.

YONG & LEONARD
Chartered Accountants (AF 0075)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DR. REDDY'S LABORATORIES MALAYSIA SDN. BHD.
(Company No.: 201701023988 (1238154-X))
(Incorporated in Malaysia)

Information Other than the Financial Statements and Auditors' Report Thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

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

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

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

Responsibilities of the Directors for the Financial Statements

The directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

YONG & LEONARD
Chartered Accountants (AF 0075)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DR. REDDY'S LABORATORIES MALAYSIA SDN. BHD.
(Company No.: 201701023988 (1238154-X))
(Incorporated in Malaysia)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

YONG & LEONARD
Chartered Accountants (AF 0075)

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
DR. REDDY'S LABORATORIES MALAYSIA SDN. BHD.
(Company No.: 201701023988 (1238154-X))
(Incorporated in Malaysia)

Other Matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Yong&Leonard

YONG & LEONARD
Firm Number: AF 0075
Chartered Accountants

LEONG POOI WAH
Approval Number: 2228/03/22(J)
Partner of the Firm

Date: 30 April 2020
Petaling Jaya

Company No.: 201701023988 (1238154-X)

DR. REDDY'S LABORATORIES MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019

	Note	2019 RM	2018 RM
ASSETS			
NON-CURRENT ASSET			
Plant and equipment	4	133,052	214,707
Right-of-use assets	5	88,342	-
		221,394	214,707
CURRENT ASSETS			
Inventories	6	1,838,093	333,316
Trade receivables	7	3,483,082	1,297,112
Deposits and prepayments	8	330,398	18,503
Current tax assets		68,400	-
Cash and bank balances		283,243	1,091,818
		6,003,216	2,740,749
TOTAL ASSETS		6,224,610	2,955,456
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Share capital	9	3,090,100	3,090,100
Accumulated losses		(924,144)	(1,099,812)
SHAREHOLDERS' EQUITY		2,165,956	1,990,288
NON-CURRENT LIABILITIES			
Lease liabilities	10	41,093	-
CURRENT LIABILITIES			
Trade payables	11	3,402,785	819,408
Other payables and accruals	12	567,235	145,760
Lease liabilities	10	47,541	-
		4,017,561	965,168
NET CURRENT ASSETS		1,985,655	1,775,581
TOTAL LIABILITIES		4,058,654	965,168
TOTAL EQUITY AND LIABILITIES		6,224,610	2,955,456

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

DR. REDDY'S LABORATORIES MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 RM	2018 RM
Revenue	13	6,554,718	2,754,116
Other operating income		41,620	-
Operating expenses		(6,420,040)	(3,375,618)
Profit/(loss) from operations		176,298	(621,502)
Finance costs		(630)	-
Profit/(loss) before tax	14	175,668	(621,502)
Income tax expense	15	-	-
Profit/(loss) for the year		175,668	(621,502)
Other comprehensive income, net of tax		-	-
Total comprehensive income/(loss) for the year		175,668	(621,502)

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

Company No.: 201701023988 (1238154-X)

DR. REDDY'S LABORATORIES MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

	Share capital RM	Accumulated losses RM	Total RM
As at 1 January 2018	2,090,100	(478,310)	1,611,790
Total comprehensive loss for the year	-	(621,502)	(621,502)
Issue of shares during the year	1,000,000	-	1,000,000
As at 31 December 2018	3,090,100	(1,099,812)	1,990,288
Total comprehensive income for the year	-	175,668	175,668
As at 31 December 2019	3,090,100	(924,144)	2,165,956

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

DR. REDDY'S LABORATORIES MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019

	2019 RM	2018 RM
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	175,668	(621,502)
Adjustments for:		
Depreciation of plant and equipment	82,825	82,487
Depreciation of right-of-use assets	8,031	-
Interest expense	630	-
Operating profit/(loss) before working capital changes	267,154	(539,015)
Increase in inventories	(1,504,777)	(333,316)
Increase in receivables	(2,497,865)	(1,236,328)
Increase in payables	3,004,852	800,022
Cash used in operations	(730,636)	(1,308,637)
Tax paid	(68,400)	-
Net cash used in operating activities	(799,036)	(1,308,637)
CASH FLOWS FROM INVESTING ACTIVITY		
Purchase of plant and equipment	(1,170)	(63,795)
Net cash used in investing activity	(1,170)	(63,795)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issuance of share capital	-	1,000,000
Repayment of lease liabilities	(8,369)	-
Net cash (used in)/generated from financing activities	(8,369)	1,000,000
Net decrease in cash and cash equivalents	(808,575)	(372,432)
Cash and cash equivalents at beginning of the year	1,091,818	1,464,250
Cash and cash equivalents at end of the year	283,243	1,091,818
Cash and cash equivalents comprise:		
Cash and bank balances	283,243	1,091,818

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

DR. REDDY'S LABORATORIES MALAYSIA SDN. BHD.
(Incorporated in Malaysia)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FOR THE YEAR ENDED 31 DECEMBER 2019

1 GENERAL INFORMATION

The Company is a private limited company incorporated and domiciled in Malaysia.

The principal activity of the Company is in the sales and marketing activities of pharmaceutical formulations. There have been no significant changes in the nature of the activities during the year.

The registered office is located at 10th floor, Menara Hap Seng, No. 1 & 3 Jalan P. Ramlee, 50250 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The principal place of business is located at Unit 10-06, Level 10, Menara MBMR, No. 1, Jalan Syed Putra, 58000 Kuala Lumpur, Wilayah Persekutuan, Malaysia.

The financial statements of the Company are presented in the functional currency, which is the currency of the primary economic environment in which the entity operates.

The functional currency of the Company is Ringgit Malaysia ("RM") as the sales and purchases are mainly denominated in RM, receipts from operations are usually retained in RM and funds from financing activities are generated in RM.

2 ADOPTION OF NEW AND REVISED MALAYSIAN FINANCIAL REPORTING STANDARDS

2.1 AMENDMENTS TO MFRS THAT ARE MANDATORILY EFFECTIVE FOR THE CURRENT YEAR

During the year, the Company has adopted the following new and revised Malaysian Financial Reporting Standards and the Interpretations (collectively "MFRSs"), issued by the Malaysian Accounting Standards Board that are relevant to its operations and effective for annual financial periods beginning on or after 1 January 2019:

MFRS 16	Leases
IC Interpretation 23	Uncertainty Over Income Tax Treatments
Annual improvements to MFRS 2015 - 2017 cycle	

The adoption of the above standards did not have any material effect on the financial performance or position of the Company, except as follows:

MFRS 16 Leases

MFRS 16 requires lessees to recognise most leases on statement of financial position. The standard includes two recognition exemptions for lessees – leases of 'low value' assets and short-term leases. At commencement date of lease, a lessee will recognise a liability to make lease payments (i.e the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

On the adoption of MFRS 16, the Company expects to choose, on a lease-by-lease basis, to measure the right-of-use asset (if any) at either:

i) its carrying amount as if MFRS 16 had been applied since the commencement date, but discounted using the lessee's incremental borrowing rate as of 1 January 2019; or
ii) an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before 1 January 2019.

In addition, the Company plans to elect the following practical expenditures:

- not to reassess whether a contract is, or contains a lease at the date of initial application and to apply MFRS 16 to all contracts that were previously identified as leases;
- to apply the exemption not to recognise right-of-use asset and lease liabilities to leases for which the lease terms ends within 12 months as of 1 January 2019; and
- to apply a single discount rate to a portfolio of leases with reasonably similar characteristic.

On the adoption of MFRS 16, the Company expects to recognise right-of-use assets and lease liabilities for its leases previously classified as operating leases.

2.2 NEW AND REVISED MFRS IN ISSUE BUT NOT YET EFFECTIVE

As at the date of authorisation for issue of the financial statements, the following MFRSs applicable to the Company were in issue but not yet effective:

Description		**Effective Date**
Amendments to MFRS 2	Share-Based Payment	1 January 2020
Amendments to MFRS 3	Business Combinations	1 January 2020
Amendments to MFRS 3	Definition of a Business	1 January 2020
Amendments to MFRS 6	Exploration for and Evaluation of Mineral Resources	1 January 2020
Amendments to MFRS 9, 139 and 7	Interest Rate Benchmark Reform	1 January 2020
Amendments to MFRS 14	Regulatory Deferral Accounts	1 January 2020
Amendments to MFRS 101	Presentation of Financial Statements	1 January 2020
Amendments to MFRS 101 and 108	Definition of Material	1 January 2020
Amendments to MFRS 108	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2020
Amendments to MFRS 134	Interim Financial Reporting	1 January 2020
Amendments to MFRS 137	Provisions, Contingent Liabilities and Contingent Assets	1 January 2020
Amendments to MFRS 138	Intangible Assets	1 January 2020

Description		Effective Date
Amendments to IC Interpretation 12	Service Concession Arrangements	1 January 2020
Amendments to IC Interpretation 19	Extinguishing Financial Liabilities with Equity Instruments	1 January 2020
Amendments to IC Interpretation 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2020
Amendments to IC Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2020
Amendments to IC Interpretation 132	Intangible Assets – Web Site Costs	1 January 2020
MFRS 17	Insurance Contracts	1 January 2021
Amendments to MFRS 101	Classification of Liabilities as Current or Non-current	1 January 2022
Amendments to MFRS 10	Consolidated Financial Statements - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date yet to be confirmed
Amendments to MFRS 128	Investments in Associates and Joint Ventures - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date yet to be confirmed

The directors are of the opinion that the standards, amendments and IC Interpretation above would not have any material impact on the financial statements in the year of initial application.

3 SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards as issued by International Accounting Standards Board ("IASB") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis unless otherwise indicated in the summary of significant accounting policies. The principal accounting policies adopted are set out below:

3.1 PLANT AND EQUIPMENT

i) Recognition And Measurement

Items of plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the costs of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset.

When parts of an item of plant and equipment have different useful life, they are accounted for as separate items (major components) of plant and equipment.

Gains and losses upon disposal of an item of plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of plant and equipment and are recognised net within "Other (income)/expense, net" in the statement of profit and loss.

The cost of replacing part of an item of 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.

Items of plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

ii) Depreciation

Depreciation is recognised in the statement of profit and loss on a straight line basis over the estimated useful lives of plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. The depreciation expense is included in the costs of the functions using the asset.

Depreciation methods, useful life and residual values are reviewed at each reporting date. The estimated useful lives are as follows:

	Rate
Computer	33%
Furniture and fittings	25%
Office equipment	25%

Advances paid towards the acquisition of plant and equipment outstanding at each reporting date and the cost of plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

3.2 IMPAIRMENT OF NON-FINANCIAL ASSETS, OTHER THAN INVENTORIES AND GOODWILL

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised in the profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

3.3 INVENTORIES

Inventories consist of raw materials, stores and spares, work in progress and finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work in progress, cost includes an appropriate shares of overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The factors that the Company considers in determining the provision for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, aging of inventory and introduction of competitive new products, to extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

3.4 CASH AND CASH EQUIVALENTS

The Company adopts the indirect method in the preparation of the statement of cash flows.

Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For this purpose, "short-term" means investments having maturity of three months or less from the date of investment. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3.5 FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

i) Financial Assets

Initial recognition and measurement

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

Subsequent measurement

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Equity investments

All equity investments in scope of MFRS 9 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which MFRS 3 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Derecognition

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

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of trade receivables

In accordance with MFRS 9, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of MFRS 15.

For this purpose, the Company follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. 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 date, right from its initial recognition.

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

ii) Financial Liabilities

<u>Initial recognition and measurement</u>

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in MFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

3.6 LEASE

Recognition and initial measurement

As a lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the interest rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate as the discount rate.

The incremental borrowing rate determined by referring to rate of interest that the lessee would have to pay to borrow over a similar term and with a similar security the funds necessary to obtain an asset of a similar value to the right-of-use asset in a similar economic environment.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments less any lease incentives receivables;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee;
- the exercise price under a purchase option that the Company is reasonably certain to exercise; and
- penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The Company excludes variable lease payments that linked to future performance or usage of the underlying asset from the lease liability. Instead, these payments are recognised in profit or loss in the period in which the performance or use occurs.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

Subsequent measurement

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of plant and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The right-of-use assets are depreciated on the straight-line basis over the earlier of the estimated useful lives of the right-of-use assets or the end of the lease term. The principal depreciation periods are as follows:

Buildings	over the lease period up to 2 years

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a revision of in-substance fixed lease payments, or if there is a change in the Company's estimates of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

Prior to 1 January 2019

As a lessee

Operating leases

Lease where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating lease. Operating lease payments are recognised as an expense in the profit or loss on a straight line basis over the lease term.

3.7 REVENUE

The Company recognises revenue from contracts with customers for the provision of service and sale of information based on the five-step model as set out below:

(i) Identify contract(s) with a customer. A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria that must be met.

(ii) Identify performance obligations in the contract. A performance obligation is a promise in a contract with a customer to transfer good or service to the customer.

(iii) Determine the transaction price. The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

(iv) Allocate the transaction price to the performance obligations in the contract. For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

(v) Recognise revenue when (or as) the Company satisfies a performance obligation.

The Company satisfies a performance obligation and recognises revenue over time if the Company's performance:

(i) Does not create an asset with an alternative use to the Company and has an enforceable right to payment for performance completed to-date; or

(ii) Creates or enhances an asset that the customer controls as the asset is created or enhanced; or

(iii) Provides benefits that the customer simultaneously receives and consumes as the Company performs.

For performance obligations where any of the above conditions is not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

When the Company satisfies a performance obligation by delivering the promised goods or services, it creates a contract based asset on the amount of consideration earned by the performance. Where the amount of consideration received from a customer exceeds the amount of revenue recognised, this gives rise to a contract liability.

Revenue is measured at the fair value of consideration received or receivable

3.8 EMPLOYMENT BENEFITS

i) Short-Term Employment Benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Defined Contribution Plan

Contributions to the statutory pension scheme are recognised as an expense in profit or loss in the year to which they relate.

iii) Compensated absences

The Company's current policies permit certain categories of its employees to accumulate and carry forward a portion of their unutilised compensated absences and utilise them in future periods or receive cash in lieu thereof in accordance with the terms of such policies. The Company measures the expected cost of accumulating compensated absences as the additional amount that the Company incurs as a result of the unused entitlement that has accumulated at the reporting date. Such measurement is based on actuarial valuation as at the reporting date carried out by a qualified actuary.

3.9 INCOME TAX

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payables on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;

- temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising upon the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to incomes taxes levied by the same tax authority on the same taxable entity, or a different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realised.

Any deferred tax asset or liability arising from the deductible or taxable temporary differences in respect of unrealised inter-company profit or loss on inventories held by the Company in different tax jurisdictions is recognised using the tax rate of the jurisdiction in which such inventories are held. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expenses for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

4 PLANT AND EQUIPMENT

	As at 1 January 2019 RM	Additions RM	As at 31 December 2019 RM
Cost			
Computers	83,706	1,170	84,876
Furniture and fittings	209,776	-	209,776
Office equipment	10,384	-	10,384
	303,866	1,170	305,036

	As at 1 January 2019 RM	Charges for the year RM	As at 31 December 2019 RM
Accumulated Depreciation			
Computers	29,071	27,999	57,070
Furniture and fittings	56,814	52,444	109,258
Office equipment	3,274	2,382	5,656
	89,159	82,825	171,984

	2019 RM	2018 RM
Carrying Amounts		
Computers	27,806	54,635
Furniture and fittings	100,518	152,962
Office equipment	4,728	7,110
	133,052	214,707

5 RIGHT-OF-USE ASSETS

	As at 1 January 2019 RM	Additions RM	As at 31 December 2019 RM
Cost			
Buildings	-	96,373	96,373
	-	96,373	96,373

	As at 1 January 2019 RM	Charges for the year RM	As at 31 December 2019 RM
Accumulated Depreciation			
Buildings	-	8,031	8,031
	-	8,031	8,031

	2019 RM	2018 RM
Carrying Amounts		
Buildings	88,342	-

6 INVENTORIES

	2019 RM	2018 RM
At cost:		
Finished goods	1,838,093	333,316
Recognised in profit or loss:		
Inventories recognised at cost of goods sold	3,462,199	1,006,117

7 TRADE RECEIVABLES

	2019 RM	2018 RM
Trade		
Third parties	3,483,082	1,297,112

The normal credit term of trade receivables is 90 days.

8 DEPOSITS AND PREPAYMENTS

	2019 RM	2018 RM
Prepayments	305,184	5,289
Deposits	25,214	13,214
	330,398	18,503

9 SHARE CAPITAL

	Number of shares			
	2019 Units	2018 Units	2019 RM	2018 RM
Issued and fully paid:				
Ordinary shares of RM10 each				
At beginning of year	309,010	209,010	3,090,100	2,090,100
Issued during the year	-	100,000	-	1,000,000
At end of the year	309,010	309,010	3,090,100	3,090,100

10 LEASE LIABILITIES

	2019 RM	2018 RM
Current	47,541	-
Non-current	41,093	-
	88,634	-

	2019 RM	2018 RM
Maturity analysis:		
Not later than 1 year	50,221	-
Later than 1 year and not later than 2 years	41,850	-
	92,071	-
Future finance charges	(3,437)	-
Present value of minimum lease payments	88,634	-

11 TRADE PAYABLES

Trade payables balances arises from trade purchases with ultimate holding company as disclosed in Note 18 to the financial statements. The average credit period on trade payables is within 150 days to 180 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

12 OTHER PAYABLES AND ACCRUALS

	2019 RM	2018 RM
Other payables	406,732	114,760
Accruals	160,503	31,000
	567,235	145,760

13 REVENUE

	2019 RM	2018 RM
Sale of goods	6,554,718	2,754,116

14 PROFIT/(LOSS) BEFORE TAX

14.1 OPERATING EXPENSES

	2019 RM	2018 RM
Included in the operating expenses are:-		
Changes in inventories	(1,504,777)	(333,316)
Purchases	4,966,976	1,339,433
Depreciation of plant and equipment	82,825	82,487
Depreciation of right-of-use assets	8,031	-
Employee benefits expenses	1,474,289	1,209,486
Other operating expenses	1,392,696	1,077,528
	6,420,040	3,375,618

14.2 DISCLOSURE ITEMS

	2019 RM	2018 RM
This is stated after charging/(crediting):		
Auditors' remuneration	8,000	8,000
Rental of premise	38,745	46,494
Gain on foreign exchange differences	(41,620)	-

14.3 EMPLOYEE BENEFITS EXPENSES

	2019 RM	2018 RM
Salaries, bonus and allowances	1,319,783	1,061,094
Contribution to defined contribution plan	154,506	148,392
	1,474,289	1,209,486

Included in employee benefits expenses are compensation for key management personnel as follows:

	2019 RM	2018 RM
Directors' remuneration:		
Salaries, allowances and bonuses	271,246	139,300
Contribution to defined contribution plan	32,552	16,716
	303,798	156,016

14.4 FINANCE COSTS

	2019 RM	2018 RM
Lease interest	630	-

15 INCOME TAX EXPENSE

No provision for taxation is necessary for the financial period as the Company has no chargeable income.

The income tax expense is reconciled to the accounting profit/(loss) at the applicable tax rate as follows:

	2019 RM	2018 RM
Profit/(loss) before tax	175,668	(621,502)
Tax at Malaysian statutory tax rate at 24%	42,160	(149,160)
Tax effects of:		
Non-deductible expenses	12,506	12,586
Deferred tax assets not recognised during the year	(54,666)	136,574
Total income tax expense	-	-

As mentioned in Note 3.9, deferred tax assets are generally recognised for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unabsorbed capital allowances and unused tax losses can be utilised. As of 31 December 2019, the estimated amount of unabsorbed capital allowances and unused tax losses for which the tax effects have not been recognised in the financial statements due to uncertainty of their realisation, is as follows:

	2019 RM	2018 RM
Unabsorbed capital allowances	-	32,344
Unused tax losses	809,000	997,996

The unabsorbed capital allowances and unused tax losses, which is subject to agreement by the Inland Revenue Board, is available for offset against future taxable profits of the Company.

Pursuant to the announcement of Finance Bill 2018 in conjunction with the Budget Announcement 2019, commencing from 1 January 2019, unabsorbed business losses and unabsorbed capital allowances from a year of assessment can only be carried forward up to 7 consecutive year of assessments before expiry. Unabsorbed business losses and unabsorbed capital allowances brought forward as at 1 January 2019 will also be allowed to be carried forward up to 7 consecutive year of assessments before expiry.

16 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities expose it to a variety of financial risks, including market risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

16.1 LIQUIDITY RISK

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's exposure to liquidity risk arises principally from its other payables.

The Company actively manages its operating cash flows and the availability of funding so as to ensure that all repayment and funding needs are met. As part of its overall prudent liquidity management, the Company maintains sufficient levels of cash to meet its working capital requirements.

Maturity analysis

The table below summarises the maturity profile of the Company's financial liabilities as at the end of the reporting period based on undiscounted contractual payments:

	Carrying amount RM	Contractual cash flows RM	Under 1 year RM	1 year to 2 year RM
2019				
Financial liabilities				
Trade payables	3,402,785	3,402,785	3,402,785	-
Other payables and accruals	567,235	567,235	567,235	-
Lease liabilities	88,634	92,071	50,221	41,850

	Carrying amount RM	Contractual cash flows RM	Under 1 year RM	1 year to 2 year RM
2018				
Financial liabilities				
Trade payables	819,408	819,408	819,408	-
Other payables and accruals	145,760	145,760	145,760	-

16.2 FOREIGN CURRENCY RISK

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company is exposed to foreign currency risk as a result of its normal trade activities in United States Dollar ("USD").

Foreign currency denominated liabilities together with expected cash flows from highly probable purchases give rise to foreign exchange exposures.

The net unhedged financial liabilities of the Company that are not denominated in their functional currencies are as follows:

	2019 RM	2018 RM
Trade payables		
- USD	3,402,785	819,408

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit net of tax to a reasonable possible change in USD exchange rate against the respective functional currencies of the Company entities, with all other variables held constant.

		2019 RM	2018 RM
USD	- strengthened 3%	102,084	24,582
	- weakened 3%	(102,084)	(24,582)

16.3 MARKET RISK

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments, all foreign currency receivables and payables and all short-term and long-term debt. The Company is not exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments.

16.4 FAIR VALUES

The carrying amounts of financial assets and liabilities of the Company as at reporting date approximate their fair values.

16.5 CREDIT RISK

Credit risk is the risk of the financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investment securities. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal cause of business. The Company establishes an allowance for credit losses and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.

Trade receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customers, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

In terms of concentration risk of trade receivables, 100% (2018: 100%) is due from a single debtor.

The following table provides information about the exposure to credit risk for trade receivables as at reporting date:

	2019 RM	2018 RM
Neither past due nor impaired	3,483,082	1,196,227
Past due 1 – 30 days	-	100,885
	3,483,082	1,297,112

16.6 CLASSIFICATION OF FINANCIAL INSTRUMENT

	2019 RM	2018 RM
Financial Assets		
Financial assets measured at amortised costs:		
Trade receivables	3,483,082	1,297,112
Deposits	25,214	13,214
Cash and bank balances	283,243	1,091,818
Financial Liabilities		
Financial liabilities measured at amortised costs:		
Trade payables	(3,402,785)	(819,408)
Other payables and accruals	(567,235)	(145,760)
Lease liabilities	(88,634)	-

17 OPERATING LEASE ARRANGEMENTS

Operating leases relate to leases of office with an irrevocable fixed lease terms of 2 years with an option to renew for another 2 years from the date of expiration of the initial term, at a rental rate of the higher of a 15% rate increase or the then prevailing market rate. The Company does not have an option to purchase the leased office at the expiry of the lease period.

17.1 PAYMENTS RECOGNISED AS AN EXPENSE

	2019 RM	2018 RM
Minimum lease payments	-	46,494

17.2 NON-CANCELLABLE OPERATING LEASE COMMITMENTS

	2019 RM	2018 RM
Not later than 1 year	-	38,745

18 RELATED PARTY TRANSACTIONS

During the year, significant transactions which are determined on a basis as negotiated between the Company and the related parties are as follows:

	2019 RM	2018 RM
Ultimate holding company		
Purchases	(4,966,976)	(1,339,433)

The following balances were outstanding at the end of the reporting period:

	2019 RM	2018 RM
Ultimate Holding Company		
Trade payables	(3,402,785)	(819,408)

17 AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the Board of Directors on 30 April 2020.

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Dr. Reddy's Laboratories Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Dr. Reddy's Laboratories New York Inc. (the Company), which comprise the statement of financial position as at March 31, 2020, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

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Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of managements use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young Associates LLP

Ernst & Young Associates LLP

The Skyview 10, 18th Floor,
"Zone A", Survey No 83/1, Raidurgam,
Hyderabad 500 032, India.

Date: 19 May 2020.

DR. REDDY'S LABORATORIES NEW YORK INC.

Financial Statements

March 31, 2020 and March 31, 2019

DR. REDDY'S LABORATORIES NEW YORK INC.

Financial Statements

March 31, 2020 and March 31, 2019

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DR. REDDY'S LABORATORIES NEW YORK INC.
STATEMENT OF FINANCIAL POSITION
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

PARTICULARS	Note	As of March 31,2020	As of March 31,2019
ASSETS			
Current assets			
Cash and cash equivalents	9	2,185	681
Other current assets	8	544,090	414,561
Tax assets		64,944	75,545
Total current assets		**611,219**	**490,787**
Non-current assets			
Property, plant and equipment	6	9,872,591	11,766,893
Intangible assets	7	312,500	562,500
Other non-current assets	8	8,955	308,955
Total non-current assets		**10,194,046**	**12,638,348**
Total assets		**10,805,265**	**13,129,135**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	11	110,743	138,760
Loans and Borrowings	18	36,799,722	34,590,614
Other current liabilities	12	1,268,002	891,189
Total current liabilities		**38,178,467**	**35,620,563**
Non- Current Liabilities			
Other liabilities - Non current	13	1,350,274	-
Total non- current Liabilities		**1,350,274**	**-**
Total liabilities		**39,528,741**	**35,620,563**
Equity			
Share capital	10	5,000	5,000
Additional Paid up capital	10	49,995,000	49,995,000
Retained Earnings		(78,876,598)	(72,633,872)
Share based payment reserve		153,122	142,444
Total equity		**(28,723,476)**	**(22,491,428)**
Total liabilities and equity		**10,805,265**	**13,129,135**

The accompanying notes form an integral part of these financial statements.

DR. REDDY'S LABORATORIES NEW YORK INC.
INCOME STATEMENT
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

PARTICULARS	Note	For the year ended March 31,2020	For the year ended March 31,2019
Revenues		-	-
Cost of revenues		-	-
Gross (loss) / profit		**-**	**-**
Selling, general and administrative expenses	14	-	(28,018)
Research and development expenses	15	6,570,112	6,316,024
Other (income)/expense, net	16	(296,212)	(99,763)
Total operating expenses		**6,273,900**	**6,188,243**
Results from Operating Activities		**(6,273,900)**	**(6,188,243)**
Finance Income	17	31,174	48,443
Finance Expense		-	-
Finance Income/Expense		**31,174**	**48,443**
Loss before tax		**(6,242,726)**	**(6,139,800)**
Income Tax Expense		-	-
Loss for the year		**(6,242,726)**	**(6,139,800)**

The accompanying notes form an integral part of these financial statements.

DR. REDDY'S LABORATORIES NEW YORK INC.
STATEMENT OF COMPREHENSIVE INCOME
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

	March 31,2020	March 31,2019
Loss for the year	**(6,242,726)**	**(6,139,800)**
Other comprehensive income		
Items that will not be reclassified to Income Statement:	-	-
Total items that will not be reclassified to Income Statement	-	-
Items that may be reclassified subsequently to Income Statement:	-	-
Total items that may be reclassified subsequently to Income Statement	-	-
Other comprehensive (loss) / profit for the year, net of income tax	-	-
Total comprehensive loss for the year	**(6,242,726)**	**(6,139,800)**

The accompanying notes form an integral part of these financial statements.

DR. REDDY'S LABORATORIES NEW YORK INC.
STATEMENT OF CHANGES IN EQUITY
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

Particulars	Number of Shares	Share Capital	Share Premium	Share based payment Reserve	Retained earnings	Total
Balance as of April 01, 2018 (A)	**50,000**	**5,000**	**49,995,000**	**128,228**	**(66,494,072)**	**(16,365,844)**
Total Comprehensive income						
Loss for the period	-	-	-	-	(6,139,800)	(6,139,800)
Foreign currency translation adjustments	-	-	-	-	-	-
Total Comprehensive income (B)	**-**	**-**	**-**	**-**	**(6,139,800)**	**(6,139,800)**
Transactions with owners of the Company						
Contributions and distributions						
Share based payment expense - **Refer note 19**	-	-	-	14,216	-	14,216
Total contributions and distributions		**-**	**-**	**14,216**	**-**	**14,216**
Total transactions with owners of the Company (C)	**-**	-	-	14,216	-	14,216
Balance as of March 31,2019 [(A)+(B)+(C)]	**50,000**	**5,000**	**49,995,000**	**142,444**	**(72,633,872)**	**(22,491,428)**
Balance as of April 01, 2019 (A)	**50,000**	**5,000**	**49,995,000**	**142,444**	**(72,633,872)**	**(22,491,428)**
Total Comprehensive income						
Loss for the period	-	-	-	-	(6,242,726)	(6,242,726)
Foreign currency translation adjustments	-	-	-	-	-	-
Total Comprehensive income (B)		**-**		**-**	**(6,242,726)**	**(6,242,726)**
Transactions with owners of the Company						
Contributions and distributions						
Share based payment expense - **Refer note 19**	-	-	-	10,678	-	10,678
Total contributions and distributions	**-**	**-**	**-**	**10,678**	**-**	**10,678**
Total transactions with owners of the Company (C)	**-**	-	-	10,678	-	10,678
Balance as of March 31,2020 [(A)+(B)+(C)]	**50,000**	**5,000**	**49,995,000**	**153,122**	**(78,876,598)**	**(28,723,476)**

DR. REDDY'S LABORATORIES NEW YORK INC.
STATEMENT OF CASH FLOWS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

Particulars	For the year ended	
	March 31,2020	**March 31,2019**
Cash flows from/(used in) operating activities:		
Loss for the year	(6,242,726)	(6,139,800)
Adjustments for:		
Depreciation and amortization	2,154,641	1,738,750
Loss on sale of property, plant and equipment	-	63,558
Share based payment expense	10,678	14,216
Interese Income	(29,315)	(47,089)
Changes in operating assets and liabilities:		
Other assets and liabilities	1,996,693	543,305
Trade and other payables	(21,368)	(35,093)
Cash used in Operations	**(2,131,397)**	**(3,862,153)**
Net cash used in operating activities	**(2,131,397)**	**(3,862,153)**
Cash flows used in investing activities:		
Purchase of property, plant and equipment	(16,988)	(209,919)
Interest Received	23,721	61,715
Net cash used in investing activities	**6,733**	**(148,204)**
Cash flows from financing activities:		
Proceeds from loans and borrowings from Parent Company, net	2,126,168	4,005,553
Net cash from financing activities	**2,126,168**	**4,005,553**
Net decrease in cash and cash equivalents	**1,504**	**(4,804)**
Cash and cash equivalents at the beginning of the year	681	5,485
Cash and cash equivalents at the end of the year	**2,185**	**681**

The accompanying notes form an integral part of these financial statements.

DR. REDDY'S LABORATORIES NEW YORK INC.
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

1. Reporting entity

Dr. Reddy's Laboratories New York Inc. was incorporated on May 24, 2011 in the state of Delaware. The Company has obtained a license from APR LLC which provides the process of manufacturing API pertaining to Conjugated Estrogen product. Besides the process acquired, as part of Research and development, the Company is in the process of developing an alternative manufacturing method of API.

The Company currently is in the process of development of finished dosage pertaining to conjugated estrogen, which has active market across geographies. Revenue generation shall commence after successful development, manufacturing and commercialization of the finished dosage.

2. Basis of preparation of financial statements

a. Statement of compliance

These financial statements as at and for the year ended March 31, 2020 comply in all material aspects with the International Financial Reporting Standards and its interpretations ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These financial statements have been prepared by the Company as a going concern on the basis of relevant IFRS that are effective or elected for early adoption at the Company's annual reporting date, March 31, 2020. These financial statements were authorized for issuance by the Company's Board of Directors on May 19, 2020.

b. Basis of measurement

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:

• derivative financial instruments are measured at fair value;
• financial assets are measured either at fair value or at amortized cost, depending on the classification;
• long-term borrowings are measured at amortized cost using the effective interest rate method;
• share-based payments are measured at fair value;
• right-of-use assets are recognized at the present value of lease payments that are not paid at that date. This amount is adjusted for any lease payments made at or before the commencement date, lease incentives received and initial direct costs, incurred, if any.

c. Functional and presentation currency

The Company's operations are self-contained and integrated within the respective countries/regions (i.e., United States of America), the functional currency has been determined to be the local currency of that country (i.e., U.S. Dollar).All amounts included in the financial statements are reported in US dollar, (presentation currency).

d. Going Concern

The Company's financial statement for the year ended March 31, 2020 and March 31, 2019 have been prepared on a going concern basis which assumes that the Group (Parent Company / Ultimate Parent Company) will continue to be able to meet its liabilities as they fall due for the foreseeable future.

As at March 31, 2020 and March 31, 2019, the Company had a working capital deficit of USD 37,567,248 and USD 35,129,776 respectively. The Company had incurred losses of USD 6,242,726 and USD 6,139,800 and had negative cash flow from operations of USD 2,131,397 and USD 3,862,153 for the year ended March 31,2020 and March 31, 2019 respectively. The Company is currently in the process of research and development of API pertaining to Conjugated Estrogen product and would be able to derive positive cash flows and working capital from the business upon successful development and commercialization of the said product.

DR. REDDY'S LABORATORIES NEW YORK INC.
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

The resource requirements of the Company have been currently funded by its Parent Company (Dr. Reddy's Laboratories S.A.) and fellow subsidiary (Dr. Reddy's Laboratories Inc.). The directors of Parent Company closely monitor the progress of research and development pertaining to API of Conjugated Estrogen product. Considering the positive progress of the product development process, the Parent Company continues to financially support the Company till the product is successfully developed and commercialized in the market. Based on these factors, inspite of the incurred losses and negative cash flows from operations in the Company, the financial statements are prepared with going concern assumption.

e. Use of estimates and judgements

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements is included in the following notes:

- Note 2(c) — Functional currency;
- Note 3(b) and 20 — Financial instruments;
- Note 3(e) — Useful life of Property, Plant and Equipment;
- Note 3(f) — Useful life of intangible assets;
- Note 3(g) — Provisions;
- Note 3(k) —Income tax;
- Note 3(l) —Share based payment transactions.

3. Significant accounting policies

New Standards adopted by the Company

IFRS 16, "Leases"
In January 2016, the IASB issued a new standard, IFRS 16, "Leases". IFRS 16 replaces existing standard on leases i.e. IAS 17, "Leases" with effect from accounting periods beginning on or after January 1, 2019. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained. The adoption of IFRS 16 did not have any material impact on the financial statements of the Company.

DR. REDDY'S LABORATORIES NEW YORK INC.
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

IFRIC 23, "Uncertainty over Income Tax Treatments"
On June 7, 2017, the IFRS Interpretations Committee issued IFRIC 23, "Uncertainty over Income Tax Treatments", which clarifies how the recognition and measurement requirements of IAS 12, "Income Taxes", are applied where there is uncertainty over income tax treatments.
IFRIC 23 explains how to recognize and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment. An uncertain tax treatment is any tax treatment applied by an entity where there is uncertainty over whether that treatment will be accepted by the applicable tax authority. For example, a decision to claim a deduction for a specific expense or not to include a specific item of income in a tax return is an uncertain tax treatment if its acceptability is uncertain under applicable tax law. The interpretation provides specific guidance in several areas where previously IAS 12 was silent. IFRIC 23 applies to all aspects of income tax accounting where there is an uncertainty regarding the treatment of an item, including taxable profit or loss, the tax bases of assets and liabilities, tax losses and credits and tax rates.
The Company applied the interpretation effective April 1, 2019 using modified retrospective approach. The adoption of IFRIC 23 did not have any material impact on the financial statements of the Company.

Summary of significant accounting policies

a. Foreign currency
Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognized in the income statement in the period in which they arise.

When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date.

b. Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

DR. REDDY'S LABORATORIES NEW YORK INC.
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (e.g., regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.
Trade receivables are recognized initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. The Company's trade receivables do not contain any significant financing component and hence are measured at the transaction price measured under IFRS 15.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified:

• Debt instruments at amortized cost;
• Debt instruments at fair value through other comprehensive income ("FVTOCI");
• Debt instruments, derivatives and equity instruments at fair value through profit or loss ("FVTPL"); and
• Equity instruments measured at fair value through other comprehensive income ("FVTOCI").

Debt instruments at amortized cost

A "debt instrument" is measured at the amortized cost if both the following conditions are met:
a) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
b) contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method and are subject to impairment. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR.
Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on de-recognition is recognized directly in income statement and presented in other income/(losses),net. The losses arising from impairment are recognized in the income statement. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A "debt instrument" is classified as at the FVTOCI if both of the following criteria are met:
a) the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
b) the asset's contractual cash flows represent SPPI.
Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the income statement. On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified to the income statement. Interest earned while holding a FVTOCI debt instrument is reported as interest income using the EIR method.

DR. REDDY'S LABORATORIES NEW YORK INC.
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as an "accounting mismatch"). The Company has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the income statement.

Equity investments

All equity investments within the scope of IFRS 9 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument -by-instrument basis. The classification is made upon initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the income statement, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity investments designated as FVTOCI are not subject to impairment assessment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the income statement.

Derecognition

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

• the rights to receive cash flows from the asset have expired; or

• Both (1) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and (2) either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

DR. REDDY'S LABORATORIES NEW YORK INC.
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

Impairment of trade receivables and other financial assets
In accordance with IFRS 9, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset.
For this purpose, the Company follows a "simplified approach" for recognition of impairment loss allowance on the trade receivable balances. The application of this simplified approach does not require the Company to track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.
As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analyzed.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

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

Financial liabilities at fair value through profit or loss
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.
Gains or losses on liabilities held for trading are recognized in the income statement.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains or losses are not subsequently transferred to the income statement. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognized in the income statement. The Company has not designated any financial liability as fair value through profit and loss.

Loans and borrowings
Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.
After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognized in the income statement when the liabilities are derecognized as well as through the EIR amortization process.
Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the income statement.

DR. REDDY'S LABORATORIES NEW YORK INC.
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the income statement.

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For this purpose, "short-term" means investments having original maturities of three months or less from the date of investment. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

c. Current and non-current classification
The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:
• Expected to be realised or intended to sold or consumed in the normal operating cycle
• Held primarily for the purpose of trading
• 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 the 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
The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

d. Share capital
Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and stock options are recognized as a deduction from equity, net of any tax effects.

e. Property, Plant and Equipment
Recognition and measurement
Items of Property, Plant and Equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. 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. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset.

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When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of Property, Plant and Equipment.
Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment and are recognized net within "Other (income)/expense, net" in the income statement.

The cost of replacing part of an item of Property, Plant and Equipment is recognized 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 recognized in the income statement as incurred.
Items of Property, Plant and Equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

Depreciation

Depreciation is recognized in the income statement on a straight line basis over the estimated useful lives of Property, Plant and Equipment. The depreciation expense is included in the costs of the functions using the asset. Land is not depreciated but subject to impairment.

Leasehold improvements are depreciated over period of the lease agreement or the useful life, whichever is shorter.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and any changes are considered prospectively. The estimated useful lives are as follows:

Buildings	
Factory and administrative buildings	25 - 50 years
Ancillary structures	3 - 15 years
Plant and equipment	3 - 15 years
Furniture, fixtures and office equipment	4 - 10 years
Computer equipment	3 - 5 years

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a Property, Plant and Equipment, including consultancy charges for implementing the software, is capitalized as part of the related Property, Plant and Equipment. Subsequent costs associated with maintaining such software are recognized as expense as incurred. The capitalized costs are amortized over the estimated useful life of the software or the remaining useful life of the Property, Plant and Equipment, whichever is lower.

Advances paid towards the acquisition of Property, Plant and Equipment outstanding at each reporting date and the cost of Property, Plant and Equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated but are tested for impairment.

f. Goodwill and other Intangible assets

Goodwill
Goodwill represents the excess of consideration transferred, together with the amount of non-controlling interest in the acquiree, over the fair value of the Company's share of identifiable net assets acquired.
Goodwill is measured at cost less accumulated impairment losses. In respect of equity accounted investees, the carrying amount of goodwill is included in the carrying amount of the investment, and any impairment loss on such an investment is not allocated to any asset, including goodwill, that forms part of the carrying value of the equity accounted investee.

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Other intangible assets
Other intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.
Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate.

Research and development
Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the income statement when incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if:

• development costs can be measured reliably;
• the product or process is technically and commercially feasible;
• future economic benefits are probable; and
• the Company intends to, and has sufficient resources, to complete development and to use or sell the asset.

The expenditures to be capitalized include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in the income statement as incurred. As of March 31, 2020, none of the development expenditure amounts has met the aforesaid recognition criteria.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed products, compounds and intellectual property are capitalized. The Company's criteria for capitalization of such assets are consistent with the guidance given in paragraph 25 of International Accounting Standard 38 ("IAS 38") (i.e., the receipt of economic benefits embodied in each intangible asset separately purchased or licensed in the transaction is considered to be probable).
Intangible assets relating to products in development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in the income statement.

In-Process Research and Development assets ("IPR&D")

Acquired research and development intangible assets that are under development are recognized as In-Process Research and Development assets ("IPR&D"). IPR&D assets are not amortized, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment charge on such IPR&D assets is recorded in the income statement under "Impairment of non-current assets".

Subsequent expenditure
Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally generated goodwill and brands, is recognized in the income statement as incurred.

Amortization
Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity.The amortization expense is recognized in the income statement in the expense category that is consistent with the function of the intangible asset.

The estimated useful lives of Product related intangibles is 10 years.

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The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.
Goodwill, intangible assets relating to products in development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in the income statement.

De-recognition of intangible assets
Intangible assets are de-recognized either on their disposal or where no future economic benefits are expected from their use. Losses arising on such de-recognition are recorded in the income statement, and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as at the date of de-recognition.

g. Provisions

A provision is recognized in the income statement if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Restructuring
A provision for restructuring is recognized in the income statement when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided.

Onerous contracts
A provision for onerous contracts is recognized in the income statement when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with that contract.

Reimbursement rights
Expected reimbursements for expenditures required to settle a provision are recognized in the income statement only when receipt of such reimbursements is virtually certain. Such reimbursements are recognized as a separate asset in the statement of financial position, with a corresponding credit to the specific expense for which the provision has been made.

h. Contingent liabilities and contingent assets

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

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i. Revenue

Revenue from contracts with customers:

The Company currently is in the process of development of finished dosage pertaining to conjugated estrogen, which has active market across geographies. Revenue generation shall commence after successful development, manufacturing and commercialization of the finished dosage.

j. Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognized for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

k. Income tax

Income tax expense consists of current and deferred tax. Income tax expense is recognized in the income statement except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising upon the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that the future taxable profits will allow the deferred tax assets to be recovered.

Accruals for uncertain tax positions require management to make judgments of potential exposures. Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognized unless the tax positions will probably be accepted by the tax authorities. This is based upon management's interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter. Once considered probable of not being accepted, management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

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l. Share-based payment transactions

Equity settled share-based payment transactions

Dr. Reddy's Laboratories Limited (Ultimate Parent Company) issues Employees Stock Options (ESOP) to the employees covered under various ESOP Plans managed by the Ultimate Parent Company.

The grant date fair value of options granted to employees is recognized as an employee expense in the income statement, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognized as an expense is adjusted to reflect the number of awards for which the related service and performance conditions are expected to be met, such that the amount ultimately recognized is based on the number of awards that meet the related service and performance conditions at the vesting date. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share-based payment transaction is presented as a separate component in equity under "share-based payment reserve". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest.

Cash settled share-based payment transactions

The fair value of the amount payable to employees in respect of share-based payment transactions which are settled in cash is recognized as an expense, with a corresponding increase in liabilities, over the period during which the employees become unconditionally entitled to payment. The liability is re-measured at each reporting date and at the settlement date based on the fair value of the share-based payment transaction. Any changes in the liability are recognized in the income statement.

m. Government grants

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them will be complied with, and the grants will be received. Government grants received in relation to assets are presented as a reduction to the carrying amount of the related asset. Grants related to income are deducted in reporting the related expense in income statement.

n. Impairment

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at March 31.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognized in the income statement if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed its recoverable amount, nor exceeds the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized. Goodwill that forms part of the carrying amount of an investment in an associate is not recognized separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

An impairment loss in respect of equity accounted investee is measured by comparing the recoverable amount of investment with its carrying amount. An impairment loss is recognized in the income statement, and reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

o. Finance income and expense

Finance income consists of interest income on funds invested, dividend income and gains on the disposal of financial assets. Interest income is recognized in the income statement as it accrues, using the effective interest method. Dividend income is recognized in the income statement on the date that the Company's right to receive payment is established. The associated cash flows are classified as investing activities in the statement of cash flows. Finance expenses consist of interest expense on loans and borrowings.

Borrowing costs are recognized in the income statement using the effective interest method. The associated cash flows are classified as financing activities in the statement of cash flows.

Foreign currency gains and losses are reported on a net basis within finance income and expense. These primarily include: exchange differences arising on the settlement or translation of monetary items; changes in the fair value of derivative contracts that economically hedge monetary assets and liabilities in foreign currencies and for which no hedge accounting is applied; and the ineffective portion of cash flow hedges.

p. Recent accounting pronouncements

Standards issued but not yet effective and not early adopted by the Company

In September 2019, the International Accounting Standards Board ("IASB") published "Interest Rate Benchmark Reform, Amendments to IFRS 9, IAS 39 and IFRS 7," which amended certain of its requirements for hedge accounting. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates ("IBORs").

The amendments revise the IASB's new and old financial instruments Standards, IFRS 9, "Financial Instruments" and IAS 39, "Financial Instruments: Recognition and Measurement", as well as the related Standard on disclosures, IFRS 7, "Financial Instruments: Disclosures".

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The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBORs reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The amendments are effective as of January 1, 2020, although companies may choose to apply them earlier. The Company is in the process of evaluating the impact of such amendments on its financial statements.

4. Determination of fair values

The Company's accounting policies and disclosures require the determination of fair value, for certain financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(i) Property, Plant and Equipment

Property, Plant and Equipment, if acquired in a business combination or through an exchange of non-monetary assets, is measured at fair value on the acquisition date. For this purpose, fair value is based on appraised market values and replacement cost.

(ii) Intangible assets

The fair value of brands, technology related intangibles, and patents and trademarks acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of these brands, technology related intangibles, patents or trademarks being owned (the "relief of royalty method"). The fair value of customer related, product related and other intangibles acquired in a business combination has been determined using the multi-period excess earnings method. Under this method, value is estimated as the present value of the benefits anticipated from ownership of the intangible assets in excess of the returns required or the investment in the contributory assets necessary to realize those benefits.

(iii) Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements. In respect of the Company's borrowings that have floating rates of interest, their fair value approximates carrying value.

(iv) Share-based payment transactions

The fair value of employee stock options is measured using the Black-Scholes-Merton valuation model. Measurement inputs include share price on grant date, exercise price of the instrument, expected volatility (based on weighted average historical volatility), expected life of the instrument (based on historical experience), expected dividends, and the risk free interest rate (based on government bonds).

5. Capital management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages it's capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.

The capital gearing ratio as on 31 March 2020 and 31 March 2019 was 456% and 286%, respectively.

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6. Property plant and equipment: The following is a summary of the change in carrying value of property, plant and equipment.

Particulars	Land	Buildings(Factory and Administrative)	Lease Hold Improvements	Plant & Machinery	Furniture & fixtures	Computers	Total
Gross Carrying Value							
Balance as at April 1, 2018	400,000	1,564,124	7,144,552	14,290,051	12,610	18,425	**23,429,762**
Additions	-	-	-	-	-	-	**-**
Disposals	-	-	-	(156,889)	-	-	**(156,889)**
Balance as at March 31, 2019	**400,000**	**1,564,124**	**7,144,552**	**14,133,162**	**12,610**	**18,425**	**23,272,873**
Balance as at April 1, 2019	400,000	1,564,124	7,144,552	14,133,162	12,610	18,425	23,272,873
Additions	-	-	-	-	-	-	**-**
Disposals	-	-	-		-	-	**-**
Balance as at March 31, 2020	**400,000**	**1,564,124**	**7,144,552**	**14,133,162**	**12,610**	**18,425**	**23,272,873**
Accumulated Depreciation							
Balance as at April 1, 2018	-	727,339	1,609,376	8,080,233	12,610	18,425	**10,447,983**
Depreciation during the year	-	116,663	290,744	1,081,343	-	-	**1,488,750**
Disposals	-	-	-	(93,331)	-	-	**(93,331)**
Balance as at March 31, 2019	**-**	**844,002**	**1,900,120**	**9,068,245**	**12,610**	**18,425**	**11,843,402**
Balance as at April 1, 2019	-	844,002	1,900,120	9,068,245	12,610	18,425	**11,843,402**
Depreciation during the year	-	116,663	344,697	1,443,281	-	-	**1,904,641**
Disposals	-	-	-		-	-	**-**
Balance as at March 31, 2020	**-**	**960,665**	**2,244,817**	**10,511,526**	**12,610**	**18,425**	**13,748,043**
Net Carrying Value							
As at April 01, 2018	**400,000**	**836,785**	**5,535,176**	**6,209,818**	**-**	**-**	**12,981,779**
Add:-Capital Work in Progress							**123,648**
Total at April 01, 2018							**13,105,427**
As at March 31, 2019	**400,000**	**720,122**	**5,244,432**	**5,064,917**	**-**	**-**	**11,429,471**
Add:-Capital Work in Progress							**337,422**
Total at March 31, 2019							**11,766,893**
As at March 31, 2020	**400,000**	**603,459**	**4,899,735**	**3,621,636**	**-**	**-**	**9,524,830**
Add:-Capital Work in Progress							**347,761**
Total at March 31, 2020							**9,872,591**

Capital commitment: As of March 31, 2020 and 2019 the Company had capital commitments of USD Nil and USD 140,072 under agreements for purchase of property plant and equipment. The amount is net of capital advances paid in respect of such agreements.

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7. Intangible assets

The following is a summary of changes in carrying value of other intangible assets:

Particulars	Product related intangibles	Total
Gross carrying value		
Balance as at April 1, 2018	2,500,000	2,500,000
Additions	-	-
De–recognitions	-	-
Balance as at March 31, 2019	**2,500,000**	**2,500,000**
Balance as at April 1, 2019	2,500,000	2,500,000
Additions	-	-
De–recognitions	-	-
Balance as at March 31, 2020	**2,500,000**	**2,500,000**
amortization/Impairment Loss		
Balance as at April 1, 2018	1,687,500	1,687,500
amortization during the period	250,000	250,000
De–recognitions	-	-
Balance as at March 31, 2019	**1,937,500**	**1,937,500**
Balance as at April 1, 2019	1,937,500	1,937,500
amortization during the period	250,000	250,000
De–recognitions	-	-
Balance as at March 31, 2020	**2,187,500**	**2,187,500**
Net carrying amount		
As at April 01, 2018	**812,500**	**812,500**
As at March 31, 2019	**562,500**	**562,500**
As at March 31, 2020	**312,500**	**312,500**

The weighted average remaining useful life of intangibles was approximately 1.25 years as at March 31, 2020.

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8. Other Assets

Other assets consist of the following:

	As of	
	March 31,2020	**March 31,2019**
Current		
Due from related parties *	115,483	62,219
Prepaid expenses	40,964	47,395
Other assets	387,643	304,947
Total Current Assets	**544,090**	**414,561**
Non-current		
Deposits and other assets – non current	8,955	308,955
Total Non Current Assets	**8,955**	**308,955**
Total other assets	**553,045**	**723,516**

(1) Other assets includes current portion of amount receivable from Nostrum Pharmaceuticals LLC and Nostrum Laboratories Inc. (referred as "Nostrum Pharma") on account of settlement of litigation in Company's favor pertaining to violation of Non-compete and confidentiality restrictive covenant mentioned in the Consulting and Transition Services Agreement dated July 8, 2011. Nostrum Pharma shall pay the sum of USD 1,500,000 over five years, bearing interest of 5% per annum, making quarterly payments, beginning from June 30, 2016.

* Refer note 18

9. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As of	
	March 31,2020	**March 31,2019**
Current		
Cash on hand	2,185	681
Balances with banks	-	-
Cash and cash equivalents in the statement of cash flow	**2,185**	**681**

10. Share Capital

	As of	
	March 31,2020	**March 31,2019**
Par value per share	**0.10**	**0.10**
Authorized share capital (75,000 shares)	**7,500**	**7,500**
Fully paid up capital		
As at April 01	5,000	5,000
Add: Issued during the year	-	-
As at March 31	**5,000**	**5,000**
Additional paid in capital		
As at April 1	49,995,000	49,995,000
Add: Issued during the year	-	-
As at March 31	**49,995,000**	**49,995,000**

The Company presently has only one class of equity shares. For all matters submitted to vote in a shareholders meeting of the Company, every holder of an equity share, as reflected in the records of the Company on the date of the shareholders meeting shall have one vote in respect of each share held.

In the event of liquidation of the Company, all preferential amounts, if any, shall be discharged by the Company. The remaining assets of the Company shall be distributed to the holders of equity shares in proportion to the number of shares held to the total equity shares outstanding as on that date.

11. Trade and other payables

Trade and other payables consist of the following:

	As of	
	March 31,2020	**March 31,2019**
Capital creditors	5,918	12,567
Creditors for expenses	104,825	126,193
Total trade and other payables	**110,743**	**138,760**

12. Other Liabilities

Other liabilities consist of the following:

	As of	
	March 31,2020	**March 31,2019**
Current Liabilities		
Accrued expenses	1,041,736	862,741
Other Current Liabilities	226,149	28,448
Other liabilities – Related party *	117	-
Total other liabilities	**1,268,002**	**891,189**

* Refer note 18

13. Other Non-Current Liabilities

Other Non-current liabilities consist of the following:

	As of	
	March 31,2020	**March 31,2019**
Non-Current Liabilities		
Deferred Revenue Expenditure	1,350,274	-
Total other non-current liabilities	**1,350,274**	**-**

14. Selling, general and administrative expenses

Selling, general and administrative expenses consist of the following:

	For the year ended	
	March 31,2020	**March 31,2019**
Legal and professional expenses	-	(21,320)
Provision for advances	-	(6,698)
Total selling, general and administrative expenses	**-**	**(28,018)**

15. Research and development expenses

	For the year ended	
	March 31,2020	**March 31,2019**
Employee Cost	1,977,821	2,577,377
Depreciation & Amortization	2,154,641	1,738,750
Loss on sale of property, plant and equipment, net	-	63,558
Professional/Consultant charges	1,123,752	439,629
Others	1,313,898	1,496,710
Total research and development expenses	**6,570,112**	**6,316,024**

16. Other (income)/expense, net

Other expense/ (income), net consist of the following:

	For the year ended	
	March 31,2020	**March 31,2019**
Miscellaneous Income - Related party* (Note 18)	(113,743)	(98,704)
Others'	(182,469)	(1,059)
Total other (income)/expense, net	**(296,212)**	**(99,763)**

* The Miscellaneous income consists of income from corporate services provided to fellow group companies.

17. Finance income

	For the year ended	
	March 31,2020	**March 31,2019**
Interest Income	29,315	47,089
Foreign Exchange Gain	1,859	1,354
Total finance income	**31,174**	**48,443**

DR. REDDY'S LABORATORIES NEW YORK INC.
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

18. Related parties

The Company has entered into transactions with the following related parties:

(a) Dr. Reddy's Laboratories Limited	Ultimate Parent Company
(b) Dr. Reddy's Laboratories S.A.	Parent Company
(c) Dr. Reddy's Laboratories Inc	Company under Common Control
(d) Dr. Reddy's Laboratories Lousiana, LLC	Subsidiary of Company under Common Control
(e) Promius Pharma LLC	Company under Common Control

The following is a summary of significant related party transactions:

Particulars	For the year ended	
	March 31,2020	**March 31,2019**
Other Income:		
Dr. Reddy's Laboratories Limited	113,743	98,704
Loan from:		
Dr. Reddy's Laboratories Inc.	2,126,168	4,005,553

The Company has the following amounts due from related parties (included in Other Assets):

Particulars	As of	
	March 31,2020	**March 31,2019**
Dr. Reddy's Laboratories Inc.	82,940	-
Dr. Reddy's Laboratories Limited	32,543	62,219
Total amounts due from related parties	**115,483**	**62,219**

The Company has the following amounts due to related parties (Included in Current liabilities):

Particulars	As of	
	March 31,2020	**March 31,2019**
Dr. Reddy's Laboratories Inc. (refer note a)	36,799,722	34,590,614
Promius Pharma LLC	117	-
Total amounts due to related parties	**36,799,839**	**34,590,614**

Note a:

Represents loans and borrowings received from group companies. Refer to Note 3(b) for details. These borrowings are repayable on demand and hence presented as current liability in the financial statements.

DR. REDDY'S LABORATORIES NEW YORK INC.
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

19. Employee stock incentive plan

Dr Reddy's Laboratories Limited (Ultimate Parent Company) issues employees stock option (ESOP) to the employees covered under various ESOP Plans managed by the ultimate Parent Company.

For the years ended March 31, 2020 and 2019 an amount of USD 10,678 and USD 14,216 respectively, has been recorded as employee share-based payment expense under all employee stock incentive plans with a corresponding credit to the Additional paid in capital, disclosed as part of stock holders' equity, representing capital contribution by Dr. Reddy's Laboratories Limited, the ultimate Parent Company.

20. Financial Instruments

The carrying value and fair value of the financial instruments were as follows:

Particulars	Note	For year ended March 31, 2020		For year ended March 31, 2019	
		Total Carrying Value	Total fair value	Total Carrying Value	Total fair value
Assets:					
Cash and cash equivalents	9	2,185	2,185	681	681
Other assets*	8	512,081	512,081	676,121	676,121
Total		**514,266**	**514,266**	**676,802**	**676,802**
Liabilities:					
Trade and other payables	11	110,743	110,743	138,760	138,760
Loans and borrowings	18	36,799,722	36,799,722	34,590,614	34,590,614
Other liabilities and provisions #	12	1,240,028	1,240,028	840,462	840,462
Total		**38,150,493**	**38,150,493**	**35,569,836**	**35,569,836**

* Other assets that are not financial assets (such as prepaid expenses, advances paid and certain other receivables) of USD 40,964 and USD 47,395 as of March 31, 2020 and 2019, respectively, are not included.

Other liabilities that are not financial liabilities (such as vacation accruals) of USD 27,974 and USD 50,727 as of March 31, 2020 and March 31, 2019 are not included.

DR. REDDY'S LABORATORIES NEW YORK INC.
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

21. Financial risk management

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors are responsible for overseeing Company's risk assessment and management policies and processes.

a. Credit risk
Credit risk is the risk of an unexpected loss if counterparty to a financial instrument fails to meet its contractual obligations. There are no financial instruments advance to suppliers which potentially subject the Company to credit risk. The Company establishes an allowance for doubtful advances that represent its estimate of incurred losses in respect of such advances.

b. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by raising additional funds from Parent Company or from group companies to meet the financial obligations till the successful development and commercialization of Conjugated Estrogen product.

As of March 31, 2020 and 2019 the Company had working capital deficit of USD 37,567,248 and USD 35,129,776 respectively.

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

Particulars	Year 2021	Year 2022	Year 2023	Year 2024	Thereafter	Total
Trade and other payables	110,743	-	-	-	-	110,743
Loans and borrowings	36,799,722	-	-	-	-	36,799,722
Other liabilities and provisions	1,240,028	-	-	-	-	1,240,028
Total	**38,150,493**	**-**	**-**	**-**	**-**	**38,150,493**

The table below provides details regarding the contractual maturities of significant financial liabilities as at March 31, 2019:

Particulars	Year 2020	Year 2021	Year 2022	Year 2023	Thereafter	Total
Trade and other payables	138,760	-	-	-	-	138,760
Loans and borrowings	34,590,614	-	-	-	-	34,590,614
Other liabilities and provisions	840,462	-	-	-	-	840,462
Total	**35,569,836**	**-**	**-**	**-**	**-**	**35,569,836**

c. Market risk
Foreign exchange risk

The Company's exchange risk arises from its foreign operations, foreign currency revenues and expenses. A significant portion of the Company's revenues are in reporting currency, USD. As a result, the Company is not exposed to significant foreign currency risk.

DR. REDDY'S LABORATORIES NEW YORK INC.
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

22. Nature of Expense

The following table shows the expenses by nature:

Particulars	For the year ended March 31, 2020			
	Cost of revenue	Selling, general and administrative expenses	Research and Development	Total
Employee benefits	-	-	1,977,821	1,977,821
Depreciation and amortization	-	-	2,154,641	2,154,641
	-	**-**	**4,132,462**	**4,132,462**

Particulars	For the year ended March 31, 2019			
	Cost of revenue	Selling, general and administrative expenses	Research and Development	Total
Employee benefits	-	-	2,577,377	2,577,377
Depreciation and amortization	-	-	1,738,750	1,738,750
	-	**-**	**4,316,127**	**4,316,127**

23. Employee benefits

The Company employees participate in Dr. Reddy's Laboratories New York Inc., 401 (k) defined contribution retirement plan. The Company's contribution is discretionary and is determined by its Board of Directors on an annual basis. The contribution made by the Company for the year ended March 31, 2020 and March 31, 2019 was USD 107,025 and USD respectively.

24. Impact of COVID-19

The threats posed by the coronavirus outbreak are multifold. In many countries, businesses are being forced to cease or limit their operations for long or indefinite period of time. As a result most of the businesses are dealing with lost revenue and disrupted supply chains. The disruption to global supply chains due to factory shutdowns has already exposed the vulnerabilities of many organizations.

However, as the Company operates in the industry that is considered essential, the operations were continuing during lockdown by ensuring appropriate measures.

The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company has also used the principles of prudence in applying judgments, estimates and assumptions including sensitivity analysis and based on the current estimates, the Company expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets. As the outbreak continues to evolve, the Company will continue to closely monitor any material changes to future economic conditions.

25. Subsequent Events

There are no subsequent events that occurred after balance sheet date.

Dr. Reddy's Laboratories Philippines, Inc.

(A Wholly-Owned Subsidiary of Dr. Reddy's Laboratories S.A.)

Financial Statements
December 31, 2019

With independent auditors' report provided by

REYES TACANDONG & CO.
FIRM PRINCIPLES. WISE SOLUTIONS.

BOA/PRC Accreditation No. 4782
October 4, 2018, valid until August 15, 2021
SEC Accreditation No. 0207-FR-3 (Group A)
August 29, 2019, valid until August 28, 2022

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INDEPENDENT AUDITORS' REPORT

The Stockholders and Board of Directors
Dr. Reddy's Laboratories Philippines, Inc.

Opinion

We have audited the accompanying financial statements of Dr. Reddy's Laboratories Philippines, Inc. (a wholly-owned subsidiary of Dr. Reddy's Laboratories S.A.) (the "Company") which comprise the statements of financial position as at December 31, 2019 and 2018, and the statements of income, statements of changes in equity and statements of cash flows for the year ended December 31, 2019 and for the period the period May 9 to December 31, 2018 and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019 and 2018, and its financial performance and its cash flows for the year ended December 31, 2019 and for the period the period May 9 to December 31, 2018, in accordance with Philippine Financial Reporting Standard for Small Entities (PFRS for SE).

Basis for Opinion

We conducted our audits in accordance with Philippine Standards on Auditing (PSA). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants in the Philippines (Code of Ethics) together with the ethical requirements that are relevant to the audit of the financial statements in the Philippines, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with PFRS for SE, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with PSA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, these could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with PSA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of the auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audits.

REYES TACANDONG & CO.

DARRYLL REESE Q. SALANGAD
Partner
CPA Certificate No. 107615
Tax Identification No. 227-770-760-000
BOA Accreditation No. 4782; Valid until August 15, 2021
SEC Accreditation No. 1788-A
Valid until October 14, 2022
BIR Accreditation No. 08-005144-016-2019
Valid until July 2, 2022
PTR No. 8116487
Issued January 6, 2020, Makati City

April 30, 2020
Makati City, Metro Manila

DR. REDDY'S LABORATORIES PHILIPPINES, INC.

(A Wholly-Owned Subsidiary of Dr. Reddy's Laboratories S.A.)

STATEMENTS OF FINANCIAL POSITION

		December 31	
	Note	**2019**	2018
ASSETS			
Current Assets			
Cash in bank	3	**₱1,655,561**	₱9,035,469
Other current assets	4	**902,410**	120,824
Total Current Assets		**2,557,971**	9,156,293
Noncurrent Assets			
Office equipment	5	**12,177**	–
		₱2,570,148	₱9,156,293
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts and other payables	6	**₱717,640**	₱867,548
Due to Parent Company	7	**103,659**	103,659
Total Current Liabilities		**821,299**	971,207
Equity			
Capital stock		**10,000,000**	10,000,000
Additional paid-in capital		**26,095**	26,095
Deficit		**(8,277,246)**	(1,841,009)
Total Equity		**1,748,849**	8,185,086
		₱2,570,148	₱9,156,293

See accompanying Notes to Financial Statements.

DR. REDDY'S LABORATORIES PHILIPPINES, INC.

(A Wholly-Owned Subsidiary of Dr. Reddy's Laboratories S.A.)

STATEMENTS OF INCOME

FOR THE YEAR ENDED DECEMBER 31, 2019 AND
FOR THE EIGHT MONTHS PERIOD ENDED DECEMBER 31, 2018*

	Note	**2019 (One Year)**	2018 (Eight Months)*
EXPENSES			
Salaries and other employee benefits		**₱3,916,755**	₱557,816
Professional fees		**2,042,290**	1,053,100
Rent	4	**60,000**	–
Taxes and licenses		**56,108**	85,259
Depreciation	5	**2,734**	–
Others		**358,350**	55,610
		6,436,237	1,751,785
INTEREST INCOME	3	**–**	11,816
NET LOSS		**₱6,436,237**	₱1,739,969

See accompanying Notes to Financial Statements.

*The Company was incorporated and registered with Securities and Exchange Commission on May 9, 2018, but has not yet started operations as at December 31, 2019.

DR. REDDY'S LABORATORIES PHILIPPINES, INC.

(A Wholly-Owned Subsidiary of Dr. Reddy's Laboratories S.A.)

STATEMENTS OF CHANGES IN EQUITY

FOR THE YEAR ENDED DECEMBER 31, 2019 AND
FOR THE EIGHT MONTHS PERIOD ENDED DECEMBER 31, 2018*

	2019 **(One Year)**	2018 (Eight Months)*
CAPITAL STOCK - ₱100 par value		
Authorized, issued and outstanding - 100,000 shares	**₱10,000,000**	₱10,000,000
ADDITIONAL PAID-IN CAPITAL	**26,095**	26,095
RETAINED EARNINGS		
Balance at beginning of period	**(1,841,009)**	–
Net loss	**(6,436,237)**	(1,739,969)
Stock issuance cost	**–**	(101,040)
Balance at end of period	**(8,277,246)**	(1,841,009)
	₱1,748,849	₱8,185,086

See accompanying Notes to Financial Statements.

*The Company was incorporated and registered with Securities and Exchange Commission on May 9, 2018, but has not yet started operations as at December 31, 2019.

DR. REDDY'S LABORATORIES PHILIPPINES, INC.

(A Wholly-Owned Subsidiary of Dr. Reddy's Laboratories S.A.)

STATEMENTS OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019 AND
FOR THE EIGHT MONTHS PERIOD ENDED DECEMBER 31, 2018*

	Note	**2019 (One Year)**	2018 (Eight Months)*
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before income tax		**(₱6,436,237)**	(₱1,739,969)
Adjustments for:			
Depreciation	5	**2,734**	–
Interest income	4	**–**	(11,816)
Operating loss before working capital changes		**(6,433,503)**	(1,751,785)
Increase in other current assets		**(781,586)**	(120,824)
Increase (decrease) in:			
Accrued expenses and other payables		**(149,908)**	867,548
Due to a related party		**–**	103,659
Net cash used for operations		**(7,364,997)**	(901,402)
Interest received		**–**	11,816
Net cash used in operating activities		**(7,364,997)**	(889,586)
CASH FLOW FROM AN INVESTING ACTIVITY			
Acquisition of office equipment	5	**(14,911)**	–
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from subscription of capital stock		**–**	10,026,095
Payment of stock issuance cost		**–**	(101,040)
Net cash provided by financing activities		**–**	9,925,055
NET INCREASE (DECREASE) IN CASH		**(7,379,908)**	9,035,469
CASH AT BEGINNING OF PERIOD		**9,035,469**	**–**
CASH IN BANK AT END OF PERIOD	3	**₱1,655,561**	₱9,035,469

See accompanying Notes to Financial Statements.

*The Company was incorporated and registered with Securities and Exchange Commission on May 9, 2018, but has not yet started operations as at December 31, 2019.

DR. REDDY'S LABORATORIES PHILIPPINES, INC.
(A Wholly-Owned Subsidiary of Dr. Reddy's Laboratories S.A.)

NOTES TO THE FINANCIAL STATEMENTS

1. Corporate Information

Dr. Reddy's Laboratories Philippines, Inc. (the Company) was incorporated in the Philippines and registered with the Securities and Exchange Commission (SEC) on May 9, 2018 to engage in the registration, importation, processing, promotion, distribution, and wholesale of pharmaceutical product for domestic consumption.

The Company is a wholly-owned subsidiary of Dr. Reddy's Laboratories S.A. (the Parent Company), a company domiciled in Switzerland.

The registered office address of the Company is at 24/F Philam Life Tower, 8767 Paseo de Roxas Bel-Air, City of Makati, Fourth District, NCR, Philippines, 1226.

The financial statements of the Company as at December 31, 2019 and 2018, and for the year ended December 31, 2019 and for the period from May 9 to December 31, 2018, were approved and authorized for issue by the Board of Directors on April 30, 2020.

Events after the Reporting Period

The country is currently experiencing a pandemic virus crisis resulting in a slowdown in the Philippine economy because of a mandated lockdown all over the country.

The effect of the aforementioned crisis is considered a non-adjusting subsequent event as at December 31, 2019. However, the current conditions may adversely affect the Company for 2020. As at the reporting date, the potential impact of the crisis on the 2020 financial condition and performance of the Company cannot be reliably estimated.

2. Summary of Significant Accounting Policies

Basis of Preparation and Statement of Compliance

The financial statements of the Company have been prepared in accordance with Philippine Financial Reporting Standard for Small Entities (PFRS for SE) as approved by the Financial Reporting Standards Council, the Board of Accountancy and SEC.

The Company adopted PFRS for SE for the first time in 2019. The Company was reporting under Philippine Financial Reporting Standard for Small and Medium-sized Entities (PFRS for SME) in 2018. The Company's assets and liabilities didn't meet the quantitative thresholds set for classification as a small entity, but the company opted to adopt Philippine Financial Reporting Standard for Small Entities (PFRS for SE) as allowed under SRC. Comparative presentation and disclosures have been provided as required by PFRS for SE.

The PFRS for SE reduced options for accounting treatment, eliminated topics that are not generally relevant to small entities, simplified the methods for recognition and measurement, and reduced the disclosure requirements.

The transition from PFRS for SME to PFRS for SE as at January 1, 2019, has resulted to the following changes in the Company's accounting policies:

- Recognition of rent expense from straight-line method to accrual method; and
- Explicit adoption of deferred income taxes method to account for income taxes.

The transition from PFRS for SME to PFRS for SE, however, has no significant impact on the amounts presented in the Company's comparative financial position, financial performance and cash flows.

Bases of Measurement

The financial statements of the Company have been prepared on a historical cost basis and are presented in Philippine Peso (Peso), the Company's functional currency. All values are rounded to the nearest Peso unless otherwise indicated.

The financial statements of the Company have been prepared on a historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange of assets and fair value of the consideration received in exchange for incurring liability.

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.

Basic Financial Instruments

The Company recognizes a financial asset and a financial liability only when the Company becomes a party to the contractual provisions of an instrument.

The Company initially measures its financial assets and liabilities at the transaction prices unless the arrangement constitutes, in effect, a financing transaction. After initial measurement, financial assets and liabilities are measured at the undiscounted amount of cash or other consideration expected to be received or paid, less allowance for impairment, if any.

If the arrangement constitutes a financing transaction, the Company initially measures the financial assets and liability at the present value of the future payments discounted at a market rate of interest for a similar instrument. These are subsequently measured at amortized cost using the effective interest rate method.

The Company classifies its cash in bank, accounts and other payables (excluding statutory liabilities) and due to Parent Company as basic financial instruments.

Cash in Bank. Cash in bank is stated at face value and earns interest at the prevailing bank deposit rates.

Accounts and Other Payables and Due to Parent Company. Accounts and other payables (excluding statutory payables) and due to Parent Company These are recognized initially at the transaction price and subsequently measured at the undiscounted amount of cash expected to be paid.

Impairment of Basic Financial Instruments

The Company assesses at the end of each reporting period whether there is objective evidence of impairment of any financial assets or group of assets that are measured at cost or amortized cost. If there is objective evidence of impairment, an impairment loss is recognized in profit or loss immediately.

A financial asset or group of financial assets is deemed impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The impairment loss for an instrument measured at amortized cost is measured as the difference between the financial asset's carrying amount and the present value of estimated future cash flows discounted at the original effective interest rate.

For an instrument measured at cost less impairment, the impairment loss is the difference between the asset's carrying amount and the best estimate (which will necessarily be an approximation) of the amount (which might be zero) that the entity would be received for the asset if it were to be sold at the reporting date.

If, in a subsequent period, the amount of an impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the previously recognized impairment loss shall be reversed either directly or by adjusting an allowance account. The reversal shall not result in a carrying amount of the financial asset (net of any allowance account) that exceeds what the carrying amount would have been had the impairment not been recognized. The amount of the reversal shall be recognized in profit or loss immediately.

Derecognition of Financial Assets and Liabilities

Financial Assets. A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognized when:

- the right to receive cash flows from the asset has expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; or
- the Company has transferred its right to receive cash flows from the asset and either: (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Company has transferred its right to receive cash flows from an asset and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognized to the extent of the continuing involvement of the Company in the asset. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Financial Liabilities. A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in profit or loss.

Offsetting Financial Instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statements of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statements of financial position.

Other Current Assets

Other current assets mainly include advances to a third party, input value-added tax (VAT), prepaid rent and advances to an employee.

Advances to a Third Party. This pertains to advances to a third party for future expenditures. These are derecognized when the related disbursements are made by the third party.

Input VAT. Input VAT represents the net amount of VAT recoverable from the authorities. Revenue, expenses and assets are recognized net of the amount of VAT except:

- where the tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the tax is recognized as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of tax included. .

The net amount of VAT recoverable from the taxation authorities is recognized under “Other current assets” account in the statements of financial position.

Deferred Input VAT. In accordance with the Revenue Regulation (RR) No. 16-2005, input VAT on purchases or imports of the Company of capital goods (depreciable assets for income tax purposes) with an aggregate acquisition cost (exclusive of VAT) in each of the calendar month exceeding ₱1.0 million are claimed as credit against output VAT over 60 months or the estimated useful lives of capital goods, whichever is shorter.

Prepaid Rent. This represents rent not yet incurred but already paid in cash. This is initially recorded as assets and measured at the amount of cash paid.

Advances to an Employee. These represent cash advances for business expenses. These are measured at transaction amount and are subject to liquidation.

Office Equipment

Office equipment are stated at cost less accumulated depreciation and any impairment in value.

The initial cost of office equipment consists of its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Expenditures after the property and equipment have been put into operation, such as repairs and maintenance, are normally charged against profit or loss in the year the costs are incurred. In situation that it can clearly demonstrate that the expenditures have resulted in increase in the future economic benefits expected to be obtained from the use of an item of office equipment beyond its originally assessed standard of performance, the expenditures are capitalized as an additional cost to the office equipment.

Depreciation is calculated on a straight-line basis over the estimated useful life of three years.

The assets' estimated useful life and depreciation method are reviewed annually, and adjusted prospectively, as appropriate, if there is an indication of a significant change since the last reporting date.

Fully depreciated assets are retained in the accounts until they are no longer in use.

An item of office equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising from derecognition of the asset is included in profit or loss in the year the asset is derecognized.

Impairment of Nonfinancial Assets

The carrying amounts of nonfinancial assets are reviewed for impairment when events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists and when the carrying amounts exceed the estimated recoverable amounts, the assets or cash-generating units are written down to their recoverable amounts. The recoverable amount of the asset is the greater of the fair value less cost to sell or value in use. The fair value less cost to sell is the amount obtainable from the sale of an asset in an orderly transaction, less the costs of disposal. In assessing value in use, the estimated future cash flows are discounted to their present value using a pretax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. Impairment losses are recognized in profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognized impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. In such instance, the carrying amount of the asset is increased to its recoverable amount. However, that increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in profit or loss. After such reversal, the depreciation charges are adjusted in future years to allocate the asset's revised carrying amount, on a systematic basis over its remaining useful life. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, had no impairment loss been recognized.

Equity

Capital Stock. Capital stock is measured at par value for all shares issued.

Additional Paid-in Capital (APIC). APIC includes any premium received in the issuance of capital stock.

Deficit. Deficit represents accumulated results of Company's operations and any transaction cost associated with the issuance of shares.

Expense Recognition

Expenses are recognized in profit or loss when a decrease in future economic benefit related to a decrease in an asset or an increase of a liability, other than those relating to distributions to equity participants, has arisen that can be measured reliably. Costs and expenses include the costs of administering the business, and are expensed as incurred.

Income Tax

The Company uses the deferred income taxes method to account for income taxes. Under this method, the Company recognizes the current and future tax consequences of transactions and other events that have been recognized in the financial statements. These recognized tax amounts comprise of the current and deferred tax.

Current Tax. Current tax is the expected tax payable on the taxable income or loss for the year, using tax rate and tax laws enacted or substantively enacted as of the reporting date, and any adjustment to tax payable in the previous years.

Deferred Tax. Deferred tax is recognized on differences between the carrying amounts of assets and liabilities in the financial statements and their corresponding tax bases. Deferred tax liabilities are recognized for all temporary differences that are expected to increase taxable profit in the future. Deferred tax assets are recognized for carry forward benefits of unused net operating loss carryover (NOLCO) to the extent that it is probable that taxable profit will be available against the carry forward benefits of unused tax losses can be utilized. Deferred tax assets are measured at the highest amount that, on the basis of current or estimated future taxable profit, is more likely than not to be recovered.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rate that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rate and tax laws that have been enacted or substantively enacted at reporting date.

Offsetting. Current tax assets and current tax liabilities are offset, or deferred tax assets and deferred tax liabilities are offset if, and only if, an enforceable right exists to set off the amounts and it can be demonstrated without undue cost or effort that the Company plans either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Related Party Transactions
Related party relationships exist when party has the ability to control, directly or indirectly, through one or more intermediaries, the other party or exercise significant influence over the other party in making financial and operating decisions. Such relationships also exist between and or among entities which are under common control with reporting enterprise, or between and/or among the reporting enterprise and its key management personnel, directors, or its stockholders.

A related party transaction is a transfer of resources, services or obligations between the Company and a related party, regardless of whether a price is charged.

Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss, net of any reimbursement. Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

Contingencies
Contingent liabilities are not recognized in the financial statements. These are disclosed in the notes to financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized in the financial statements but are disclosed in the notes to financial statements when an inflow of economic benefits is probable.

Events After the Reporting Date
Post year-end events that provide additional information about the Company's financial position at the reporting date (adjusting events) are reflected in the financial statements. Post year-end events that are not adjusting events are disclosed in the notes to financial statements when material.

3. Cash in Bank

Cash in bank amounting to ₱1,655,561 and ₱9,035,469 as at December 31, 2019 and 2018, respectively.

Interest income earned from cash in bank amounted to ₱11,816 in 2018.

4. Other Current Assets

This account consists of:

	2019	2018
Advances to a third party	**₱479,927**	₱82,544
Input VAT	**338,260**	–
Prepaid rent	**60,000**	–
Advances to an employee	**16,303**	–
Deferred input VAT	**7,920**	38,280
	₱902,410	₱120,824

Advances to a Third Party
This pertains to advances to a third party for future expenditures which are non-interest bearing and are subject to liquidation.

Prepaid Rent
On October 1, 2019, the Company entered into a six-month shared space agreement with a third party for its office space and can be renewed by the Company on a month-by-month basis. The Company was also required to pay upfront rental fee of ₱120,000, which represents the rent payment for six months.

Rent expense amounting to ₱60,000 was recognized in 2019 under "Expenses" in statements of income.

Advances to an Employee
Advances to an employee are cash advances which are noninterest-bearing and subject to liquidation.

Deferred Input VAT
Deferred input VAT pertains to unpaid expenses on services and purchase of property and equipment.

5. Office Equipment

Movements in this account for 2019 follows:

Cost -	
Acquisitions during the year	₱14,911
Accumulated Depreciation -	
Depreciation during the year	(2,734)
Carrying amount	₱12,177

6. Accounts and Other Payables

This account consists of:

	2019	2018
Accounts payable	**₱321,006**	₱129,531
Accrued professional fees	**248,200**	734,100
Statutory payables	**148,434**	3,090
Other payables	–	827
	₱717,640	₱867,548

Accounts payable and accrued professional fees are noninterest-bearing and are normally settled within the next reporting period.

Statutory payables pertain to liabilities to government agencies that are normally settled within the month following the reporting period.

7. Related Party Transactions

Transaction and outstanding balance of the Company with the Parent Company are as follows:

	Nature of Transaction	Transaction Amounts		Outstanding Balance	
		2019	2018	**2019**	2018
Due to					
Parent Company	Advances	**₱–**	₱103,659	**₱103,659**	₱103,659

Terms and Conditions of Transactions with Parent Company

Outstanding balance at year end is unsecured and noninterest-bearing. There have been no guarantees provided for related party liability. The outstanding balance of due to the Parent Company is normally payable on demand.

Compensation of Key Management Personnel

The Company has no key management personnel compensation in 2019 and 2018.

8. Income Tax

The Company has no provision for current income tax in 2019 and 2018 due to its tax loss position. The Company will be subjected to minimum corporate income tax in the fourth taxable year following the year of its registration with the Bureau of Internal Revenue.

As at December 31, 2019 and 2018, the reconciliation of income tax benefit computed at applicable statutory tax rate and the provision for income tax is as follows:

	2019	2018
Income tax benefit computed at statutory tax rate	**(₱1,930,871)**	(₱521,991)
Unrecognized deferred tax asset	**1,930,871**	555,848
Tax effects of:		
Deductible expense directly deducted from equity	**–**	(30,312)
Tax effect of interest income subjected to final tax	**–**	(3,545)
	₱–	₱–

Deferred tax asset on NOLCO amounting to ₱2.5 million and ₱0.6 million as at December 31, 2019 and 2018, respectively, was not recognized because management has assessed that it is not probable that the Company will have sufficient future taxable profits against which the benefit of NOLCO can be utilized before its expiration.

The details of NOLCO which can be applied against future taxable income follow:

Year Incurred	Amount	Incurred	Balance	Expiry Year
2019	₱–	₱6,436,237	₱6,436,237	2022
2018	1,852,825	–	1,852,825	2021
	₱1,852,825	₱6,436,237	₱8,289,062	

DR REDDY'S LABORATORIES PROPRIETARY LIMITED

(Registration Number: 2002/014163/07)

ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2020

Dr Reddy's Laboratories Proprietary Limited

Annual Financial Statements

for the year ended 31 March 2020

The reports and statements set out below comprise the annual financial statements presented to the shareholder:

CONTENTS	PAGE

Dr Reddy's Laboratories Proprietary Limited

General Information

Company Registration number	2002/014163/07
Country of incorporation and domicile	Republic of South Africa
Nature of business and principal activities	The company is involved in trading and marketing of generic pharmaceutical products and medical devices.
Tax reference number	9249/485/14/6
Directors	Venkata Ramana Motupalli (Indian) Anuj Shravan Kumar Gupta (Indian) Sunil Kumar Chebrolu (US citizen)
Registered office and business address	Block B, Ground Floor 204 Rivonia Road, Morningside, Sandton South Africa 2057
Holding company	Dr Reddy's Laboratories SA (Incorporated in Switzerland)
Ultimate holding company	Dr Reddy's Laboratories Ltd (Incorporated in India)
Bankers	Nedbank Limited (South Africa) Standard Chartered Bank (South Africa)
Auditors	PricewaterhouseCoopers Inc. Registered Auditor
Level of assurance	These financial statements have been audited in compliance with the applicable requirements of the Companies Act of South Africa.
Preparer	The financial statements have been internally prepared by Thulani Msimanga, Senior Accountant (Chartered Secretaries of South Africa).
Secretary	None
Issued	15 MAY 2020

Dr Reddy's Laboratories Proprietary Limited

Directors' Responsibility and Approval

for the year ended 31 March 2020

The directors are responsible for the preparation and fair presentation of the annual financial statements of Dr Reddy's Laboratories Proprietary Limited, comprising the statement of financial position at 31 March 2020 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable directors to meet these responsibilities, the board sets standards of internal control aimed at reducing the risk of error or loss in a cost-effective manner. The standards include proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. All employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management is on identifying, assessing, managing and monitoring all known forms of risk across operations. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss. The directors have made an assessment of the ability of the company to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

The directors have reviewed the projected financial position and performance for the year to 31 March 2021 and, in the light of review, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently auditing and reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework. The financial statements have been examined by the company's external auditors and their report is presented on pages 5 to 7.

The external auditors were given unrestricted access to all financial records and related data. The directors believe that all representations made to the independent auditors during their audit are valid and appropriate.

Approval of the annual financial statements

The annual financial statements of Dr Reddy's Laboratories Proprietary Limited, as identified in the first paragraph, were approved by the board of directors on 15 MAY 2020 and signed by:

DocuSigned by:

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Director

DocuSigned by:

MV Ramana

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Director

Dr Reddy's Laboratories Proprietary Limited
(Registration Number: 2002/014163/07)
Annual Financial Statements for the year ended 31 March 2020

Directors' report
for the year ended 31 March 2020

The directors have pleasure in presenting their report on the activities of the company for the year ended 31 March 2020.

1) Incorporation
The company was incorporated on 13 June 2002 and obtained its certificate to commence business on 01 July 2002.

2) Nature of business
Dr Reddy's Laboratories Proprietary Limited (DRL SA), a South African registered entity, is primarily engaged in the activity of trading and marketing of generic pharmaceutical products. There have been no material changes to the nature of business from prior year.

3) Financial results
The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

4) Going concern
Management has considered the impact of COVID-19, taking into account the current and future cash flow from sale of pharmaceutical products as well as the impact on expenses. There is no expected decrease in customer demands as pharmaceutical products are a basic need/essential service and will continue to be in demand regardless of the COVID-19 pandemic. Furthermore, it should be noted that all debtors are insured with Credit Guarantee Insurance Corporation.

No evidence exists that may negatively affect the entity's ability to continue as a going concern.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

5) Liquidity and solvency
The directors have performed the liquidity and solvency test required by the Companies Act of South Africa.

6) Subsequent events
The directors have performed an assessment of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, that would affect the operations of the company. The directors are not aware of any such matters or circumstances, however included as part of the assessment, the subsequent events noted below were carefully assessed to ensure that all material events have been considered and disclosed:

During March 2020, the South African President declared the COVID-19 pandemic a National State of Disaster in terms of the Disaster Management Act which also resulted in an enforced nationwide lockdown for 21 days, with a further 14 days until 30 April 2020, and later on an extension into stage 4 lockdown. The company is registered as an essential services provider and as a result, the company could continue with operations during this lockdown period. The directors are monitoring the situation along with various implications and will continue assessing and managing the impact thereof accordingly.

At this stage, the impact on our business and results due to the COVID-19 outbreak is very limited due to the fact that the entity is an essential service provider. Please refer to Note 27 - Going Concern.

Directors' report continued

for the year ended 31 March 2020

6) Subsequent events (continued)
The directors are not aware of any other matters or circumstances arising since the financial year end to date of this report, which may substantially affect the fair presentation.

7) Holding company
The company is 100% owned by Dr Reddy's Laboratories SA, a company incorporated in Switzerland.

8) Ultimate Holding company
The ultimate holding company is Dr Reddy's Laboratories Limited, a company incorporated in India.

9) Control over unissued shares
The unissued ordinary shares are the subject of a general authority granted to the directors in terms of section 38 of the Companies Act of South Africa.

10) Dividends
No dividends were declared or paid to the shareholder during the year. (2019: None)

11) Borrowing Powers
In terms of the Memorandum of Incorporation, the borrowing powers of the company are unlimited.

12) Special Resolutions
No special resolutions, the nature of which might be significant to the shareholder in their appreciation of the state of affairs of the company were made by the company during the period covered by this report.

13) Directors
The directors of the company during the year under review and at date of this report were as follows:

Venkata Ramana Motupalli*+	Appointed 1 October 2014
Anuj Shravan Kumar Gupta*^	Appointed 1 April 2019
Sunil Kumar Chebrolu (US Citizen) +	Appointed 1 April 2019

* Indian // + Non-executive director // ^ Executive director

14) Preparation of Annual Financial Statements
Thulani Msimanga, Senior Accountant (Chartered Secretaries of South Africa), was responsible for the supervision of the preparation of the financial statements.

15) Auditors
PricewaterhouseCoopers Inc. has continued in office as auditors for the company in accordance with section 90 of the Companies Act of South Africa.

Registered office and business address
Block B, Ground Floor
204 Rivonia Road,
Morningside, Sandton
South Africa
2057

Postal address
P.O. Box 784746
Sandton City
South Africa
2146

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Independent auditor's report

To the Shareholder of Dr Reddy's Laboratories Proprietary Limited

Our opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Dr Reddy's Laboratories Proprietary Limited (the Company) as at 31 March 2020, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

What we have audited

Dr Reddy's Laboratories Proprietary Limited 's financial statements set out on pages 8 to 42 comprise:

- the statement of financial position as at 31 March 2020;
- the statement of profit and loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the sections 290 and 291 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised January 2018)*, parts 1 and 3 of the Independent Regulatory Board for Auditors' *Code of Professional Conduct for Registered Auditors (Revised November 2018)* (together the IRBA Codes) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities, as applicable, in accordance with the IRBA Codes and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Codes are consistent with the corresponding sections of the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* and the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* respectively.

PricewaterhouseCoopers Inc., 4 Lisbon Lane, Waterfall City, Jukskei View, 2090
Private Bag X36, Sunninghill, 2157, South Africa
T: +27 (0) 11 797 4000, F: +27 (0) 11 209 5800, www.pwc.co.za

Chief Executive Officer: L S Machaba
The Company's principal place of business is at 4 Lisbon Lane, Waterfall City, Jukskei View, where a list of directors' names is available for inspection.
Reg. no. 1998/012055/21, VAT reg.no. 4950174682.

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Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "Dr Reddy's Laboratories Proprietary Limited Annual Financial Statements for the year ended 31 March 2020", which includes the Directors' Report as required by the Companies Act of South Africa. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

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

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

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PricewaterhouseCoopers Inc.

PricewaterhouseCoopers Inc.

Director: R Ramdhany

Registered Auditor

Waterfall City

15 May 2020

Dr Reddy's Laboratories Proprietary Limited
(Registration Number: 2002/014163/07)
Annual Financial Statements for the year ended 31 March 2020

Statement of financial position
as at 31 March 2020

	Notes	**31 March 2020**	31 March 2019
		R	R
ASSETS			
Non-current assets		**12 198 471**	3 283 361
Property and equipment	*5*	**4 117 746**	1 366 368
Right-of-use asset	*28*	**5 032 361**	-
Intangible assets	*6*	**147 323**	147 323
Deferred tax	*7*	**2 901 041**	1 769 670
Current assets		**174 497 937**	174 682 983
Inventories	*8*	**50 333 968**	80 041 867
Trade and other receivables	*9*	**93 347 754**	76 396 042
Cash and cash equivalents	*10*	**30 667 010**	18 057 089
Current Income Taxation receivable		**149 205**	187 985
Total assets		**186 696 408**	177 966 344
EQUITY AND LIABILITIES			
Equity		**63 737 370**	50 936 045
Share capital	*11*	**665**	665
Retained income		**63 736 705**	50 935 380
Non-Current liabilities			
Right-of-use liability	*28*	**4 326 658**	-
Current liabilities		**118 632 380**	127 030 299
Trade and other payables	*12*	**102 858 435**	112 030 299
Right-of-use liability	*28*	**773 945**	-
Borrowings	*13*	**15 000 000**	15 000 000
Total equity and liabilities		**186 696 408**	177 966 344

Dr Reddy's Laboratories Proprietary Limited
(Registration Number: 2002/014163/07)
Annual Financial Statements for the year ended 31 March 2020

Statement of profit or loss and other comprehensive income
for the year ended 31 March 2020

	Notes	**31 March 2020**	31 March 2019
		R	R
Revenue	*14*	**376 335 565**	316 713 298
Cost of sales	*15*	**(197 273 616)**	(151 350 313)
Gross profit		**179 061 948**	165 362 985
Administrative costs		**(11 520 416)**	(11 115 278)
Selling and marketing costs		**(55 941 068)**	(53 292 819)
Other operating expenses		**(92 149 405)**	(85 824 340)
Other income		**10 261**	100 466
Profit from operations	*16*	**19 461 320**	15 231 014
Finance income	*17*	**931 719**	1 631 208
Finance costs	*18*	**(2 469 242)**	(768 529)
Profit before taxation		**17 923 797**	16 093 693
Taxation	*19*	**(5 122 472)**	(4 566 160)
Net profit and total comprehensive income for the year		**12 801 325**	11 527 533

Dr Reddy's Laboratories Proprietary Limited
(Registration Number: 2002/014163/07)
Annual Financial Statements for the year ended 31 March 2020

Statement of changes in equity
for the year ended 31 March 2020

	Share capital R	Retained income R	Total R
Balance at 31 March 2018	665	39 407 847	39 408 512
Total comprehensive income for the year	-	11 527 533	11 527 533
Balance at 31 March 2019	665	50 935 380	50 936 045
Total comprehensive income for the year	-	**12 801 325**	**12 801 325**
Balance at 31 March 2020	**665**	**63 736 705**	**63 737 370**
Note	11		

Dr Reddy's Laboratories Proprietary Limited
(Registration Number: 2002/014163/07)
Annual Financial Statements for the year ended 31 March 2020

Statement of cash flows
for the year ended 31 March 2020

	Notes	31 March 2020 R	31 March 2019 R
Operating activities			
Net cash generated/(used) in operations	*21*	**24 480 019**	(11 202 746)
Finance income	*17*	**931 719**	1 631 208
Finance costs	*18*	**(2 469 242)**	(768 529)
Taxation paid	*22*	**(6 215 064)**	2 333 170
Net cash from operating activities		**16 727 433**	(8 006 897)
Investing activities			
Additions to property and equipment	*5*	**(3 892 432)**	(135 683)
Disposals from property and equipment	*5*	**10 271**	137 406
Net cash from investing activities		**(3 882 171)**	1 723
Financing Activities			
Borrowings raised	*13*	**15 000 000**	15 000 000
Borrowing repaid	*13*	**(15 000 000)**	-
Principal payment of lease liability		**(235 341)**	-
		(235 341)	15 000 000
Movement in cash and cash equivalents		**12 609 921**	6 994 826
Cash and cash equivalents at the beginning of the year	*10*	**18 057 089**	11 062 263
Cash and cash equivalents at the end of the year	*10*	**30 667 010**	18 057 089

Notes to the financial statements

for the year ended 31 March 2020

1 Presentation of financial statements

Dr Reddy's Laboratories Proprietary Limited, a South African registered company, is primarily engaged in the business of trading and marketing of pharmaceutical products.

Dr Reddy's Laboratories Proprietary Limited (the "company") is a company domiciled in the Republic of South Africa.

2 Basis of preparation

2.1 Statement of compliance

These financial statements are prepared in accordance and compliance with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act of South Africa.

The principal accounting policies adopted in the preparation of these financial statements are set out below.

The accounting policies are consistent with those of the previous year except for the changes brought along by the implementation of IFRS 16 (refer note 2.4 for details).

These financial statements were authorised for issue by the board of directors on 15 May 2020.

2.2 Basis of measurement

These financial statements are prepared under the historical cost convention.

2.3 Functional and presentation currency

These financial statements are presented in South African Rands ("R"), which is the company's functional currency.

2.4 Standards and interpretations effective and adopted in current year

In the current year, the company has adopted the following standards and interpretations that are effective for the current year and that are relevant to its operation:

	Effective Date (year beginning on or after)
• IFRS 16 Leases	01 January 2019

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 has one model for lessees which will result in almost all leases being included on the statement of financial position, eliminating the distinction between operating and finance leases. Lessor accounting, however, remains largely unchanged and the distinction between operating and finance leases is retained.

The standard is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted only if the entity also adopts IFRS 15. The transitional requirements are different for lessees and lessors.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

2 Basis for preparation *(continued)*

2.4 Standards and interpretations effective and adopted in current year *(continued)*

Impact of the implementation of IFRS 16 on the Company:

IFRS 16: "Leases" changed the financial statements of the Company as the leases for which the Company is the lessee became on-balance sheet liabilities with corresponding right-of-use assets also recognized in the statements of financial position. The lease liability reflects the net present value of the remaining lease payments adjusted for payments made before the commencement date, lease incentives and other items related to the lease agreement, and the right-of-use asset corresponds to the lease liability.

Upon adoption of the new standard, a portion of the annual operating lease costs, which was previously fully recognized as a functional expense, is recorded as interest expense. In addition, the portion of the lease payments which represents the reduction of the lease liability is recognized in the cash flow statement as an outflow from financing activities, which was previously fully recognized as an outflow from operating activities.

The Company implemented the new standard on April 1, 2019, and applied the modified retrospective method, with right-of-use assets measured at an amount equal to the lease liability, adjusted by the amount of the prepaid or accrued lease payments relating to those leases recognized in the statement of financial position immediately before the date of initial application and will not restate prior years.

The Company elected to use the transition practical expedient that allows the standard to be applied only to contracts previously identified under IAS 17, "Leases" and IFRIC 4, "Determining Whether an Arrangement Contains a Lease".

The Company also elected to use the recognition exemption for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("short-term leases") and lease contracts for which the underlying asset is of low value ("low value assets"). Right-to-use lease assets up to value of R 75 000, are considered as low value assets.

Change in Accounting Policy of Leases

On April 1, 2019, the Company did not have any material or long term lease and hence no lease liability and corresponding right to use lease asset was recognised. Consequently, the Company has entered into lease agreement effective from 1st December 2019 and same was recognised as lease liability of R 5 335 945 on 1st December 2019 with corresponding right to use lease asset. Consequently, the Company has recognized an amount of R 303 584 in depreciation expense and R 136 890 in finance costs for the four months ended March 31, 2020.

Accounting policies for leases

Assets and liabilities arising from a lease are initially measured on a net present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable by the Company under residual value guarantees
- the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the company exercising that option.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

2 Basis for preparation *(continued)*

2.4 Standards and interpretations effective and adopted in current year *(continued)*

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Company has applied rate of 7.825% per annum to discount the lease payments.

Lease payments are allocated between principal and interest cost. The interest cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. The Company incurred cost of R 3420 210 on short term leases during the year.

Accounting policy for leases till 31 March 2019

At the inception of each lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Finance leases

A finance lease is recognised as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Initial direct costs, if any, are also capitalised and, subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding lease liability.

The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Other leases are operating leases, and the leased assets are not recognised on the Company's Statement of balance sheet. Payments made under operating leases are recognised in the statement of profit and loss and comprehensive income on a straight-line basis over the term of the lease.
Operating lease incentives received from the landlord are recognised as a reduction of rental expense on a straight-line basis over the lease term.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

2 Basis for preparation *(continued)*

2.5 New standards and interpretations not yet adopted

Amendments to IFRS 9 and IFRS 7 in response to IBOR reform

In September 2019, the International Accounting Standards Board ("IASB") published "Interest Rate Benchmark Reform, Amendments to IFRS 9, IAS 39 and IFRS 7," which amended certain of its requirements for hedge accounting. The amendments are designed to support the provision of useful financial information by companies during the period of uncertainty arising from the phasing out of interest-rate benchmarks such as interbank offered rates ("IBORs").

The amendments revise the IASB's new and old financial instruments Standards, IFRS 9, "Financial Instruments" and IAS 39, "Financial Instruments: Recognition and Measurement", as well as the related Standard on disclosures, IFRS 7, "Financial Instruments: Disclosures".

The amendments modify some specific hedge accounting requirements to provide relief from potential effects of the uncertainty caused by the IBORs reform. In addition, the amendments require companies to provide additional information to investors about their hedging relationships which are directly affected by these uncertainties.

The amendments are effective as of January 1, 2020, although companies may choose to apply them earlier. The Company is in the process of evaluating the impact of such amendments on its financial statements.

Narrow scope amendments to IAS 1, Presentation of financial statements

In January 2020, The IASB issued narrow-scope amendments to IAS 1, "Presentation of Financial Statements" to clarify how to classify debt and other liabilities as current or non-current.
The amendments aim to promote consistency in applying the requirements by helping companies determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or non-current. The amendments include clarifying the classification requirements for debt a company might settle by converting it into equity.

The amendments clarify, not change, existing requirements, and so are not expected to affect companies' financial statements significantly. However, they could result in companies reclassifying some liabilities from current to non-current, and vice versa;

The amendments are effective for annual reporting periods beginning on or after January 1, 2022 and are to be applied retrospectively. Earlier application is permitted. The Company is in the process of evaluating the impact of such amendments on its financial statements.

All standards and interpretations will be adopted at their effective dates (except for those Standards and Interpretations that are not applicable to the company).

Notes to the financial statements

for the year ended 31 March 2020 (continued)

3 Summary of significant accounting policies

The accounting policies set out below have been applied consistently to the periods presented in these financial statements:

3.1 Property and equipment

Recognition and measurement
Items of property, and equipment are measured at historical cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset.

The carrying amount of property and equipment is derecognised on disposal or when no future economic benefits are expected from its use. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of the property and equipment and are recognised in profit or loss.

Subsequent costs
Subsequent costs are included in the carrying amount of the asset or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits embodied with the asset will flow to the company and its cost can be measured reliably. All repairs and maintenance costs are charged in profit or loss during the financial periods in which they are incurred.

Depreciation
The basis for depreciation is cost less estimated residual value. The residual value is the estimated amount that would be earned if selling the asset today net of selling costs, assuming that the asset is of an age and a condition that is expected after the end of its useful life. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment and each component is depreciated separately.

Depreciation is charged so as to write off the cost of the assets to their estimated residual values over their estimated useful lives, using the straight-line method, on the following basis:

Computer equipment	3 years
Furniture and fittings	6 years
Office equipment	5 years
Motor Vehicles	5 years
Leasehold improvements	5 years (Depreciated over the period of lease agreement or useful life, whichever is shorter)
Right-of-use lease asset	5 years (Depreciated over the period of lease agreement)

Depreciation methods, useful lives and residual values are reassessed at each reporting date and adjusted if appropriate. In re-assessing the assets useful lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value adjustments consider issues such as current market conditions and the remaining useful life of the asset.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

3 Summary of significant accounting policies *(continued)*

3.2 Intangible assets

Intangible assets, other than goodwill, are recognised if it is probable that future economic benefits will flow from the intangible assets and the costs of the intangible assets can be reliably measured.

Intangible assets, other than goodwill are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent measurement
Intangible assets with finite useful lives are amortised on a straight-line basis over the shorter of their estimated useful lives or contractual period from the date that they are available for use. Amortisation is based on the cost of the asset, less its residual value and is recognised in "Other operating expenses" in profit or loss. The amortisation methods, residual values and estimated remaining useful lives are reviewed at each financial year end.

The estimated useful lives for the current and comparative periods are as follows:

Dossiers	5 years

Research and amortised development expenditure
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, and expenditure on internally generated goodwill and brands is recognised in statement of profit or loss and other comprehensive income when incurred.

3.3 Impairment

Non-financial assets
The carrying amounts of the company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date or whenever events or circumstances indicate the carrying amount may not be recoverable, to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated.

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit (CGU) exceeds its recoverable amount. A CGU is the smallest identifiable asset group that generates cash inflows from continuing use that largely are independent from other assets or groups of assets. Impairment losses are recognised in "Other operating expenses" in statement of profit or loss and other comprehensive income. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Financial assets
A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset, that can be measured reliably.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

3 Summary of significant accounting policies *(continued)*

3.3 Impairment *(continued)*

Financial assets (continued)
An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost, the reversal is recognised in profit or loss.

3.4 Inventory

Inventory is measured at the lower of cost and net realisable value.

The cost of inventory comprises all costs of purchase, conversion and other costs incurred in bringing the inventory to its present location and condition. The cost of work-in-progress and finished goods includes direct costs.

Cost is determined using the weighted average cost method. The same cost formula is used for all inventories having a similar nature and use to the entity.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. Obsolete, redundant and slow-moving inventories are identified on a regular basis and are written down to their estimated net realisable values.

When inventories are sold, the carrying amount of those inventories are recognised as an expense (cost of sales) in the period in which related revenue is recognised.

The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the value of inventories recognised as an expense in the period in which the reversal occurs.

Inventory items that have expired or become damaged during storage are written off during the year at cost. A provision for obsolete stock is based on inventory items with a shelf life of less than 6 months from the reporting date.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

3 Summary of significant accounting policies *(continued)*

3.5 Financial Instruments

Financial Assets

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

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognized at fair value. The Company's trade receivables do not contain any significant financing component and hence are measured at the transaction price measured under IFRS 15.

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income ("FVTOCI")
- Debt instruments, derivatives and equity instruments at fair value through profit or loss ("FVTPL")

Debt instruments at amortised cost
A "debt instrument" is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and
- Contractual terms of the asset give rise on specified dates to cash flow that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral part of the EIR. The EIR amortization is included in other income in the Statement of Profit or Loss and other comprehensive income.

Debt instruments at FVTOCI
A "debt instrument" is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
- The assets contractual cash flows are SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income and impairment losses in the profit or loss statement. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the profit or loss statement. Interest earned while holding a FVTOCI debt instrument is reported as interest income using the EIR method.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

3 Summary of significant accounting policies *(continued)*

3.5 Financial Instruments *(continued)*

Debt instruments at FVTPL
FVTPL is the residual category for debt instruments. Debt instruments included within the FVTPL category are measured at fair value with all the changes recognized in the statement of profit or loss and other comprehensive income.

Derecognition
A financial asset is primarily derecognised when:

- The rights to receive cash flows from the asset have expired; or
- Both (1) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and (2) either (a) the Company has transferred substantially all the risks and rewards of asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of asset.

When the Company has transferred its rights to receive the cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company retained.

Impairment of trade receivables and other financial assets
In accordance with IFRS 9, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset.

For this purpose, the Company follows a "simplified approach" for recognition of impairment loss allowance on the trade receivable balances. The application of this 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 date, right from its initial recognition.

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

Financial Liabilities

Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities through profit or loss, loans and borrowings or payables, as appropriate.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction cost.

The Company's financial liabilities include trade and other payables and loans and borrowings.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

3 Summary of significant accounting policies *(continued)*

3.5 Financial Instruments *(continued)*

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

Financial liabilities at fair value through profit or loss (FVTPL)
Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/losses attributable to changes in own credit risk are recognised in OCI. These gains or losses are not subsequently transferred to the profit or loss statement. However, the Company may transfer the cumulative gain or loss within equity. All other changes in the fair value of such liability are recognised in the statement of profit or loss and other comprehensive income. The Company has not designated any financial liability as fair value through profit or loss.

Loans & Borrowings
After initial recognition, interest bearing loans and borrowings are subsequently measured at amortized cost using the EIR method. Gains and losses are recognised in the profit or loss statement when the liabilities are derecognized as well as through the EIR amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included as finance costs in the profit or loss statement.

Derecognition
A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing liability is replaced by another form the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the old liability and the recognition of the new liability. The difference in the respective carrying amount is recognized in the profit or loss statement.

Cash and cash equivalents
Cash and cash equivalents comprise cash on hand and demand deposits, other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

3.6 Revenue from contracts with customers

The Company recognises revenue from the following major sources:

- Sale of goods
- License fee income

Revenue comprises the fair value of the consideration received or receivable from trading operations and services rendered in the ordinary course of the Company's activities.

As a general principle, revenue is recognised when it is probable that future economic benefits will flow to the company and these benefits can be measured reliably. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved

Further, revenue from sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of cost is probable, the associated costs and the possible return of goods can be estimated reliably, there is no continuing management involvement with the goods or effective control over the goods sold.

Revenue is measured at fair value of the consideration received or receivable. Revenue is stated net of value added tax, duties etc. and logistics and marketing fees.
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3.7 Finance income

Finance income comprises interest income on funds invested and gains on foreign exchange transactions arising on purchases of inventory and foreign debtors. Interest income is recognised as it accrues in profit or loss using the effective interest method.

3.8 Cost of sales

When inventories are sold the carrying amount is recognised as part of cost of sales. Any write-down of inventories to net realisable value and all losses of inventories or reversals of previous write-downs or losses are recognised in cost of sales in the period in which the write-down, loss or reversal occurs.

3.9 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an equity after deducting all of its liabilities.

Shares are classified as equity when there is no obligation to transfer cash or other assets to the holder. Incremental costs are directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of equity instruments as consideration for the acquisition of a business reduce the proceeds from the equity issue.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

3 Summary of significant accounting policies *(continued)*

3.10 Employee benefits

Short term employee benefit
Short-term employee benefits are those that are due to be settled within twelve months after the end of the period in which the services have been rendered.

The accruals for employee entitlements to salaries, performance bonuses, sales incentives and annual leave represent the amounts which the Company has a present obligation to pay as a result of employees' services provided to the reporting date.

Defined contribution plan
The Company operates a provident fund scheme for employees. The scheme is funded through payments to a trustee-administered fund. The funds are funded by contributions from employees and the Company. Company contributions are determined in terms of the rules governing these funds. The fund is a defined contribution plan. A defined contribution plan is a pension plan under which the company pays fixed contributions to a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

Payments to defined contribution funds are recognised as an expense as they fall due.

Leave Pay provision
Leave pay provision on leave days owing to staff members is based on their daily cost of employment rate at the reporting date.

3.11 Leases

Accounting policies relating to leases after March 31, 2019 are as follows:
Please refer note 2.4 for policy on accounting for leases.

Accounting policies relating to leases on or prior to March 31, 2019 are as follows:

Operating leases
Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Lease payments under an operating lease are recognised in profit or loss over the lease term on a straight-line basis unless another basis is more representative of the pattern of use.

3.12 Taxation

Taxation comprises current taxation and deferred taxation. Taxation is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, in which case it is recognised in equity or in other comprehensive income respectively.

Current tax
Current taxation is the calculated taxation payable on the taxable income for the period using tax rates enacted or substantively enacted at the reporting date and any adjustments to taxation payable in respect of prior periods.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

3 Summary of significant accounting policies *(continued)*

3.12 Taxation *(continued)*

Deferred tax

Deferred taxation is recognised in respect of temporary differences. Temporary differences are differences between the carrying amounts of assets and liabilities for financial reporting purposes and their taxation bases. Deferred taxation is calculated using tax rates enacted or substantively enacted at the reporting date that are expected to apply when the asset is realised or liability settled.

Deferred taxation is not provided on temporary differences relating to:

- the initial recognition of goodwill;
- the initial recognition (other than in a business combination) of an asset or liability to the extent that neither accounting nor taxable profit is affected on acquisition; and
- Investments in subsidiaries to the extent they will probably not reverse in the foreseeable future.

In the event that the applicable tax rate(s) are changed from those applied in the comparative financial reporting period, the opening balance of deferred tax shall be adjusted for the change in the tax rates.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets and they relate to income taxation levied by the same authority on the same taxable entity, or on different taxation entities, but they intend to settle current taxation liabilities and assets on a net basis or their taxation assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the deferred taxation asset can be realised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

4 Significant judgements and source of estimation uncertainty

In the application of the accounting policies, the directors are 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 underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Critical accounting estimates and judgements
The estimates and judgements are reviewed on an ongoing basis and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. No accounting policies have been identified as involving particularly complex or subjective judgements or assessments.

Key sources of estimation uncertainty
The Company makes estimates and assumptions concerning the future. Apart from the item mentioned below, there are no significant risks causing a material adjustment to the carrying amount of assets and liabilities within the next financial year. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Estimated useful lives of property and equipment
The Company's management determines the estimated useful lives and related depreciation charges for its fixed assets. The actual lives of the assets are assessed annually and may vary. See note 3.1 for actual estimates used.

Estimated useful lives of intangible assets
The Company's management determines the estimated useful lives and related amortisation charges for its intangible assets. The actual lives of the intangible assets are assessed annually and may vary depending on a number of factors such as new products and product life cycles. See note 3.2 for actual estimates used.

Provision for expected credit loss
A provision for expected credit loss is arrived using provision matrix which is based on historically observed default rates over the expected life of trade receivables and is adjusted for forward looking estimates.

Provision for short dated inventory
A provision for short dated inventory is made for inventory items with a shelf life of six months or less.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

5 Property and equipment

Summary

	2020 R			2019 R		
	Cost	**Accumulated depreciation**	**Carrying Value**	**Cost**	**Accumulated depreciation**	**Carrying Value**
Computer equipment	**3 027 955**	**(2 327 588)**	**700 367**	2 917 145	(2 609 390)	307 755
Furniture and fittings	**1 645 405**	**(777 507)**	**867 898**	826 715	(641 017)	185 698
Office equipment	**261 883**	**(125 810)**	**136 073**	158 259	(102 026)	56 233
Leasehold improvements	**2 126 151**	**(141 743)**	**1 984 408**	1 266 902	(1 050 820)	216 082
Motor vehicles	**858 000**	**(429 000)**	**429 000**	858 000	(257 400)	600 600
Total	**7 919 394**	**(3 801 648)**	**4 117 746**	6 027 021	(4 660 653)	1 366 368

Please refer Note 28 Leases for Right-of-use asset

Reconciliation of property and equipment 2020

2020	**Computer equipment**	**Furniture and fittings**	**Office equipment**	**Leasehold improvements**	**Motor vehicles**	**Total**
	R	**R**	**R**	**R**	**R**	**R**
Cost						
1 April 2019	**2 917 145**	**826 715**	**158 259**	**1 266 902**	**858 000**	**6 027 021**
Additions	**825 862**	**836 795**	**103 624**	**2 126 151**	**-**	**3 892 432**
Disposals	**(715 052)**	**(18 105)**	**-**	**(1 266 902)**	**-**	**(2 000 059)**
At 31 March 2020	**3 027 955**	**1 645 405**	**261 883**	**2 126 151**	**858 000**	**7 919 394**
Accumulated depreciation						
1 April 2019	**2 609 390**	**641 017**	**102 026**	**1 050 820**	**257 400**	**4 660 653**
Depreciation	**433 250**	**154 595**	**23 784**	**357 825**	**171 600**	**1 141 054**
Disposals	**(715 052)**	**(18 105)**	**-**	**(1 266 902)**	**-**	**(2 000 059)**
At 31 March 2019	**2 327 588**	**777 507**	**125 810**	**141 743**	**429 000**	**3 801 648**
Carrying value At 31 March 2020	**700 367**	**867 898**	**136 073**	**1 984 408**	**429 000**	**4 117 746**

Notes to the financial statements

for the year ended 31 March 2020 (continued)

5 Property and equipment *(continued)*

Reconciliation of property and equipment 2019

2019	Computer equipment R	Furniture and fittings R	Office equipment R	Leasehold improvements R	Motor vehicles R	Total R
Cost						
1 April 2018	3 794 362	1 483 275	331 964	2 244 968	1 057 979	8 912 548
Additions	135 683	-	-	-	-	135 683
Disposals	(1 012 900)	(656 560)	(173 705)	(978 066)	(199 979)	(3 021 210)
At 31 March 2019	2 917 145	826 715	158 259	1 266 902	858 000	6 027 021
Accumulated depreciation						
1 April 2018	3 334 454	1 166 730	246 249	1 780 594	265 780	6 793 807
Depreciation	285 169	130 849	29 482	248 291	191 598	885 389
Disposals	(1 010 233)	(656 562)	(173 705)	(978 065)	(199 978)	(3 018 543)
At 31 March 2019	2 609 390	641 017	102 026	1 050 820	257 400	4 660 653
Carrying value						
At 31 March 2019	307 755	185 698	56 233	216 082	600 600	1 366 368

A register containing the information required by Regulation 25(3) of the Companies Regulations, 2011 is available for inspection at the registered office of the company.

6 Intangible assets

Intangible assets relate to amounts paid for purchase of dossiers.

	2020 (R)			2019 (R)		
	Cost	Accumulated Amortisation	Carrying value	Cost	Accumulated Amortisation	Carrying value
Technimed	**88 495**	**-**	**88 495**	88 495	-	88 495
Orchid	**58 824**	**-**	**58 824**	58 824	-	58 824
Dr Reddys Dossiers	**2 500 000**	**(2 499 996)**	**4**	2 500 000	(2 499 996)	4
Total	**2 647 319**	**(2 499 996)**	**147 323**	**2 647 319**	**(2 499 996)**	**147 323**

Notes to the financial statements

for the year ended 31 March 2020 (continued)

6 Intangibles *(continued)*

Reconciliation of intangible assets 2020

2020	Technimed	Orchid	Dr Reddys Dossiers	Total
	R	R	R	R
Cost				
1 April 2019	88 495	58 824	2 500 000	2 647 319
Additions	-	-	-	-
At 31 March 2020	88 495	58 824	2 500 000	2 647 319
Accumulated amortisation				
1 April 2019	-	-	2 499 996	2 499 996
Additions	-	-	-	-
At 31 March 2020	-	-	2 499 996	2 499 996
Carrying Value				
At 31 March 2020	88 495	58 824	4	147 423

Reconciliation of intangible assets 2019

2019	Technimed	Orchid	Dr Reddys Dossiers	Total
	R	R	R	R
Cost				
1 April 2018	88 495	58 824	2 500 000	2 647 319
Additions	-	-	-	-
At 31 March 2019	88 495	58 824	2 500 000	2 647 319
Accumulated amortisation				
1 April 2018	-	-	2 499 996	2 499 996
Additions	-	-	-	-
At 31 March 2019	-	-	2 499 996	2 499 996
Carrying Value				
At 31 March 2019	88 495	58 824	4	147 423

Notes to the financial statements

for the year ended 31 March 2020 (continued)

		31 March 2020	31 March 2019
7	**Deferred tax**	**R**	**R**
	The movement on deferred tax is as follows:		
	Balance at the beginning of the year	**1 769 670**	2 254 214
	Temporary differences	**1 131 371**	(484 544)
	Balance at the end of the year	**2 901 041**	1 769 670
	The deferred tax assets and (liability) are attributable to the following:		
	Prepayments	**(1 112 262)**	(2 086 123)
	Provision for doubtful debts	**421 685**	449 218
	Employee benefits-Leave pay	**394 326**	270 489
	Leases Accounting (Right-of-use asset)	**19 108**	101 148
	Employee benefits-Bonus	**1 516 744**	1 690 799
	Inventory provision	**1 661 440**	1 344 139
		2 901 041	1 769 670
8	**Inventories**		
	Gross inventory - Pharmaceutical products	**56 267 682**	84 842 362
	Provision for obsolescence (write down)	**(5 933 714)**	(4 800 495)
		50 333 968	80 041 867
9	**Trade and other receivables**		
	Financial instruments at amortised cost	**86 463 920**	65 718 463
	Trade receivables	**88 392 978**	67 773 474
	Provision for impairment of trade receivables	**(1 929 058)**	(2 055 011)
	Non-financial instrument	**6 883 834**	10 677 579
	Prepayments	**5 713 307**	7 595 774
	Staff advances	**375 672**	498 167
	Value Added Tax (VAT)	**-**	2 167 178
	Other receivables	**794 855**	416 460
		93 347 754	76 396 042

Carrying value of Trade and other receivables equals their fair values.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

9 Trade and other receivables *(continued)*

Exposure to credit risk

Trade receivables inherently expose the Company to credit risk, being the risk that the Company will incur financial loss if customers fail to make payments as they fall due. Primarily all debtors are insured through credit risk insurance with Credit Guarantee Insurance Corporation of Africa Limited. In order to mitigate the risk of financial loss from defaults, the Company only deals with reputable customers with consistent payment histories. New customers are not offered any credit limit for an initial 6 months period. Customer credit limits are in place and provided based on approval from credit risk insurance provider. The exposure to credit risk and the creditworthiness of customers, is continuously monitored.

There have been no significant changes in the credit risk management policies and processes since the prior reporting period.

Trade receivables arise from the sale of goods. There is no specific significant concentration of credit risk from these trade receivables. No interest is charged on outstanding trade receivables.

A loss allowance is recognised for all trade receivables, in accordance with IFRS 9 Financial Instruments, and is monitored at the end of each reporting period. In addition to the loss allowance, trade receivables are written off when there is no reasonable expectation of recovery, for example, when a debtor has been placed under liquidation. Trade receivables which have been written off are not subject to enforcement activities.

The Company measures the loss allowance for trade receivables by applying the simplified approach which is prescribed by IFRS 9. In accordance with this approach, the loss allowance on trade receivables is determined as the lifetime expected credit losses on trade receivables. These lifetime expected credit losses are estimated using a provision matrix. The provision matrix has been developed by making use of past default experience of debtors but also incorporates forward looking information and general economic conditions of the industry as at the reporting date.

As of 31 March 2020, trade receivables of R1 929 058 (2019: R2 055 011) were impaired and provided for. The ageing of these receivables is as follows:

	31 March 2020	31 March 2019
	R	R
Up to 12 months	**-**	-
Greater than 12 months	**1 929 058**	2 055 011
	1 929 058	2 055 011
Movements in the provision for impairment of trade receivables are as follows:		
Balance at the beginning of the year	**2 055 011**	2 055 011
Movement	**(125 953)**	-
Balance at the end of the year	**1 929 058**	2 055 011

Notes to the financial statements

for the year ended 31 March 2020 (continued)

9 Trade and other receivables *(continued)*

The following section provide comparative information for Trade and other receivables which have not been restated.

	31 March 2020		31 March 2019	
Expected Credit Loss Rate	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)	Estimated gross carrying amount at default	Loss allowance (Lifetime expected credit loss)
Ageing Bucket				
Not Past Due	71 547 665	-	55 897 372	-
Less than 30 days past due	10 990 614	-	4 840 376	-
31-60 days past due	519 367	-	191 285	-
More than 60 days past due	4 128 718	-	4 789 430	-

The creation and release of provision for impaired receivables have been included in 'other operating expenses' in the statement of profit or loss and other comprehensive income.

Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above less the insured debt. The Company does not hold any collateral as security.

There are no receivables at the end of year without credit ratings (excluding government debt) from Credit Guarantee Insurance Corporation – insurer for credit risk.

The carrying amount of all trade and other receivables are denominated in Rands.

10 Cash and cash equivalents

	31 March 2020	31 March 2019
	R	R
Current Assets		
Cash at bank and on hand	**30 667 010**	18 057 089
Concentration of Credit Risk		
Nedbank - Rating Ba1	**30 333 172**	17 995 644
Standard Chartered Bank – Rating A2	**333 764**	61 371

Carrying amount of cash and cash equivalents are denominated in Rands.
Refer note 13 for details of borrowing from Standard Chartered Bank of R 15 000 000.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

11 Share Capital and share premium

	31 March 2020 R	31 March 2019 R
Authorised		
1 000 ordinary shares of R1 each	**1 000**	1 000
Issued		
100 ordinary shares of R1 each	**100**	100
Share Premium		
100 ordinary shares were issued at premium of R5.65 each	**565**	565

Unissued shares are under the control of the board of directors until the next annual general meeting.

12 Trade and other payables

The Company has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The carrying value of trade and other payables equals their fair value.

All payables as of 31 March 2020 and 31 March 2019 are denominated in Rands.

Financial Liabilities	**31 March 2020 R**	**31 March 2019 R**
Trade payables Dr Reddys Laboratories India, Ltd.	**71 645 512**	89 463 837
Trade payables third parties	**4 905 392**	4 541 978
Logistics & Marketing fees	**15 714 599**	8 105 947
Salaries related payables	**8 967 329**	9 608 934
Other payables	**1 625 603**	309 602
	102 858 435	112 030 299

13 Borrowings

The Company has access to a short-term loan facility from Standard Chartered Bank for an amount of USD 10 000 000 or Rand equivalent, for the purpose of working capital. Multiple drawdowns are permitted as part of the agreement, subject to minimum drawdown of USD 1 000 000 or Rand equivalent. The term for each drawdown can be up to 12 months. Rate of interest applicable is 1.2% per annum over 1month Johannesburg inter-bank rate (JIBAR). Interest is payable at monthly intervals.

As of 31 March 2020, the Company has borrowed R 15 000 000 under this facility due for re-payment on 24 April 2020. Management intends to renew the term for further 6 months.

14 Revenue from contracts with customer

At a point in time:		
Sale of products	**376 335 565**	316 525 048
Licence fee income	**-**	188 250
	376 335 565	316 713 298

Notes to the financial statements

for the year ended 31 March 2020 (continued)

		31 March 2020 R	31 March 2019 R
15	**Cost of Sales**		
	Cost of goods sold	**(197 273 617)**	(151 350 313)
16	**Profit from operations**		
	This is arrived at after taking the following into account:		
	Other administration costs	**7 844 331**	6 417 070
	Rent	**3 676 085**	4 698 208
	Agent fees	**13 308 610**	13 857 062
	Marketing costs	**42 632 459**	39 435 757
	Salaries and related costs	**84 870 168**	78 053 212
	Other operating expenses	**7 279 237**	7 771 128
		159 610 890	150 232 437
17	**Finance Income**		
	Interest received - Cash balance	**931 719**	1 631 208
18	**Finance Cost**		
	Cash balance	**(208 767)**	(241 198)
	Right-of-use liability	**(136 890)**	-
	Borrowings	**(2 123 585)**	(527 331)
		(2 469 242)	(768 529)
19	**Taxation**		
	Current tax expense	**6 253 843**	4 081 616
	Current year charge	**6 250 224**	4 081 616
	Previous year charge	**3 619**	-
	Deferred tax expense	**(1 131 371)**	484 544
		5 122 472	4 566 160
		%	%
	Income tax charge to income statement	**29**	28
	Non-deductible expenditure	**(1)**	(0)
	Standard tax rate	**28**	28

Notes to the financial statements

for the year ended 31 March 2020 (continued)

20 Financial Risk management

The Company has exposure to the following risks from its use of financial instruments:

- Market Risk
- Price Risk
- Liquidity Risk
- Credit 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 financial risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

20.1 Risk Management Activities

The Board of Directors of Dr Reddy's Laboratories Proprietary Limited have the overall responsibility for the establishment and oversight of the company's risk management framework, including implementation and monitoring of these policies.

The company's risk management policies are established to identify and analyse the risks faced by the company to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the company's activities. The company, through its training and management of standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

20.2 Market Risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity will affect the company's income, cash flows or the value of its holdings of financial instruments.

(i) Foreign Exchange Risk

The risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in the foreign exchange rates.

Foreign currency risk is limited as majority of the foreign purchases by the company are dominated in South African Rands. As a result, the company does not use forward exchange contracts.

(ii) Cash flow and fair value interest rate risk

Cash flow and fair value interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market interest rates. As the Company has interest-bearing assets and liabilities, the Company's income and operating cash flows are partly dependent on changes in market rates.

The Company's majority of interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value risk. As of March 31, 2020, the company had R15 000 000 of loans carrying floating interest of 1 Month JIBAR plus 120 bps.

As at 31 March 2020, if interest rates on South African Rand denominated borrowings at that date had been 100 basis points lower with all other variables held constant, pre-tax profit would have been R150 000 higher due to the reduction in interest cost. The company's holding of credit balances in operation accounts are for short durations, and therefore do not expose the company to significant interest rates risk.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

20 Financial Risk management *(continued)*

20.3 Price Risk

The company is not exposed to equity securities or commodity price risk.

20.4 Liquidity Risk

Liquidity risk is the risk that the company will not be able to meet its financial and lease obligations as they fall due. The company's 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's reputation.

Typically, the company ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 60 days, including the servicing of financial and lease obligations; this excluded the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

The following are the contractual maturities of financial liabilities, including interest payments and excluding the impact of netting arrangements:

	31 March 2020 R	31 March 2019 R
Trade and other payables	**102 858 435**	112 030 299
Borrowings	**15 000 000**	15 000 000
Lease liabilities (current)	**773 945**	-
Lease liabilities (non-current)	**4 326 658**	-

20.5 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, and arises principally from the Company's receivables from customers.

Trade and other receivables
The company's principal exposure to credit risk is in its trade and other receivables balance. Trade receivables principally represent amounts owing to the company by their customers and credit risk is managed at that level. Credit evaluations are performed on all customers requiring credit.

The company individually analyses each new customer before the company's standard payment and delivery terms and conditions are offered. The review includes external ratings, where available, and in some cases bank references.

The company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar receivables in respect of losses that have been incurred but not yet identified. The collective loss allowance is determined based on historical data of payment statistics for similar financial assets.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

20 Financial Risk management *(continued)*

20.5 Credit Risk *(continued)*

Cash and cash equivalents
The exposure to cash and cash equivalents is managed by only depositing funds with established financial institutions. Funds as of 31 March 2020 and 31 March 2019 are held with Nedbank and Standard Chartered Bank South Africa.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. Based on the company's monitoring of customer credit risk, the company believes that, except as indicated in the accompanying notes, no impairment allowance is necessary on the trade receivables not past due (Invoices which are outstanding for a period exceeding their credit terms). The maximum exposure to credit risk at the reporting date was:

	31 March 2020 R	31 March 2019 R
Trade and other receivables	**86 463 920**	65 718 463
Cash and cash equivalents	**30 667 010**	18 057 089

Details of financial assets - ageing and impaired
None of the Company's cash and cash equivalents, were past due to impaired as at March 31, 2020. The company's credit period for trade and other receivables payable by its customer generally ranges from 30-60 days from monthly statement date.

	Gross 2020 R	**Credit loss allowance 2020 R**	**Gross 2019 R**	**Credit loss allowance 2019 R**
Less than 1 year	**86 463 920**	**-**	65 718 463	-
Between 1 to 5 years	**1 929 058**	**(1 929 058)**	2 055 011	(2 055 011)
	88 392 978	**(1 929 058)**	67 773 474	(2 055 011)

See Note 9 of these financial statements for the activity in the allowance for credit losses on trade and other receivables.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

20 Financial Risk management *(continued)*

20.6 Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Board of Directors monitors the return on capital, which the company defines as the result from operating activities divided by total shareholders' equity. The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 13, cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt to total capital. Net debt is calculated as total "borrowings" (including current and non-current "borrowings" as shown in the statement of financial position) less "cash and cash equivalents". Total capital is calculated as "equity" as shown in the statement of financial position plus net debt. There have been no changes to what the entity manages as capital, the strategy for capital maintenance or externally imposed capital requirements from the previous year.

The gearing ratio at 2020 and 2019 respectively were as follows

	Notes	**31 March 2020 R**	31 March 2019 R
Total borrowings			
Borrowings	13	**15 000 000**	15 000 000
Less: Cash and cash equivalents	10	**(30 667 010)**	(18 057 089)
Net Debt		**(15 667 010)**	(3 057 089)
Total Equity		**63 737 370**	50 936 045
Total Capital		**48 070 361**	47 878 956
Gearing Ratio		**(33%)**	(6%)

Notes to the financial statements

for the year ended 31 March 2020 (continued)

21 Net cash (used in)/ generated from operations

	Notes	31 March 2020 R	31 March 2019 R
Profit before taxation		**17 923 797**	16 093 693
Adjustments for:			
Other income		**(10 261)**	(100 466)
Depreciation	*5*	**1 141 054**	885 389
Depreciation on right-of-use assets		**303 584**	
Finance costs	*18*	**2 469 242**	768 529
Finance income	*17*	**(931 719)**	(1 631 208)
Operating profit before working capital changes		**20 895 697**	16 015 937
Adjustments for working capital changes:			
Movement in inventories		**29 707 899**	(25 228 803)
Movement in trade and other receivables		**(16 951 712)**	1 048 920
Movement in trade and other payables		**(9 171 864)**	(3 038 800)
Net cash (used in)/ generated from operations		**24 480 019**	(11 202 746)

Net Debt Recon

Net Debt Movement Recon		
Balance as at 01 April	**15 000 000**	-
Movement		
Additional borrowings raised		
Loans (cash)	**15 000 000**	15 000 000
Acquisition Lease (non-cash)	**5 335 945**	-
Repayment of borrowings		
Loans Repaid (cash)	**(15 000 000)**	-
Lease liability (cash)	**(235 341)**	-
Balance as at 31 March	**20 100 604**	15 000 000

22 Taxation Paid

	R	R
Amount outstanding at beginning of the year	**(187 985)**	(6 602 771)
Current tax expense as per Note 19	**6 253 844**	4 081 616
Amount outstanding at end of the year	**149 205**	187 985
	6 215 064	(2 333 170)

Notes to the financial statements

for the year ended 31 March 2020 (continued)

23 Retirement benefits

Defined contribution plans
It is the policy of the company to encourage, facilitate and contribute to the provision of retirement benefits for all permanent employees. To this end the company's permanent employees are usually required to be members of either a pension or provident fund. The company provides a defined contribution retirement benefit plan that covers a total of 94 (2019: 91) employees. The retirement benefit plan, Funds at work Umbrella Provident Fund, is governed by the Pensions Funds Act, 1956 (Act no. 24 of 1956).

The total cost for the year ended 31 March 2020 is R 6 901 785 (2019: R 6 097 411) charged to the statement of profit or loss and other comprehensive income represents contributions payable to the fund by the company at rates specified in the rules of the funds.

24 Related party transactions

The company is a wholly owned subsidiary of Dr Reddy's Laboratories SA, incorporated in Switzerland. Dr Reddy's Laboratories SA in turn is a 100% subsidiary of Dr Reddy's Laboratories Limited India, incorporated in India. Below are transactions entered into with Dr Reddy's Laboratories Limited, India.

During the year under review, the company, in the ordinary course of business, entered into various sale and purchase transactions with related parties. Unless specifically disclosed, these transactions occurred under terms that were no less favourable than those entered into with third parties.

The following is a summary of transactions with related parties during the year and balances due at year end:

	31 March 2020	31 March 2019
	R	R
Purchase of goods from		
Dr Reddy's Laboratories Limited, India	**155 505 220**	167 319 688
Net amounts due to / (from) related parties at year end		
Trade payables		
Dr Reddy's Laboratories Limited, India	**71 645 512**	89 463 837

Notes to the financial statements

for the year ended 31 March 2020 (continued)

25 Commitments

Lease commitments
The future aggregate minimum lease payments under non-cancellable leases are as follows:

	31 March 2020	31 March 2019
	R	R
Within 1 year	**773 945**	2 493 393
Within 2 - 5 years	**4 326 658**	-
	5 100 604	2 493 393

26 Events after the reporting period

The directors have performed an assessment of any matters or circumstances arising since the end of the financial year, not otherwise dealt with in the financial statements, that would affect the operations of the company. The directors are not aware of any such matters or circumstances, however included as part of the assessment, the subsequent events noted below were carefully assessed to ensure that all material events have been considered and disclosed:

During March 2020, the South African President declared the COVID-19 pandemic a National State of Disaster in terms of the Disaster Management Act which also resulted in an enforced nationwide lockdown for 21 days, with a further 14 days until 30 April 2020, and later on an extension into stage 4 lockdown. The company is registered as an essential services provider and as a result, the company could continue with operations during this lockdown period. The directors are monitoring the situation along with various implications and will continue assessing and managing the impact thereof accordingly.

At this stage, the impact on our business and results due to the COVID-19 outbreak is very limited due to the fact that the entity is an essential service provider. Please refer to Note 27 - Going Concern. The directors are not aware of any other matters or circumstances arising since the financial year end to date of this report, which may substantially affect the fair presentation of these financial statements.

27 Going Concern

Management has considered the impact of COVID-19, taking into account the current and future cash flow from sale of pharmaceutical products as well as the impact on expenses. There is no expected decrease in customer demands as pharmaceutical products are a basic need/essential service and will continue to be in demand regardless of the COVID-19 pandemic. Furthermore, it should be noted that all debtors are insured with CGIC.
No evidence exists that may negatively affect the entity's ability to continue as a going concern.

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the funds will be available to finance future operations and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

Notes to the financial statements

for the year ended 31 March 2020 (continued)

28 Leases

The balance sheet shows the following amounts relating to leases:

	31 March 2020	31 March 2019
	R	R
Right-of-use assets		
Building		
Opening Balance	**-**	-
Acquisition	**5 335 945**	-
Less depreciation	**(303 584)**	
Closing Balance	**5 032 361**	-
Lease liabilities		
Current	**773 945**	-
Non-current	**4 326 658**	-
	5 100 604	-

Notes to the financial statements

for the year ended 31 March 2020 (continued)

29 Directors emoluments

Directors remuneration from the company for years ended 31 March 2020 and 31 March 2019.

	31 March 2020	31 March 2019
	R	R
Venkata Ramana Motupalli	**-**	-
Sunil Kumar Chebrolu	**-**	-
Anuj Shravan Kumar Gupta		
Basic	**2 306 976**	-
Bonus & incentives	**198 398**	-
Other Benefits	**326 958**	-
Total	**2 832 332**	-

INDEPENDENT AUDITOR'S REPORT

To the Shareholders **Dr. Reddy's Laboratories Romania SRL**

Report for the audit of individual financial statements

Audit Opinion

1. We have audited the accompanying financial statements of **Dr. Reddy's** Laboratories Romania SRL (hereinafter refer to as "the Company"), with the headquarter in Bucharest, identified by the fiscal code 27144903, which comprise the balance sheet as at December 31, 2019, the income statement, the cash flow statement, the statement of changes in shareholders' equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

   The above mentioned individual financial statements are identified by:

   - Net turnover: RON 37,801,263
   - Net result of the period: RON 3,180,364 profit
   - Net assets/Total equity: RON 19,768,389

2. In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with the Order of the Minister of Public Finance no. 1802/2014 for the approval of Accounting regulations for individual and consolidated financial statements, with subsequent amendments ("OMFP 1802/2014").

Basis for Opinion

3. We conducted our audit in accordance with International Standards on Auditing (ISAs) and Law no. 162/2017 („The law"). Our responsibilities under those standards are further described in the Auditor's responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company, in accordance with the International Ethic Standards of the Accounting Professionals issued by International Council of Ethic Standards for Accountants (IESBA code), according to ethical requirements that are relevant to our audit of the financial statements in Romania, including The Law, and we have fulfilled our other ethical responsibilities in accordance with these requirements and according to IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

*Other Information – **Administrator's Report***

4. The administrators are responsible for preparation and presentation of other information. The other information comprises the Administrator's Report, but does not include the financial statements and our auditor's report thereon.

   Our opinion on the financial statements does not cover the other information and except for the cases where there is explicit mentioned in our report, we do not express any form of assurance conclusion thereon.

   In connection with our audit of the financial statements as at December 31, 2019, our responsibility is to read the Administrators' Report and, in doing so, consider whether the Administrator's Report is materially inconsistent with the financial statements, or with the information gathered during the audit, of if those appear to be significantly misstated.

   In relation with the Administrator's Report, we have read and we report if it was prepared, in all material aspects, in accordance with the MoPF Order no. 1802/2014, articles 489-492 of the Accounting regulations regarding the preparation of individual and consolidated financial statements.

Based on our activity, we report as follow:

a) In the Administrators' Report we have not identified any financial information which is not in accordance, in all material respects, with information presented in the accompanying financial statements;

b) The Administrators' Report identified above, includes in all material respects, the information required by the MoPF Order no. 1802/2014, articles 489-492 of the Accounting regulations regarding individual financial statements and consolidated financial statements.

5. In addition, based on our knowledge and understanding of the company gained during the audit of financial statements ended at December 31, 2019 we have not identified any information included into Administrators' Report that is material misstated. We do not have anything to report in relation with this aspect.

Responsibilities of Management and Those charged with Governance for the Financial Statements

6. Management is responsible for the preparation of the financial statements in accordance with MoPF Order no. 1802/2014, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

9. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

10. As part of an audit in accordance with ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a

going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.

Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

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

11. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other matters

12. This report is made solely to the Company's shareholders, as a body. Our audit has been undertaken so that we might state to the Company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's shareholders as a body, for our audit work, for this report, or for the opinion we have formed.

Refer to original signed version in Romanian language

On behalf of BDO AUDIT SRL
Registered to Electronic Pubic Register of financial auditors and audit companies no. FA18

Name of the engagement partner: Cristian Iliescu
Registered to Electronic Pubic Register of financial auditors and audit companies no. AF1530

April 24, 2020
Bucharest, Romania

Translation from Romanian language - excerpt

Financial situation type: BL

Check only if necessary:

- [ ] Big Contributors submitting the balance sheet in Bucharest
- [ ] Branch
- [ ] GIE - Groups of economic interest
- [ ] Net assets smaller than 1/2 of the value of the subscribed capital

Control amount: 1,700,000

Year 2019

Legal Entity	Dr. Reddy's Laboratories Romania SRL

Address

Bucharest, 1st District, 71, Nicolae Caramfil Street, apt. 10, phone: 0212240032

Trade Register number	J40/6590/2010	Sole Registration Number:	27144903

Form of Property

35 - Limited liability companies

Preponderant activity (code and name from the NACE classification)

4646 Wholesale of pharmaceutical goods

Actual preponderant activity (code and name from the NACE classification)

7320 Market research and public opinion polling

Financial annual statement
Middle-sized, big and public interest entities

The financial annual statements as of December 31, 2019 issued by the entities listed at point 9 paragraph (4) of the Accounting Regulations approved by OMFP no. 1.802/2014 with subsequent changes and ammendments whose financial year is the same with the calendar year.
F10 - SHORT BALANCE SHEET
F20 - PROFIT AND LOSS ACCOUNT
F30 - INFORMATION
F40 - SITUATION OF PERMANENT ASSETS

DIRECTOR
Full name
Palamadai Vijay
Signature

Drawn up,
Full name
Nastase Catalin
Position
11 - Economic Manager
Signature

VALIDATED form

The entity is legally forced to yearly audit of the financial statements	NO
The entity has volunteered for auditing the annual financial statements	YES

AUDITOR
BDO AUDIT SRL Sole Registration Code 6546223

BALANCE SHEET

F10

December 31st, 2019

Code **10**

Lei

Name of the item (calculation formulas refer to Row no. in column B)	Row no. OMFP no.	Row no.	BALANCE ON Jan. 1st, 2019	BALANCE ON Dec. 31st, 2019
A		B	1	2
A. PERMANENT ASSETS				
I. INTANGIBLE PERMANENT ASSETS				
1. Set-up costs (acc. 201-2801)	01	01	0	0
2. Development costs (acc. 203-2803-2903)	02	02	0	0
3. Concessions, patents, licences, trademarks and similar rights and assets (acc. 205+ 208-2805-2808-2905-2908)	03	03	1,931	5,258
4. Commercial fund (acc. 2071-2807)	04	04	0	0
5. Exploration and evaluation intangible assets for mineral resources (acc. 206-2806-2906)	05	05	0	0
6. Advances (acc. 4094-4904)	06	06	0	0
TOTAL (**rows 01 to 06**)	07	07	1,931	5,258
II. TANGIBLE PERMANENT ASSETS			140,091	180,532
1. Freehold land and constructions (acc. 211+212-2811-2812-2911-2912)	08	08	0	0
2. Plant and machinery (acc. 213+233-2813-2913)	09	09	59,477	120,744
3. Fixtures and fittings (acc. 214+224-2814-2914)	10	10	49,038	40,674
4. Real estate investments (acc. 215-2815-2915)	11	11	0	0
5. Tangible assets in progress (acc. 231-2931)	12	12	72,017	0
6. Real estate investments in progress (acc. 235-2935)	13	13	0	0
7. Exploration and evaluation tangible assets for mineral resources (acc. 216-2816-2916)	14	14	0	0
8. Production biological assets (acc. 217+227-2817-2917)	15	15	0	0
9. Advances (acc. 4093-4903)	16	16	0	0
TOTAL (row 08 to 16)	17	17	180,532	161,418
III. FINANCIAL PERMANENT ASSETS				
1. Shares in related parties (acc. 261-2961)	18	18	0	0
2. Loans granted to group entities (acc. 2671+2672-2964)	19	19	0	0
3. Shares in associated entities and entities jointly controled (acc. 262+263-2962)	20	20	0	0
4. Loans granted to associated entities and entities jointly controled (acc. 2673+2674 -2965)	21	21	0	0
5. Other long term investments (acc. 265+~~266~~-2963)	22	22	0	0
6. Other loans (acc. 2675*+2676*+2677+2678*+2679*-2966*-2968*)	23	23	85,708	85,708
TOTAL (row 18 to 23)	24	24	85,708	85,708
PERMANENT ASSETS TOTAL (row 07+17+24)	25	25	268,171	252,384
B. CURRENT ASSETS				
I. **STOCKS**				
1. Raw materials and consumables (acc. 301+302+303+/-308+321+322+323+328+351 +358+381+/-388-391-392-3951-3958-398)	26	26	87,440	44,077
2. Work in progress (acc. 331+332+341+/-348*-393-3941-3952)	27	27	0	0
3. Goods (acc. 345+346+347+/-348*+354+356+357+361+326+/-368+371+327+/-378 -3945-3946-3947-3953-3954-3955-3956-3957-396-397-from acc. 4428)	28	28	0	0
4. Advances (acc. 4091-4901)	29	29	0	0
TOTAL (row 26 to 29)	30	30	87,440	44,077
II. **DEBTS** (Amounts which are to be cashed in more than one year must be presented separately for each element)				
1. Long term receivables 1) (acc. 2675*+2676*+2678*+2679*-2966*-2968*+4092+411+ 413+418-4902-491)	31	31	16,399,756	19,269,862
2. Receivables from affiliated entities (acc. 451**-495*)	32	32	0	0
3. Receivables from associated entities and entities jointly controled (acc. 453**-495*)	33	33	0	0
4. Other receivables (acc. 425+4282+431**+437**+4382+441**+4427+from acc. 4428**+ 444**+445+446**+447**+4482+4582+4662+461+473**-496+5187)	34	34	2,238,711	1,948,877
5. Subscribed not paid in capital (acc. 456-495*)	35	35	0	0
6. Receivables representing dividends distributed during the financial year (acc. 463)	36	35a (301)	0	0
TOTAL (row. 31 to 35 +35a)	37	36	18,638,467	21,218,739
III. SHORT TERM INVESTMENTS				
1. Shares in affiliated entities (acc. 501-591)	38	37	0	0
2. Other short-term investments (acc. 505+506+507+from acc. 508-595-596-598+ 5113+5114)	39	38	0	0
TOTAL (row 37+38)	40	39	0	0

IV. CASH AND BANK ACCOUNTS (from acc. 508+ acc. 5112+512+531+532+541+542)	*41*	40	1,720,872	936,804
CURRENT ASSETS – TOTAL (row 30+36+39+40)	*42*	41	20,446,779	22,199,620
C. PREPAID EXPENSES (acc. 471) **(row 43+44)**	*43*	42	82,594	240,506
Amounts to resume in a period of under a year (from acc. 471*)	*44*	43	82,594	240,506
Amounts to resume in a period of over a year (from acc. 471*)	*45*	44	0	0
D. DEBTS: AMOUNTS PAYABLE WITHIN ONE YEAR				
1. Debenture loans (acc. 161+1681-169)	*46*	45	0	0
2. Long-term bank loans (acc. 1621+1622+1624+1625+1627+1682+5191+5192+5198)	*47*	46	0	0
3. Advance payments from customers (acc. 419)	*48*	47	0	0
4. Suppliers and similar accounts (acc. 401+404+408)	*49*	48	2,566,641	1,059,503
5. Bills of exchange payable (acc. 403+405)	*50*	49	0	0
6. Debts toward group entities (acc. 1661+1685+2691+451***)	*51*	50	0	0
7. Debts toward associated entities and entities jointly controled (acc. 1663+1686+2692+ 2693+453***)	*52*	51	0	0
8. Other debts, including tax debts and debts regarding social securities (acc. 1623+1626 +167+1687+2695+421+423+424+426+427+4281+431***+436***+437***+4381+441***+4423 +4428***+444***+446***+447***+4481+455+456***+457+4581+462+4661+473***+509+5186 +5193+5194+5195+5196+5197)	*53*	52	435,551	648,698
TOTAL (rows 45 to 52)	*54*	53	3,002,192	1,708,201
E. NET CURRENT ASSETS, RESPECTIVELY NET CURRENT LIABILITIES (row 41+43-53-70-73-76)	*55*	54	17,527,181	20,731,925
F. TOTAL ASSETS MINUS CURRENT DEBTS (row 25+44+54)	*56*	55	17,795,352	20,984,309
G. DEBTS: AMOUNTS PAYABLE WITHIN MORE THAN ONE YEAR				
1. Debenture loans (acc. 161+1681-169)	*57*	56	0	0
2. Long-term bank loans (acc. 1621+1622+1624+1625+1627+1682+5191+5192+5198)	*58*	57	0	0
3. Advance payments from customers (acc. 419)	*59*	58	0	0
4. Suppliers and similar accounts (acc. 401+404+408)	*60*	59	0	0
5. Bills of exchange payable (acc. 403+405)	*61*	60	0	0
6. Debts toward group entities (acc. 1661+1685+2691+451***)	*62*	61	0	0
7. Debts toward associated entities and entities jointly controled (acc. 1663+1686+2692+ 2693+453***)	*63*	62	0	0
8. Other debts, including tax debts and debts regarding social securities (acc. 1623+1626 +167+1687+2695+421+423+424+426+427+4281+431***+436***+437***+4381+441***+4423 +4428***+444***+446***+447***+4481+455+456***+457+4581+462+4661+473***+509+5186 +5193+5194+5195+5196+5197)	*64*	63	0	
TOTAL (row 56 to 63)	*65*	64	0	0
H. PROVISIONS				
1. Provisions for employee's benefits (acc. 1515+1517)	*66*	65	0	0
2. Provisions for taxes (acc. 1516)	*67*	66	0	0
3. Other provisions (acc. 1511+1512+1513+1514+1518)	*68*	67	1,207,327	1,215,920
TOTAL (row 65 to 67)	*69*	68	1,207,327	1,215,920
I. EXPECTED INCOME				
1. Subventions for investments (acc. 475) (**row 70+71**)	*70*	69	0	0
Amounts to be resumed in a period of under a year (from acc. 475*)	*71*	70	0	0
Amounts to be resumed in a period of over a year (from acc. 475*)	*72*	71	0	0
2. Income registered in advance (acc. 472) - total (**rows 73+74**)	*73*	72	0	0
Amounts to be resumed in a period of under a year (acc. 472*)	*74*	73	0	0
Amounts to be resumed in a period of over a year (acc. 472*)	*75*	74	0	0
3. Expected income for assets received by transfer from clients (acc. 478) (**row 76+77**)	*76*	75	0	0
Amounts to be resumed in a period of under a year (from acc. 478*)	*77*	76	0	0
Amounts to be resumed in a period of over a year (from acc. 478*)	*78*	77	0	0
Negative commercial fund (acc. 2075)	*79*	78	0	0
TOTAL (row 69+72+75+78)	*80*	79	0	0
J. CAPITAL AND RESERVES				
I. CAPITAL				
1. Paid subscribed capital (acc. 1012)	*81*	80	1,700,000	1,700,000
2. Unpaid subscribed capital (acc. 1011)	*82*	81	0	0
3. Administration patrimony (acc. 1015)	*83*	82	0	0
4. Patrimony of national institutes for research and development (acc. 1018)	*84*	83	0	0
5. Other elements of own equity (1031)	*85*	84	0	0
TOTAL (row 80 to 84)	*86*	85	1,700,000	1,700,000

II. CAPITAL PREMIUMS (acc. 104)	*87*	86	0	0
III. REASSESSMENT RESERVES (acc. 105)	*88*	87	0	0
IV. RESERVES				
1. Legal reserves (acc. 1061)	*89*	88	340,000	340,000
2. Statutory or contractual capital reserve (acc. 1063)	*90*	89	0	0
3. Other reserves (acc. 1068)	*91*	90	0	0
TOTAL (row 88 to 90)	*92*	91	340,000	340,000
Own shares (acc. 109)	*93*	92	0	0
Earnings related to own capital instruments (acc. 141)	*94*	93	0	0
Loses related to own capital instruments (acc. 149)	*95*	94	0	0
V. RESULT CARRIED FORWARD ---------- Balance C (acc. 117)	*96*	95	11,633,169	14,548,025
---------- Balance D (acc. 117)	*97*	96	0	0
VI. RESULT OF THE FINANCIAL YEAR				
---------- Balance C (acc. 121)	*98*	97	2,914,856	3,180,364
---------- Balance D (acc. 121)	*99*	98	0	0
Profit distribution (acc. 129)	*100*	99	0	0
TOTAL OWN EQUITY (row 85+86+87+91-92+93-94+95-96+97-98-99)	*101*	100	16,588,025	19,768,389
Public patrimony (acc. 1016)	*102*	101	0	0
Private patrimony (acc. 1017) 2)	*103*	102	0	0
TOTAL EQUITY (rows 100+101+102) (row 25+41+42-53-64-68-79)	*104*	103	16,588,025	19,768,389

Control amount F10: 331944675/1040334511

*) Accounts to be distributed according to the nature of the elements concerned
**) Debit balances of the respective accounts
***) Credit balances of the respective accounts

01) - The amounts at this row and taken from the accounts 267 are the debts from the financial leasing contracts and from other assimilated contracts, as well as other permanent debts, due in less than 12 months

02) It will be filled in by entities for which the provisions of Order of the minister of public finances and of the delegated minister for budget no. 668/2014 for the approval of the mentions regarding the preparation and updating of the centralized inventory of movable goods privately owned by the state and of the rights in rem supposed to inventory, with subsequent changes and amendments are applied

DIRECTOR
Full name
Palamadai Vijay
Signature

Drawn up,
Full name
Nastase Catalin
Position
11 - Economic Manager
Signature

VALIDATED FORM

The undersigned GHEORGHE AURORA, authorized translator for German and English languages based on the authorization no. 4106/2000, issued by the Ministry of Justice from Romania, hereby certify the accuracy of the translation from the Romanian language into English language, that the text was fully translated, without omissions and that
through the translation the document was not changed in the content and meaning

AURORA GHEORGHE
Traducător autorizat - Aut 4106
Lb. GERMANĂ-ENGLEZĂ

Translation from Romanian language

F20

PROFIT AND LOSS ACCOUNT

as of December 31st, 2019

Code 20 Lei

Index name (calculation formulas refer to row no. in column B)	Row no. OMFP no. 3781/ 2019	Row no.	Financial year 2018	Financial year 2019
A		B	1	2
1. Net turnover **(rows 02+03-04+06)**	*01*	01	35,305,994	37,801,263
Sold production (acc. 701+702+703+704+705+706+708)	*02*	02	35,305,994	37,801,263
Incomes from sales of commodities (acc. 707)	*03*	03	0	0
Commercial discounts granted (acc. 709)	*04*	04	0	0
~~Incomes from interests registered by entities deleted from the General Register, which still have leasing agreements in execution (acc. 766*)~~		~~05~~		
Incomes from operating subsidies corresponding to the net turnover (acc. 7411)	*05*	06	0	0
2. Incomes pertaining to pending production costs (acc. 711+712)				
Balance C	*06*	07	0	0
Balance D	*07*	08	0	0
3. Incomes from production of intangible and tangible assets (acc. 721+722)	*08*	09	0	0
4. Incomes from reassessment of tangible assets (acc. 755)	*09*	10	0	0
5. Incomes from production of real estate investments (acc. 725)	*10*	11	0	0
6. Incomes from operation subsidies (acc. 7412+7413+7414+7415+7416+ 7417+7419)	*11*	12	0	0
7. Other operating incomes (acc. 751+758+7815)	*12*	13	46,778	3,619
'- out of which, incomes from the negative goodwill (acc. 7815)	*13*	14	0	0
'- out of which, incomes from subsidies for investments (acc. 7584)	*14*	15	0	0
OPERATING INCOMES – TOTAL (rows 01+07-08+09+10+11+12+13)	***15***	16	35,352,772	37,804,882
8.a) Expenses with raw materials and consumable materials (acc. 601+602)	*16*	17	597,863	568,402
Other material expenses (acc. 603+604+606+608)	*17*	18	223,059	207,224
b) Other external expenses (with energy and water) (acc. 605)	*18*	19	24,701	27,047
c) Expenses regarding commodities (acc. 607)	*19*	20	0	0
Commercial discounts received (acc. 609)	*20*	21	0	0
9. Expenses with the staff (**rows 23+24**)	*21*	22	11,419,637	12,617,332
a) Salaries and allowances (acc. 641+642+643+644)	*22*	23	10,942,568	12,199,114
b) Expenses with social insurance and security (acc. 645+646)	*23*	24	477,069	418,218
10.a) Value adjustments regarding tangible and intangible assets (**rows 26-27**)	*24*	25	48,219	68,752
a.1) Expenses (acc. 6811+6813+6817+from acc. 6818)	*25*	26	48,219	68,752
a.2) Incomes (acc. 7813+from acc. 7818)	*26*	27	0	0
b) Adjustment of the value of circulating assets (**rows 29-30**)	*27*	28	0	0
b.1) Expenses (acc. 654+6814+from acc. 6818)	*28*	29	0	0
b.2) Incomes (acc. 754+7814+from acc. 7818)	*29*	30	0	0
11. Other operating expenses (**rows 32 to 37**)	*30*	31	19,108,410	20,208,668
11.1 Expenses regarding external provided services (acc. 611+612+613+ 614+615+621+622+623+624+625+626+627+628)	*31*	32	17,696,096	18,249,358
11.2 Expenses with other taxes, charges and assimilated payments; expenses representing transfers and contributions due based on special regulations (acc. 635+6586*)	*32*	33	1,349,720	1,941,675
11.3 Expenses with environment protection (acc. 652)	*33*	34	0	0
11.4 Expenses with reassessment of tangible assets (acc. 655)	*34*	35	0	0
11.5 Expenses for calamities and other similar events (acc. 6587)	*35*	36	0	0
11.6 Other expenses (acc. 651+6581+6582+6583+6584+6588)	*36*	37	62,594	17,635
~~Expenses with interests registered by entities deleted from the General Register, which still have leasing agreements in execution (acc. 666*)~~		~~38~~		
Adjustments regarding reserves (**rows 40-41**)	*37*	39	97,692	8,592
Expenses (acc. 6812)	*38*	40	2,643,341	2,772,194
Incomes (acc. 7812)	*39*	41	2,545,649	2,763,602
OPERATING EXPENSES – TOTAL (rows 17 to 20-21+22+25+28+31+39)	*40*	42	31,519,581	33,706,017
OPERATING RESULT				
– Profit (**rows 16-42**)	*41*	43	3,833,191	4,098,865
– Loss (**rows 42-16**)	*42*	44	0	0

12. Incomes from shares (acc. 7611+7612+7613)	43	45	0	0
- out of which, incomes from affiliated entities	44	46	0	0
13. Incomes from interests (acc. 766*)	45	47	0	0
- out of which, incomes from affiliated entities	46	48	0	0
14. Incomes from operation subsidies for owed interest (acc. 7418)	47	49	0	0
15. Other financial incomes (acc. 762+764+765+767+768+7615)	48	50	1,287	1,046
- out of which, incomes from other financial assets (acc. 7615)	49	51	0	0
FINANCIAL INCOMES – TOTAL (rows 45+47+49+50)	**50**	52	1,287	1,046
16. Value adjustment of permanent assets and of financial investments owned as circulating assets (**rows 54-55**)	51	53	0	0
- Expenses (acc. 686)	52	54	0	0
- Incomes (acc. 786)	53	55	0	0
17. Expenses regarding interests (acc. 666*)	54	56	0	0
- out of which, expenses in relation to affiliated entities	55	57	0	0
18. Other financial expenses (acc. 663+664+665+667+668)	56	58	5,680	4,835
FINANCIAL EXPENSES – TOTAL (rows 53+56+58)	57	59	5,680	4,835
FINANCIAL RESULT				
- Profit (**rows 52-59**)	58	60	0	0
- Loss (**rows 59-52**)	59	61	4,393	3,789
TOTAL INCOMES (rows 16+52)	60	62	35,354,059	37,805,928
TOTAL EXPENSES (rows 42+59)	61	63	31,525,261	33,710,852
19. GROSS RESULT				
- Profit (**rows 62-63**)	62	64	3,828,798	4,095,076
- Loss (**rows 63-62**)	63	65	0	0
20. PROFIT TAX (acc. 691)	64	66	913,942	914,712
21. Tax specific for certain activities (acc. 695)	65	67	0	0
22. Other taxes that do not appear above (acc. 698)	66	68	0	0
23. NET RESULT OF THE FINANCIAL YEAR				
Profit (**rows 64-65-66-67-68**)	67	69	2,914,856	3,180,364
Loss (**rows 65+66+67+68-64**)	68	70	0	0

Verification amount F20: 586279347 / 1040334511

*) Accounts to be distributed according to the nature of the elements concerned

In row 22 (according to OMFP 3781/2019) - also the rights of collaboartors will be included, set according to the labor legislation, taken from the debit side of the account 621 "Expenses with collaborators", analytic "Collaborators physical persons"

In row 32 (according to OMFP 3781/2019) - in acc. 6586 "Expenses representing transfers and contributions due based on special laws", expenses representing transfers and contributions due based on special laws are shown, others than those provided in the Tax Code.

DIRECTOR
Full name
Palamadai Vijay
Signature

Drawn up,
Full name
Nastase Catalin
Position
11 - Economic Manager
Signature

VALIDATED FORM

The undersigned GHEORGHE AURORA, authorized translator for German and English languages based on the authorization no. 4106/2000, issued by the Ministry of Justice from Romania, hereby certify the accuracy of the translation from the Romanian language into English language, that the text was fully translated, without omissions and that through the translation the document was not changed in the content and meaning.

AURORA GHEORGHE
Traducător autorizat - Aut 4106
Lb. GERMANĂ-ENGLEZĂ

Translation from Romanian language
In excerpt

F30

INFORMATION
as of December 31st, 2019

Code 30 (calculation formulas refer to row no. in column B) **Lei**

I. Information regarding the result	Row no. OMFP no. 3781/ 2019	Row	No. of entities	Amounts
A		B	1	2
Entities with profit	01	01	1	3,180,364
Entities with loss	02	02		
Entities with no profit or loss	03	03		

II. Information regarding outstanding payments		Row	Total, out of which:	For current activity	For investment activity
A		B	1=2+3	2	3
Outstanding payments - total (**row 05+09+15 to 17+18**):	04	04	0	0	0
Delayed suppliers - total (**row 06 to 08**)	05	05	0	0	0
- over 30 days	06	06	0	0	0
- over 90 days	07	07	0	0	0
- over 1 year	08	08	0	0	0
Outstanding obligations to the social security budget - Total (**row 10 to 14**)	09	09	0	0	0
- contribution to state social securities, owed by employers, employees and other similar persons	10	10	0	0	0
- contributions to the health social security fund	11	11	0	0	0
- contribution for additional pension	12	12	0	0	0
- contribution to unemployment budget	13	13	0	0	0
- other social debts	14	14	0	0	0
Outstanding obligations to the special funds and other funds	15	15	0	0	0
Outstanding obligations to other creditors	16	16	0	0	0
Overdue taxes, contributions and fees to the state budget, out of which:	17	17	0	0	0
- work insurance contribution	18	17a (301)	0	0	0
Overdue taxes to the local budget	19	18	0	0	0

III. Average number of employees		Row	Dec. 31. 2018	Dec. 31, 2019
A		B	1	2
Average number of employees	20	19	78	78
Actual no. of employees at the end of the period of time (Dec. 31)	21	20	96	95

IV. Royalty and interest payments during reporting period, cashed in subsidies and outstanding receivables		Row	Amount (Lei)
…			

V. Food vouchers		Row	Amount (Lei)
Value of the food vouchers granted to employees	38	37	0
Value of the food vouchers granted to other categories of beneficiaries, other than the employees	39	37a (302)	0

VI. Expenses for research-development activity **)		Row	Dec. 31. 2017	Dec. 31, 2018
Research-development expenses:	40	38		
- by financing sources (row 40+41)	41	39	0	0
- from public funds	42	40		
- from private funds	43	41		
- by nature of expenses (row 43+44)	44	42	0	0
- current expenses	45	43		
- capital expenses	46	44		

VII. Innovation expenses ***)		Row	Dec. 31. 2018	Dec. 31, 2019
Innovation expenses	47	45	0	0
VIII. Other information		**Row**	**Dec. 31. 2018**	**Dec. 31, 2019**
…		…		
Financial assets, gross amounts (row 49+54)	54	48	85,728	85,708
…				
Long-term receivables, gross amounts (row 55+56)	61	54	85,728	85,708
'- long-term receivables in Lei and expressed in Lei, the settlement of which is made based on the exchange rate of a foreign currency (from acc. 267)	62	55	85,728	85,708
…				
Commercial receivables, advances paid to suppliers and other similar accounts, in gross amounts (acc. 4091 +4092+411+413+418), out of which:	64	57	16,399,756	19,269,862
…				
- commercial receivables in relation to the affiliated non-resident entities, advances for acquisitions of inventories and for services delivered to affiliated non-resident suppliers and other assimilated accounts, in gross amounts in relation to non-resident affiliates (from acc. 4091 + from acc. 4092 + from acc. 411 + from acc. 413 + from acc. 418)	66	58a (308)	16,399,756	19,268,066
…				
Receivables in connection to social security budget and state budget (from acc. 431+436+437+4382+441+ 4424+4428+444 + 445 + 446 + 447 + 4482) (**row 62 to 66)**	69	61	1,881,007	1,948,508
- receivables in connection to the budget of social security (acc. 431+437+4382)	70	62	0	0
- tax receivables in connection to the state budget (acc. 436+441+4424+4428+444+446)	71	63	1,387,694	1,620,732
- subsidies to cash in (acc. 445)	72	64	0	0
- special funds - fees and assimilated payments	76	65	0	0
- other receivables in connection to the state budget (acc. 4482)	74	66	493,313	327,776
		…		
Other receivables (acc. 453+456+4582+461+471+473+4662) (**row 72 to 74**)	79	71	440,298	270,875
…		…		

- other receivables connected to physical persons and legal entities, other than recivables connected to public institutions (state institutions) (from acc. 461 + from acc. 471 + from acc. 473 + 4662)	*81*	73	440,298	270,875
		…		
Current bank accounts in Lei and foreign currency (**row 88+90**)	*96*	87	1,632,352	772,134
- in Lei (acc. 5121) out of which:	*97*	88	1,627,843	769,496
…		…		
'- in foreign currency (acc. 5124) out of which	*99*	90	4,509	2,638
Debts (**row 94+99+102+103+106+108+110+111+116+119+122+128**)	*104*	95	3,002,192	1,708,201
		…		
Commercial debts, advances received from clients and other similar accounts, in gross amounts (acc. 401+403+404+405+408+419), out of which:	*117*	108	2,566,641	1,059,503
…		…		
Debts related to staff and similar accounts (acc. 421+423+424+426+427+4281)	*120*	110		
(acc. 431+436+437+4381+441+4423+4428+444+446+447+448) (**row 112 to 115**)	*121*	111	435,551	648,698
- debts related to the social security budget (acc. 431+437 +4381)	*122*	112	-74,336	141,501
- tax debts related to the state budget (acc. 436+441+ 4423+4428+444+446)	*123*	113	506,904	503,817
'- special funds - fees and assimilated payments (acc. 447)	*124*	114	2,983	3,380
…		…		
Subscribed paid in capital (acc. 1012), out of which:	*143*	130	1,700,000	1,700,000
…		…		
- subscribed capital, paid in by non-residents (from acc. 1012)	*147*	134	1,700,000	1,700,000
Patents and licenses (from acc. 205)	*148*	135	45,261	13,667
…		…		
IX. Information regarding expenses with collaborators		**Row**	**Dec. 31. 2018**	**Dec. 31, 2019**
A		**B**	**1**	**2**
Expenses with collaborators (acc. 621)	*149*	136	0	0
X. Information regarding the goods from the public state domain		**Row**	**Dec. 31. 2018**	**Dec. 31, 2019**
A		**B**	**1**	**2**
no figures are recorded				
XI. Information regarding state owned assets undergoing inventory according to. OMFP no. 668/2014		**Row**	**Dec. 31. 2018**	**Dec. 31, 2019**
A		**B**	**1**	**2**
Net accounting value of the assets 6)	*153*	140	**0**	**0**

XII. Paid in share capital			Dec. 31. 2019		Dec. 31, 2019	
		Row	Amount (Lei)	% 7)	Amount (Lei)	% 7)
A		B	Column 1	Column 2	Column 3	Column 4
Paid in share capital (acc. 1012) 7), (row 142+145+149+150+151+152)	*154*	141	1,700,000	X	1,700,000	X
		…				
- held by companies with private capital	*163*	150	1,699,990	100.00	1,699,990	100.00
- held by physical persons	*164*	151	10	0.00	10	0.00

		Row	Amounts	
A		B	2018	2019
XIII. Dividends/payingins belonging to the state or local budget, to be allocated from the year profit by the national companies, companies and autonomous administrations	*166*	153	0	0
no figures are recorded				
XIV. Dividends/payingins for the state or local budget, transferred within the reporting period of time from the profit of the national companies, companies and autonomous administrations, out of which	*168*	157		
no figures are recorded				
XV. Dividends distributed to shareholders from profit carried forward				
XVI. Temporary distributions of dividends according to Law no. 163/2018				
XVII. Receivables taken by assignment from legal entities***)**			**2018**	**2019**
no figures are recorded				
XVIII. Incomes obtained from agricultural activities****)**			**2018**	**2019**
no figures are recorded				

Control amount F30: 113088567/1040334511

DIRECTOR,
Full name
Palamadai Vijay
Signature

Seal of the company

Drawn up,
Full name
Nastase Catalin
As
11 - Economic Manager
Signature

VALIDATED FORM

*) Subsidies for stimulating the employment (transfers from the state budget to employer) - it represents the amounts granted to employers for paying graduates of education institutions, for stimulating unemployed persons employed before the end of the unemployment period, for stimulating employers employing for undetermined period of time unemployed persons over 45 years old, unemployed persons supporting alone a family or unemployed persons who within 3 years since employment beginn are fulfilling the conditions for requesting partial early retirement or regular retirement, or for other situations stipulated in the legislation regarding the system of unemployment insurance and the stimulation of employment.
**) Expenses made for research-development activity, and fundamental research, applicative research, technological development and innovation respectively, set according to the provisions of the Government Ordinance no. 57/2002 regarding scientific research and technological development, approved with modifications and completions through the law no. 324/2003 with subsequent changes and amendments. The expenses will be recorded according to the (EU) Regulation for applying no. 996/2012 of the Commission from Oct. 26, 2012 for establishing the norms for applying the Decision no. 1.608/2003.EC of the European Parliament and Council regarding statistics in the field of science and technology, published in the Official Journal of the european Union, series L, no. 299/Oct. 27, 2012.
***) Expenses made for innovation according to the (EU) Regulation for applying no. 996/2012 of the Commission from Oct. 26, 2012 for establishing the norms for applying the Decision no. 1.608/2003.EC of the European Parliament and Council regarding statistics in the field of science and technology, published in the Official Journal of the european Union, series L, no. 299/Oct. 27, 2012.

****) In the category of economic agents, the entities regulated and supervised by the National Bank of Romania, the Authority for Financial SUpervision respectively, the companies re-classified in the sector of public aministration and the institutions without lucrative purpose in the service of population households will not be included.
*****) For receivables taken over by assignment from legal entities the nominal value and the aquisition cost will be recorded. For the statute of "affiliated legal entities" the provisions of art. 7 section 26 letter c) of the Law no. 2272015 regarding the Tax Code, with subsequent changes and amendments will be considered.
******) According to art. 11 from the (EU) Delegated Regulation no. 639/2014 of the Commission from Mrch 11, 2014 for completing the (EU) Regulation no. 1307/2013 of the European Parliament and Council for establishing norms regarding direct payments granted to farmers through supporting schemes within the common agriculatural policy and for modification of Annex X to the mentioned regulation, "(1) ... incomes obtained from agricultural activities are incomes obtained by a farmer from his agricultural activity within the meaning of art. 4 paragraph (1) letter c) of the mentioned regulation ((EU) R 1307/2013 within his farm, including the support from the Union from the European agricultural guarantee Fund (FEGA) and from the European agricultural fund for rural development (FEADR), as well as any national support granted for agricultural activities, except for direct national complement payments based on art. 18 and 19 from the (EU) Regulation no. 1307/2013.
Incomes obtained from preocessing agricultural produce within the meaning of art. 4 paragraph (1) letter d) of the (EU) Regulation no. 1307/2013 of the farm are considered to be incomes from agricultural activities provided that the processed produces remain the property of the farmer and such processing results in a different agricultural product within the meaning of art. 4 paragraph (1) letter d) from the (EU) Regulation no. 1307/2013.
Any other incomes are considered incomes from non-agricultural activities.
(2) Within the meaning of paragraph (1), "incomes" means gross incomes, before deduction of the costs and pertaining taxes ..."

1) The rents paid for occupied plots will be included (agricultural crops, grass land, meadows, etc.) and pertaining to commercial spaces (terraces, etc.) belonging to private owners or units of the public administration, including rents for using waters for recreational or other (fishing, etc.) purposes
2) The value in row "Debts with affiliated non-resident entities (from acc. 451), out of which" is NOT calculated by adding the values in rows "with initial maturity date over one year" and "commercial debts with non-resident affiliated entities regardless of maturity date (from acc. 451)"
3) In the category of "Other debts linked to physical persons and legal entities other than debts in connection to public institutions (state institutions)" the subsidies pertaining to the incomes in the balance of acc. 472 will not be recorded.
4) Securities granting property rights over companies, which are negotiable and traded according to the law.
5) Securities granting property rights over companies, which are not and traded.
6) To be filled in by economic agents to whom the provisions of the Order of the minister of public finances and of the delegated minister for budget no. 668/2014 are applied, for approving the mentions regarding the preparation and updating of the centralized inventory of immovable assets privately owned by the state and of rights in rem which are inventorized, with subsequent changes and admendments.
7) In section "XII Paid in capital" in row 155-165 column 2 and 4, the entities will record the percentage cooresponding to the capital held from the total paid in capital recorded in row 154.
8) In this row are shown dividends distributed according to Law no. 163/2018 for the change and amendment of Law 82/1991, the change and amendment of the company's law no. 31/1990 and the change of law no. 1/2005 regarding the organisation and operation of cooperation. No dividends are recorded, whic are shown in row 166.

The undersigned GHEORGHE AURORA, authorized translator for German and English languages based on the authorization no. 4106/2000, issued by the Ministry of Justice from Romania, hereby certify the accuracy of the translation from the Romanian language into English language, that the text was fully translated, without omissions and that through the translation the document was not changed in the content and meaning.

AURORA GHEORGHE
Traducător autorizat - Aut 4106
Lb. GERMANĂ-ENGLEZĂ

SITUATION OF THE FIXED ASSETS

F40

as of 31st of December 2019

Code 40

lei

Permanent assets	Row	Gross values				
		Initial balance	Increases	Reductions		Final balance (column 5=1+2-3)
				Total	out of which, fragmentations and cassations	
A	B	1	2	3	4	5
I. Intangible permanent assets						
Incorporation and development expenses	01	0	0	0	X	0
Other permanent assets	02	45,261	5,105	36,699	X	13,667
Advances and current intangible permanent assets in process	03	0	0	0	X	0
Intangible assets for exploration and assessment of mineral resources	04	0	0	0	X	0
TOTAL (**row 01 to 04**)	05	45,261	5,105	36,699	X	13,667
II. Tangible permanent assets						
Real estate	06	0	0	0	X	0
Buildings	07	78,028	0	0	0	78,028
Technical installations and machines	08	398,137	119,877	212,732	162,132	305,282
Other installations, equipment and furniture	09	83,646	0	0	0	83,646
Real estate investments	10	0	0	0	0	0
Tangible assets for exploration and assessment of mineral resources	11	0	0	0	0	0
Biologic productive assets	12	0	0	0	0	0
Tangible assets in execution	13	72,017	0	72,017	0	0
real estate investments in execution	14	0	0	0	0	0
Advances granted for tangible permanent assets	15	0	0	0	0	0
TOTAL **(row 06 to 15)**	16	631,828	119,877	284,749	162,132	466,956
III. Financial permanent assets	17	85,708	0	0	X	85,708
PERMANENT ASSETS - TOTAL (**row 05+16+17**)	18	762,797	124,982	321,448	162,132	566,331

SITUATION OF THE AMORTIZATION OF THE PERMANENT ASSETS

Lei

Permanent assets	Row	Initial balance	Amorti-zation during the year	Amortization of permanent assets no longer registered	Amortization at year end (column 9 = 6+7-8)
A	B	6	7	8	9
I. Intangible permanent assets					
Incorporation and development expenses	19	0	0	0	0
Other permanent assets	20	43,330	1,778	36,699	8,409
Intangible assets for exploration and assessment of mineral resources	21	0	0	0	0
TOTAL **(row 19+20+21)**	22	43,330	1,778	36,699	8,409
II. Tangible permanent assets					
Real estate	23	0	0	0	0
Buildings	24	78,028	0	0	78,028

Technical installations and machines	25	338,660	58,610	212,732	184,538
Other installations, equipment and furniture	26	34,608	8,364	0	42,972
Real estate investments	27	0	0	0	0
Tangible assets for exploration and assessment of mineral resources	28	0	0	0	0
Biologic productive assets	29	0	0	0	0
TOTAL **(row 23 to 29)**	30	451,296	66,974	212,732	305,538
AMORTIZATION - TOTAL **(row 22+30)**	31	494,626	68,752	249,431	313,947

SITUATION OF THE PROVISIONS FOR DEPRECIATION

no recorded figures

Amount to control F40: 9021922 / 1040334511

DIRECTOR,
Full name
Palamadai Vijay
Signature

Seal of the company

Drawn up,
Full name
Nastase Catalin
As
11 - Economic Manger
Signature

VALIDATED FORM

The undersigned GHEORGHE AURORA, authorized translator for German and English languages based on the authorization no. 4106/2000, issued by the Ministry of Justice from Romania, hereby certify the accuracy of the translation from the Romanian language into English language, that the text was fully translated, without omissions and that through the translation the document was not changed in the content and meaning.

AURORA GHEORGHE
Traducător autorizat - Aut 4106
Lb. GERMANĂ-ENGLEZĂ

Building a better working world

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www.ey.com/ch

To the General Meeting of

Dr. Reddy's Laboratories SA, Basel

Basel, 12 May 2020

Report of the statutory auditor on the financial statements

As statutory auditor, we have audited the accompanying financial statements of Dr. Reddy's Laboratories SA, which comprise the balance sheet, income statement and notes, for the year ended 31 December 2019.

Board of Directors' responsibility
The Board of Directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Board of Directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended 31 December 2019 comply with Swiss law and the company's articles of incorporation.

Building a better working world

Report on other legal requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

Ernst & Young Ltd

Daniel Jauslin
(Qualified
Signature)

Licensed audit expert
(Auditor in charge)

Kevin Hörler
(Qualified
Signature)

Licensed audit expert

Enclosures

- Financial statements (balance sheet, income statement and notes)
- Proposed appropriation of available earnings

Dr. Reddy's Laboratories Ltd, Basel

Balance Sheet as of	Grp no	Notes	31st Dec 2019	31st Dec 2018	31st Dec 2019	31st Dec 2018
Currency			**USD**	**USD**	**CHF**	**CHF**
ASSETS						
Current assets						
Cash and cash equivalents	1		758'784	1'339'956	734'787	1'320'907
Trade accounts receivable						
- from third parties	2		31'891'332	22'954'175	30'882'737	22'627'858
- from entities in which the entity holds a participation	4		81'288'979	111'075'494	78'718'133	109'496'445
Other short-term receivables						
- from third parties	3		4'519'710	6'191'594	4'376'770	6'103'574
- from entities in which the entity holds a participation	7		13'116'279	35'735'414	12'701'463	35'227'399
Other long-term receivables						
- from third parties	22		100'000	100'000	96'837	98'578
Inventories and non-invoiced services	5	2.1	22'457'463	10'372'112	21'747'223	10'224'662
Prepaid expenses and accrued income	6		281'941	215'111	273'025	212'053
			154'414'488	187'983'855	149'530'976	185'311'476
Non-current assets						
Financial assets	8		83'200	84'885	80'569	83'678
Investments	9	1.5	398'972'010	394'199'295	386'354'121	388'595'358
Property, plant and equipment	11		41'832	11'051	40'509	10'894
Intangible assets	10	2.2	227'816'803	471'136'319	220'611'869	464'438'645
			626'913'846	865'431'550	607'087'068	853'128'575
			781'328'334	1'053'415'405	756'618'044	1'038'440'051
LIABILITIES AND SHAREHOLDERS' EQUITY						
Short-term liabilities						
Trade accounts payable						
- to third parties	12		18'896'723	9'393'787	18'299'095	9'260'245
- to holders of participations and governing bodies	17		51'675'682	37'626'375	50'041'386	37'091'479
- to entities in which the entity holds a participation			7'261'873	3'764'201	7'032'209	3'710'689
- to other group companies			2'651'596	4'805'065	2'567'736	4'736'756
Short-term interest-bearing liabilities	13		16'300'000	33'500'000	15'784'496	33'023'764
Other short-term liabilities						
- to third parties	15	1	1'953'943	3'264'624	1'892'148	3'218'214
- to holders of participations and governing bodies	15.1	2	256'809	469'186	248'687	462'516
- to entities in which the entity holds a participation	14		41'816'935	28'840'475	40'494'432	28'430'479
Accrued expenses and deferred income	16		32'328'380	22'538'242	31'305'963	22'217'839
			173'141'940	144'201'956	167'666'153	142'151'980
Long-term liabilities						
Long-term interest-bearing liabilities	18	2.5	-	240'000'000	-	236'588'160
			-	240'000'000	-	236'588'160
			173'141'940	384'201'956	167'666'153	378'740'140
Shareholders' equity						
Share capital	19	2.4	309'021'522	108'339'522	305'640'410	105'640'410
Legal capital reserves						
- Reserves from capital contributions	20		127'077'219	127'077'219	123'911'286	123'911'286
Legal retained earnings						
- General legal retained earnings	21		17'567'802	17'567'802	17'130'000	17'130'000
Available earnings						
- Retained earning brought forward	19A		416'088'805	348'658'344	430'713'537	364'626'562
- Profit or loss for the year			(261'568'955)	67'570'561	(253'296'575)	66'086'975
- Foreign exchange translation difference					(35'146'767)	(17'695'322)
			608'186'394	669'213'449	588'951'891	659'699'911
			781'328'334	1'053'415'406	756'618'044	1'038'440'051

Income statement	Grp no	Notes	2019	2018	2019	2018
			USD	USD	CHF	CHF
Revenue from sale of goods and services	23		227’743’133	287’410’485	220’540’528	281’100’071
Other operating income	24		273	-	265	-
Total operating income			227’743’406	287’410’485	220’540’793	281’100’071
Raw materials and supplies	25		(157’934’597)	(153’917’346)	(152’939’758)	(150’537’921)
Personnel expenses	26		(4’585’367)	(4’177’274)	(4’440’350)	(4’085’558)
Other operating expenses	27		(33’314’353)	(30’186’709)	(32’260’754)	(29’523’927)
R&D Expenses	27A		(37’145’611)	(30’740’659)	(35’970’843)	(30’065’714)
Depreciation and impairment losses on property, plant and equipment	28		(6’044)	(11’582)	(5’852)	(11’327)
Amortization on intangible assets	28A	2.2	(243’469’516)	(22’187’601)	(235’769’549)	(21’700’448)
Total operating expenses			(476’455’487)	(241’221’170)	(461’387’106)	(235’924’894)
Operating result			(248’712’081)	46’189’314	(240’846’313)	45’175’177
Financial income	29		1’475’367	2’666’739	1’428’707	2’608’187
Financial expenses	30		(14’245’216)	(18’750’444)	(13’794’697)	(18’338’758)
Non-operating income - Dividend Income IU	29A		-	40’795’656	-	39’899’942
Profit or (loss) for the year before taxes			(261’481’930)	70’901’264	(253’212’303)	69’344’549
Direct taxes	31		(87’025)	(3’330’703)	(84’273)	(3’257’574)
Profit or (loss) for the year			(261’568’955)	67’570’561	(253’296’575)	66’086’975

Notes

1 Principles

1.1 General aspects

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). Where not prescribed by law, the significant accounting and valuation principles applied are described below. It should be noted that to ensure the company's going concern, the company's financial statements may be influenced by the creation and release of hidden reserves.

1.2 Inventories and non-invoiced services

Inventories and non-invoiced services are recorded at acquisition or manufacturing costs: If the net realizable value at the balance sheet date is lower than acquisition or manufacturing costs, net realizable values are used. Acquisition costs are calculated using the weighted average cost method, manufacturing costs using standard costs.

1.3 Securities and financial assets

Securities with a short-term holding period are valued at their quoted market price as at the balance-sheet date. A valuation adjustment reserve has not been accounted for. Financial assets include securities with a long-term holding period that have no quoted market price or no other observable market price. Financial assets are valued at their acquisition cost adjusted for impairment losses.

1.4 Property, plant and equipment

Property, plant and equipment (PPE) is valued at acquisition or manufacturing costs less accumulated depreciation and impairment losses. With the exception of land, PPE is depreciated using the straightline method. As soon as there are indicators that book values may be overstated, these are reviewed and, if necessary, adjusted.

1.5 Investments

Investments are held at historical cost. The Company reviews the carrying amount of these investments annually, and if events and circumstances suggest that this amount may not be recoverable, an impairment is recognized in the statement of profit or loss.

1.6 Intangible Assets

Intangible assets are capitalized if they meet the following conditions cumulatively at the date of recognition:

- the intangible assets are identifiable and controlled by the entity;
- the intangible assets will generate a measurable benefit for the entity for more than one year;
- the expenses incurred in the creation of the intangible assets can be separately recognized and measured;
- it is likely that the resources required to complete and market or use the intangible assets for the entity's own purposes are available or will be made available.

Intangible assets are amortized using the straight-line method. As soon there are indicators that book values may be overstated, these are reviewed and, if necessary, adjusted.

1.7 Revenue from sale of goods and services

Sales are recognized when risks and rewards are transferred to the client or a service has been provided. Normally, this is the case upon delivery of the goods.

1.8 Leases

Leasing and rental contracts are recognized based on legal ownership. Therefore, any leasing or rental expenses are recognized as expenses in the period they are incurred; however, the leased or rented objects themselves are not recognized in the balance sheet.

2	**Disclosure on balance sheet and income statement items**	**Dec 2019**	**Dec 2019**	**Dec 2018**	**Dec 2018**
		USD	CHF	USD	CHF
2.1	**Inventories and non-invoiced services**				
	Raw materials	20’166’775	19’528’981	7’238’641	7’135’736
	Finished goods	2’290’688	2’218’243	3’133’471	3’088’926
		22’457’463	21’747’224	10’372’112	10’224’662
2.2	**Intangible assets**				
	Product related Intangibles	96’588’521	93’533’813	130’128’891	128’278’979
	Technical Knowhow Intangibles	-	-	3’931’427	3’875’538
	Others	131’228’282	127’078’056	337’076’001	332’284’129
		227’816’803	220’611’869	471’136’319	464’438’645

During the year, the Company had no additions and the Company amortised in the normal course of business USD 27m. Consequent to adverse market conditions with respect to certain of Company's products, the company recognised an impairment charge of USD 216m towards relevant product intangibles

Notes

2.3 Investments in subsidiaries

Company	*Domicile*	Capital 31.12.2019 USD	Capital 31.12.2019 CHF	Capital 31.12.2018 USD	Capital 31.12.2018 CHF	Share in Capital and 31.12.2019	Share in Capital and 31.12.2018
Dr. Reddy's Laboratories Inc.	United States of America	188’040’326	182’093’363	188’040’326	185’367’145	100%	100%
Dr. Reddy's Laboratories EU	United Kingdom	19’093’998	18’490’131	19’093’998	18’822’558	100%	100%
Dr. Reddy's New Zealand Ltd	New Zealand	1	1	1	1	100%	100%
Dr. Reddy's Laboratories International SA	Switzerland	-	-	5’230’305	5’155’951	-	100%
Dr. Reddy's Laboratories, Romania SRL	Romania	551’620	534’174	551’620	543’778	99.99%	99.99%
Dr. Reddy's Laboratories Venezuela CA	Venezuela CA	1	1	1	1	100%	100%
Dr. Reddy's Laboratories Ukraine LLC	Ukraine LLC	1’360’503	1’317’475	1’360’503	1’341’162	99.99%	99.99%
Reddy Netherlands BV	The Netherlands	51’476’837	49’848’831	51’476’837	50’745’042	100%	100%
Dr. Reddy's Laboratories New York, Inc	United States of America	46’483’953	45’013’852	42’155’356	41’556’075	100%	90%
Dr. Reddy's Laboratories Canada Inc	Canada	3’098’868	3’000’863	3’098’868	3’054’814	100%	100%
Dr. Reddy's Laboratories Proprietary Ltd	South Africa	15’694’784	15’198’420	15’694’784	15’471’667	100%	100%
OOO Dr. Reddy's Laboratories	Russia	42’501’426	41’157’276	42’501’426	41’897’226	99.99%	99.99%
Reddy Holdings GmbH	Germany	33’936	32’863	33’936	33’454	100%	100%
Lacock Holdings Ltd	Cyprus	6’150’473	5’955’959	3’333’458	3’286’070	100%	100%
Dr. Reddy's Laboratories (Australia) Pty Limited	Australia	5’526’976	5’352’179	5’526’976	5’448’405	100%	100%
Dr. Reddy's Laboratories SAS	Columbia	1’488’236	1’441’169	1’488’236	1’467’080	100%	100%
Dr. Reddy's Laboratories Japan, KK	Japan	817’431	791’579	666’922	657’441	100%	100%
Reddy Pharma SAS	France	5’705’428	5’524’988	4’028’378	3’971’111	100%	100%
Dr. Reddy’s Laboratories Kazakhstan Limited Liability	Kazaksthan	1’217’497	1’178’992	1’217’497	1’200’189	100%	100%
Dr. Reddy’s (WUXI) Pharmaceutical Co. Ltd	China	1	1	1’000’000	985’784	100%	100%
Dr. Reddy’s Laboratories Chile SPA.	Chile	1’000’000	968’374	1’000’000	985’784	100%	100%
Dr.Reddy's Laboratories Malaysia SD	Malaysia	750’000	726’281	750’000	739’338	100%	100%
Reddy Pharma Iberia S.A	Spain	6’891’192	6’673’251	5’220’342	5’146’129	100%	100%
Dr. Reddy’s Laboratories Philippine	Philippine	200’000	193’675	200’000	197’156	99.99%	99.99%
Dr. Reddy’s Taiwan Ltd	Taiwan	406’984	394’112	211’416	208’410	100%	100%
Dr. Reddy's Laboratories (Thailand)	Thailand	481’540	466’311	318’111	313’588	99.99%	99.99%
Total investments in subsidiaries		398’972’010	386’354’121	394’199’295	388’595’358		

On 16May 2019 Dr. Reddy's Laboratories SA has invested an amount of USD 150,508.86 (JPY 16.5m) in Dr. Reddy’s Laboratories Japan KK towards 100% shares.

On 8 Feb. 2019, 2 Apr 2019, 13 May , 8 Jul and 10 Sep Dr. Reddy's Laboratories SA has invested an amount of USD 1,677,050 (EUR 1.5m) in Reddy Pharma SAS, France towards 100% shares.

On 17 Jun 2019 Dr. Reddy's Laboratories SA has invested an amount of USD 195,567.14 in Dr. Reddy's Laboratories, Taiwan Ltd towards 100% of shares.

On 25 April 2019, Dr. Reddy's Laboratories SA has invested an amount of USD 163,428 (THB 5.22m) in Dr. Reddy's Laboratories, Thailand towards 100% of shares.

On 8 Jul 2019, 29 Oct 2019, Dr. Reddy's Laboratories SA has invested an amount of USD 1,670,850 (EUR 1.5m) in Reddy Iberia, Spain towards as additional paid in capital.

On 27 May 2019, Dr. Reddy's Laboratories SA has invested an amount of USD 2,817,015 (EUR2.51m) in Lacock Holoding, Germany towards 100% of shares.

During the year, with effect from 01 January 2019, Dr. Reddy's Laboratories International SA, Switzerland, merged its operations into the company.

2.4 Share capital and reserves from capital contributions

As at 31 Dec, the share capital consists of 105,640,410 registered shares at a par value of CHF 1.00 each.
During the year, Company issued a 3.25% Preference share capital of CHF 200,000,000 (2,000,000 shares at CHF 100) to Dr. Reddys Laboratories Limited with a maturity date of 31st March 2022. The same is recognised in the books at historical cost of date of transaction on 26th Nov 2019. The preference shares have a forward cover contract expiring on 20th March 2022 with currency rate of 1.06055 (CHF/USD). Any loss or gain on such forward contract will be recognized to profit and loss account on the date of maturity.

2.5 Long-term interest-bearing liabilities

During the year company paid back its long-term loans of USD 240m (CHF 236.6m).

3 Other information

3.1 Full-time equivalents

The annual average number of full-time equivalents for the reporting year, as well as the previous year, did not exceed 50.

3.2 Audit Fees

Audit services	54’778	53’046	47’468	46’793
Other services				
	54’778	53’046	47’468	46’793

3.3 Relevant currency for the business

In accordance with Article 958a para. 4 CO the company converted the balance sheet, income statements and financials within the notes for presentation purposes from the relevant currency for the business into the presentation currency. The general foreign currency rate applied was 0.968374 USD/CHF. The equity was translated with a historical foreign currency rate of 0.97508 USD/CHF, with new preference shares at 0.996602. The resulting translation difference is presented in the retained earnings.

3.4 Guarantees

In the ordinary course of business, the Company gives credit or performance guarantees to Banks or third parties. Based on the existing guarantee agreements payments by Dr. Reddy’s Laboratories Ltd. would be triggered in case the financial obligations could not be fulfilled. The nominal amount outstanding at 31 December 2019 was USD 5.9m (CHF 5.7m) (2018: USD 5.9m (CHF 5.8m)).

Dr. Reddy's Laboratories Ltd, Basel

Proposed Appropriation of Available Earnings	Dec 2019	Dec 2018	Dec 2019	Dec 2018
	USD	USD	CHF	CHF
Retained earnings brought forward	416’228’905	348’658’344	430’713’537	364’626’562
Profit or (loss) for the year	-261’568’955	67’570’561	- 253’296’575	66’086’975
DRL SA International Merger profit/(Loss)	-140’101		- 135’670	
Foreign exchange translation difference			- 35’011’097	-17’695’322
Available earnings	154’519’849	416’228’905	142’270’195	413’018’215
The Board of Directors proposes to the General Meeting of Shareholders the following appropriation of available earnings:				
Dividend on preference shares	6’712’283		6’500’000	
To be carried forward	147’807’567	416’228’905	135’770’195	413’018’215
	154’519’849	416’228’905	142’270’195	413’018’215

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Individual Financial Statements

DR. REDDY´S LABORATORIES S.A.S.

As of December 31, 2019
(With comparative figures as of December 31, 2018)
Along with the Statutory Auditor's report

Content

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Report of Statutory Auditor

Servicios de Auditoría y Consultoría de Negocios S.A.S.

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To the shareholder of DR. REDDY´S LABORATORIES S.A.S.

Report on Financial Statements

1. I have audited the financial statements of Dr. Reddy´s Laboratories S.A.S. (the "Company"), which includes the statement of financial position as of December 31, 2019, and the corresponding statements of income, changes in equity and cash flows, for the years ended on these date, together with their respective notes, which include the summary of significant accounting policies and other explanatory information.

Management's Responsibility

2. The Company's management is responsible for the preparation and proper presentation of the financial statements and their explanatory notes, in accordance with the Accounting and Financial Information Standards (Group II IFRS SMEs). This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and presentation of financial statements so that they are free of material misstatement, whether due to fraud or error; select and apply appropriate accounting policies; and establish accounting estimates that are reasonable in the circumstances.

Statutory Auditor's Responsibility

3. One of my functions is to express an opinion on the financial statements based on my audit, for which I conducted my examination in accordance with International Auditing Standards. Such standards require that I comply with ethical requirements, plan and conduct my audit to obtain reasonable assurance about whether the financial statements are free of material errors.

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4. An audit of financial statements includes, among other procedures, the examination, on a selective basis of the evidence supporting the figures and disclosures in the financial statements. The procedures selected depend on the Statutory Auditor's judgment, including the assessment of the risk of material errors in the financial statements. In the process of conducting this risk assessment, the Statutory Auditor should consider the relevant internal controls for the entity to prepare and present adequately the financial statements, in order to design audit procedures that are adequate in the circumstances. In addition, it includes an evaluation of the use of appropriate accounting policies and the reasonableness of the significant accounting estimates made by the Company's Management and the complete presentation of the financial statements as a whole. I believe that the audit evidence that I obtained provides me with a reasonable basis to support the opinion I express about the financial statements below.

Opinion on the Financial Statements

5. In my opinion, the financial statements mentioned in the first paragraph, taken faithfully from the accounting books and attached to this opinion, reasonably present, in all aspects of material importance, the financial situation of Dr. Reddy´s Laboratories S.A.S as of December 31, 2019, and the results of its operations and cash flows, for the year ended on these date, in accordance with the Accounting and Financial Information Standards (Group 2 IFRS SMEs).

Emphasis paragraph

6. Without implying a modification to my report, as described in Note 22 to the financial statements, during 2020 and up to the date of this report, the following events have occurred after the closing as of December 31, 2019 subsequent:

   a. a. The spread in Colombia and the world of the Coronavirus COVID-19, as a pandemic that affects the health of all exposed people. As of the date of this report, the effect that this global health situation may have on global and local markets is unknown, and consequently on the Company's results, cash flows and financial situation.

   b. The devaluation of the Colombian peso that has significantly affected the exchange rate in Colombia to historical levels that exceed $ 4,000 COP, which represents an additional 22% to the exchange rate as of December 31, 2019. This situation increases the indebtedness of the companies, and the cost of imported inventories.

Other issues

7. The financial statements for and for the year ended on December 31, 2018 are presented exclusively for comparative purposes, which were audited by me, in whose report dated February 28, 2019, I expressed an unqualified opinion.

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Report on other legal requirements

8. Also, based on my audit evidence, I report that:

   a. During the year 2019, the Company kept its accounting in accordance with legal regulations and accounting techniques; and the stock record book, the transactions recorded in the books were in accordance with the articles of incorporation and the decisions of the Shareholders' Meeting and the correspondence and vouchers of the accounts were kept and duly preserved.

   b. There is due agreement between the accompanying financial statements, their explanatory notes and the Management Report that the Directors present for the consideration of the highest corporate body.

   c. The information contained in the self-assessment forms for contributions to the General Social Security System is correct and the Company is not in default due to contributions to the System as of December 31, 2019.

   d. I have no evidence of restrictions imposed by the Company's Management on the free circulation of invoices issued by vendors or suppliers.

   e. In development of the responsibilities of the Statutory Auditor contained in Numbers 1 and 3 of Article 209 of the Code of Commerce, related to the evaluation of whether the acts of the Company's directors are in accordance with the statutes and the orders and instructions of the Shareholders' Meeting, and whether there are and are adequate measures of internal control, conservation and custody of the Company's assets and those of third parties in its possession, I issued a separate report dated March 26, 2020.

CLAUDIA PILAR ROMERO SABOYÁ
Statutory Auditor
Professional Card No 157.592-T
Representing Servicios de Auditoría y Consultoría de Negocios S.A.S.
Bogotá D.C.

March 26, 2020

2020 – 1643

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Report of the Statutory Auditor on the Compliance with the Numerals 1 and 3 of Article 209 of the Commercial Code

Servicios de Auditoría y Consultoría de Negocios S.A.S.

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To the Shareholder of Dr. Reddy´s Laboratories S.A.S.

1. In compliance with my legal duties as Statutory Auditor and in compliance with the provisions of numerals 1 and 3 of Article 209 of the Commercial Code for the year 2019, I executed the procedures that I describe below, in order to report on whether the acts of the managers of Dr. Reddy's Laboratories S.A.S, conform to the statutes and the orders or instructions of the Shareholders' Meeting; likewise, report on whether there are and are adequate measures for internal control, conservation and custody of the assets of the company or third parties that are in its possession.

2. The referents that I have considered for the evaluation of the matters referred to in the previous paragraph, include a. The bylaws and Shareholders' Meeting minutes; and b. The internal control components of the Company identified during my review, such as: control environment, risk assessment process by the entity, information systems, control activities and follow-up to the controls that the Management and government officials of the Company they consider necessary for the adequate and timely preparation of its financial information.

Management's Responsibility

3. The Management is responsible for establishing and maintaining an internal control system, and for compliance with the bylaws and instructions of the Shareholders' Meeting. To fulfill these responsibilities, Management's judgments are required to evaluate the expected benefits and the associated costs of the control procedures.

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4. The objectives of an internal control system are to provide the Management with reasonable, but not absolute, security for the safeguarding of assets against their loss from use or unauthorized disposition, and that transactions are executed in accordance with the authorization of the Management and properly recorded to allow the preparation of the financial statements in accordance with the Accounting and Financial Information Standards (Group 3 IFRS SMEs)

Statutory Auditor's Responsibility

5. My responsibility in accordance with the Information Assurance Rules accepted in Colombia, is to make a review to express a conclusion, based on the procedures performed and the evidence obtained as a result of my work.

6. The Information Assurance Standards require that I comply with ethical requirements, plan and carry out the procedures I deem necessary in order to express a concept about compliance with the bylaws, orders or instructions of the Shareholders' Meeting, and if there are and the measures for internal control, preservation and custody of the assets of the Company or of third parties that are in their possession as of December 31, 2019 and for the year ending on that date, are adequate in all important aspects of evaluation.

Procedures performed

7. The procedures selected for this work depend on the judgment of the auditor, including the compilation, evaluation of evidence and the formation of conclusions. These procedures took into consideration the management's statements expressed in a letter dated March 26, 2020, and included: a. Reading of the Shareholders' Meeting minutes and verification that the decisions taken are in accordance with the bylaws: b. Inquiries with the Management about changes or modification projects to the Company's bylaws during the period covered and validation of their implementation; c. Design and implementation tests on the relevant controls of the internal control components on the financial report and the elements established by the Company; d. Evaluation of audit risk with respect to the main activities carried out by the entity in order to obtain reasonable, but not absolute security, that the financial information of the entity is prepared in accordance with Accounting and Financial Reporting Standards adopted in Colombia; e. Evaluation of the evidence on the relevant controls to initiate, register, and correct, if necessary, the transactions and its registration in the information system; f. Tests on the design, implementation and operational effectiveness of the relevant controls, in the auditor's judgment, made in the main business cycles of the Company and significant accounts of the financial statements; g. Evaluation of the process of preparing the financial information used by the Company, including the relevant controls on assumptions for the determination of the accounting estimates and the significant information to disclose; and h. Follow-up of the corrective measures taken by the Company to mitigate the material deficiencies of its controls.

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Inherent limitations

8. The effectiveness of any internal control system has inherent limitations to that system. Such limitations refer, among others, to: a. Misinterpretation of instructions, errors of judgment, carelessness and other human factors that can cause errors; b. Wrong segregation of functions that reduce the effectiveness of controls; and c. Determinations that may impair the control procedures related to the execution and records of transactions or with respect to estimates and judgments that are required for the preparation of financial statements. In addition, the effectiveness of internal controls may vary from one period to another due to changes in conditions or due to non-compliance with the established procedures.

9. Due to the inherent limitations of the structure of internal control, including the possibility of collusion or omission of controls by the Management, the study and evaluation performed on the entity's internal control system will not necessarily discover all the weaknesses of the system.

10. It is possible that the results of my review procedures may be different or change in status during the period evaluated, because my report is based on selective tests conducted during the period. Additionally, the projections of any evaluation of internal control to future periods are subject to the risk that controls become inadequate due to changes in the conditions or deterioration in the degree of compliance with established policies or procedures.

Conclusion

11. Based on my review, the evidence obtained from the work described above, and subject to the inherent limitations raised, in my capacity as Statutory Auditor reported that during 2019, the acts of the Company's Management conform to the statutes and the decisions of the Shareholders' Meeting, and there are and are adequate the measures of internal control, conservation and custody of the assets of the Company or third parties that are in its possession.

CLAUDIA PILAR ROMERO SABOYÁ
Statutory Auditor
P.C. 157.592-T
Assigned by Servicios de Auditoría y Consultoría de Negocios S.A.S.

Bogotá D.C.
March 26, 2020.

2020-1644

Certification of Financial Statements

Avinash Mishra acting as Legal Representative and María Elena Aponte as Accountant of Dr. Reddy's Laboratories S.A.S., we declare that the financial statements: statement of financial position as of December 31, 2019, income statement, statement of changes in equity, and the statement of cash flows, together with their explanatory notes for the year ended December 31, 2019, were prepared based on International Financial Reporting Standards, applied comparatively with the previous year, ensuring that they reasonably present the financial situation at December 31, 2019.

We also confirm that:

The figures included in the aforementioned financial statements and in their explanatory notes were faithfully taken from records that support the accounting of Dr. Reddy's Laboratories S.A.S.

- There have been no irregularities involving members of the administration that may have a material relative effect on the financial statements or their explanatory notes.

- We ensure the existence of quantifiable assets and liabilities, as well as their rights and obligations recorded in accordance with document cuts, accumulation and accounting compensation of their transactions in the year ended December 31, 2019 and evaluated under methods of recognized technical value.

- We confirm the integrity of the information provided, with respect to the fact that all the economic facts have been recognized in the financial statements and their explanatory notes.

- The economic events have been recorded, classified, described and disclosed within the financial statements or their explanatory notes including the encumbrances and restrictions of the assets, real liabilities and contingencies, as well as the guarantees that have been given to third parties.

- The information contained in the self-assessment forms for contributions to the general comprehensive social security system is correct, according to the legal provisions, Dr. Reddy's Laboratories S.A.S., is not in default for contributions to the aforementioned system.

- There have been no events subsequent to December 31, 2019 that require adjustment or disclosure in the Financial Statements or in their explanatory notes.

Cordially,

Avinash Mishra
Legal Representative

María Elena Aponte
Accountant T.P. 267.891 –T

Bogotá, D.C.
March 26, 2020

Financial Situation Statement

As of December 31, 2019
(With comparative figures as of December 31, 2018)
Figures expressed in thousands of Colombian pesos

	Notes	December 31 2019	2018
Assets			
Current assets			
Cash and cash equivalents	6	**1,281,332**	849,117
Trade accounts receivable and other accounts receivable	7	**10,709,245**	8,249,605
Assets for taxes and contributions	8	**938,774**	897,428
Inventories	9	**3,328,437**	4,736,791
Total current assets		**16,257,788**	14,732,941
Non-current assets			
Properties, plant and equipment	10	**614,159**	464,156
Deferred tax assets	14	**336,118**	478,961
Total non-current assets		**950,277**	943,117
Total assets		**17,208,065**	15,676,058
Liabilities and equity			
Total non-current assets			
Trade accounts payable and other accounts payable	12	**7,920,614**	8,312,043
Current taxes payable	13	**11,130**	9,477
Liability for employee benefits	15	**230,027**	214,528
Total current liabilities		**8,161,771**	8,536,048
Non-current Liabilities			
Financial Obligations	11	**3,604,854**	3,574,725
Total Non-current Liabilities		**3,604,854**	3,574,725
Total Liabilities		**11,766,625**	12,110,773
Equity	16	5,441,440	3,565,285
Total equity		5,441440	3,565,285
Total liabilities and equity		**17,208,065**	15,676,058

Avinash Mishra
Legal Representative
(See attached Certification)

María Elena Aponte
Accountant P.C. No 267891-T
(See attached Certification)

Claudia Pilar Romero
Statutory Auditor P.C. No. 157592-T
Assigned by Servicios de Auditoría y Consultoría de Negocios S.A.S.
(Ver See attached report)

Statement of Comprehensive Income

As of December 31, 2019

(With comparative figures as of December 31, 2018)

Figures expressed in thousands of Colombian pesos

	Notes	2019	2018
Ordinary activities income	**17**	**23.075.988**	16.573.087
Sales cost	**18**	**(11.904.650)**	(9.688.514)
Gross profit		**11.171.338**	6.884.573
Administration expenses	**19**	**(7.560.794)**	(5.869.086)
Sales expenses - ICA Tax		**(109.531)**	(78.904)
Financial expenses	**20**	**(683.065)**	(1.223.749)
Financial income		**634**	0
Profit (loss) before taxes		**2.818.582**	(287.166)
(Expense) for Income Tax and Complementary	**13**	**(799.584)**	(35.779)
(Expense) Income for deferred taxes	**14**	**(142.843)**	215.173
Net Profit (Loss) for the year		**1.876.155**	(107.772)
Net profit (loss) per share - in thousands of pesos		**41,09**	(4,87)

Avinash Mishra
Legal Representative
(See attached Certification)

María Elena Aponte
Accountant P.C. No 267.891-T
(See attached Certification)

Claudia Pilar Romero
Statutory Auditor P.C. No. 157592-T
Assigned by Servicios de Auditoría y Consultoría de Negocios S.A.S.
(Ver See attached report)

Statement of Changes in Equity

As of December 31, 2019

(With comparative figures as of December 31, 2018)

Figures expressed in thousands of Colombian pesos

	Subscribed and paid capital	Results from previous fiscal years	Net Result for the year	Total
Balance as of December 31, 2017	**2,181,400**	**(2,593,652)**	**1,701,009**	**1,288,757**
Equity increase - 23,843 shares	2,384,300	0	0	2,384,300
Transfer of results from previous years	0	1,701,009	(1,701,009)	0
Net profit of the year	0	0	(107,772)	(107,772)
Balance as of December 31, 2018	**4,565,700**	**(892,643)**	**(107,772)**	**3,565,285**
Transfer of results from previous years	0	(107,772)	107,772	0
Net profit of the year	0	0	1,876,155	1,876,155
Balance as of December 31, 2018	**4,565,700**	**(1,000,415)**	**1,876,155**	**5,441,440**

Avinash Mishra
Legal Representative
(See attached Certification)

María Elena Aponte
Accountant P.C. No 267891-T
(See attached Certification)

Claudia Pilar Romero
Statutory Auditor P.C. No. 157592-T
Assigned by Servicios de Auditoría y Consultoría de Negocios S.A.S.
(Ver See attached report)

Cash Flow Statements (Indirect Method)

As of December 31, 2019

(With comparative figures as of December 31, 2018)

	2019	2018
Net profit (loss) for the year	**1,876,155**	(107,772)
Adjustments for income and expenses that did not require use of cash:		
Depreciation of property, plant and equipment	**134,528**	140,931
Loss due to deterioration of debtors	**35,908**	260,486
Loss due to deterioration of inventories	**297,280**	457,429
Difference in change, net	**379,410**	554,992
Deferred tax of the period	**142,843**	(215,173)
(Increase) in commercial accounts receivable and other accounts	**(2,536,894)**	(3,700,946)
Decrease (increase) in inventories	**1,111,074**	(1,808,237)
(Decrease) increase in accounts payable and other accounts	**(770,839)**	1,438,783
Increase (decrease) in current taxes payable	**1,652**	(19,951)
Increase in liabilities for employee benefits	**15,499**	16,372
Net cash (used) by operating activities	**686,616**	(2,983,086)
Cash flows provided (used) in investing activities		
Fixed asset purchases	**(285,430)**	(504,823)
Sale of property, plant and equipment	**0**	21,247
Net adjustments and reclassifications in fixed assets	**899**	0
Net cash (used) from investing activities	**(284,531)**	(483,576)
Loan and interest payments	**0**	(96,035)
Increase in recording of interest on financial obligation	**30,130**	
Capitalization	**0**	2,384,300
Net cash provided by financing activities	**30,130**	2,288,265
Net increase (decrease) in cash and cash equivalents	**432,215**	(1,178,397)
Cash from and cash equivalents at the beginning of the year	**849,117**	2,027,514
Cash **and cash equivalents at the end of the year**	**1,281,332**	849,117

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(Ver See attached report)

Accounting Policies and Explanatory Notes to the Individual Financial Statements

Al December 31, 2019
(With comparative figures as of December 31, 2018)
Expressed in thousands of Colombian pesos

Note 1. Nature of operations

The Company Dr. Reddy's Laboratories S.A.S., was established according to Colombian laws on November 4, 2014 in the city of Bogotá, Colombia and its term of legal duration is indefinite. Its main domicile is in the city of Bogotá at Ave. Carrera 7 No. 155 C 30. Its main activity is the manufacture, distribution and sale in the territory of the Republic of Colombia or abroad of any type of vaccines, chemical products, pharmaceutical, functional food, cosmetic and physiological, reagents, antibiotics for human use.

In the period 2019, Dr. Reddy's Laboratories S.A.S presented a series of positive advances, due to the management that the Company has given to competitive conditions, offering in its portfolio a variety of affordable products, which have had great recognition and acceptance in the sector; this as a result of a team's good work that transcends borders, where despite the demands in Colombian regulation, legal processes, competitiveness in the marketing and sales sector and the good business management, has allowed the products, which are ultimately the support of a joint effort, to reach our clients and generate the recognition that allows the Company's positioning.

Currently, the pharmaceutical market in Colombia is presenting a dynamic growth, both for generic drugs, patented drugs and OTC products; this behavior in the country is an opportunity for the advancement and growth of the Company.

It is planned to launch new products, expanding the portfolio and meeting the needs presented in the sector, seeking new strategies that allow the Company to be at the forefront, innovating and working with technological tools.

Ongoing business

In preparing the financial statements, the management has evaluated the ability of Dr. Reddy's Laboratories S.A.S. to continue operating, considering all the information available on the future, which covers at least the following twelve months from the date on which it is reported, without limiting itself to said period, concluding that the Company will continue operating and not will have significant changes in the financial statements figures, which have been determined under the ongoing concern principle.

Note 2. Declaration of compliance with the IFRS for SMEs

The individual financial statements of the Company Dr. Reddy's Laboratories S.A.S, corresponding to the years ended on December 31, 2019 and 2018 have been prepared in accordance with the Accounting and Financial Reporting Standards adopted in Colombia (NCIF), established in the Law 1314 of 2009, for preparers of financial information belonging to Group 2, regulated by the Single Regulatory Decree 2420 of 2015 modified by Decree 2496 of 2015. The NCIF are based on the International Financial Reporting Standard for Small and Medium Entities (IFRS for SMEs), issued by the International Accounting Standards Board (IASB). The base standard corresponds to that translated into Spanish and issued as of December 31, 2015 by the IASB.

The financial statements are presented in thousands of Colombian pesos, COP.

Note 3. Summary of significant accounting policies

3.1. General considerations

The main accounting policies that have been used in the preparation of these financial statements are summarized below:

3.2. Foreign currency

3.2.1. Functional and presentation currency

Functional currency: Colombian pesos

The functional currency of the Company is the Colombian peso, given that it is the currency of the main economic environment in which it generates and uses cash. Therefore, the Company manages its accounting records in such currency, which, in turn, is the one used for the presentation of the financial statements.

3.2.2. Transactions and balances in foreign currency

Transactions with foreign currencies are translated into Colombian pesos using the exchange rates prevailing on the dates of the transactions (spot exchange rate). Exchange gains and losses resulting from the liquidation of such operations and the modification of the measurement of monetary items at the exchange rate at the end of the year are recognized in income as income or expenses for exchange differences. The dollar peso exchange rate as of December 31, 2019 was COP 3,277.14 per USD 1 (2018 – COP 3,249.75 for each USD 1) and the average dollar peso exchange rate for 2019 was COP 3,281.09 for each USD 1 (2018 - COP 2,956.55 for each USD 1).

3.3. Cash and cash equivalents

Cash is included in all monies that the Company has available for its immediate use in cash, checking accounts and savings accounts and are kept at their nominal value.

Investments with a maturity of less than three months, highly liquid and held to fulfill short-term payment commitments are included in the cash equivalents. They are valued at market prices.

3.4. Financial instruments

3.4.1. Accounts receivable

Sales are made under normal credit conditions without accruing interest, and accounts receivable are initially recognized at their transaction price. Subsequently, they are measured at amortized cost using the effective interest method, less accumulated impairment.

When there is objective evidence that the amounts recorded for accounts receivable are not recoverable, the impairment loss is recognized in Income or results.

3.4.2. Financial obligations

Financial obligations are recognized when the Company receives the proceeds of the loan. They are measured at initial recognition at their nominal value, net of the costs incurred in the transaction. In their subsequent measurement, they are valued at amortized cost based on the debt's effective interest rate. Any difference between each valuation is recognized as financial expenses. Financial obligations are removed from the liability when they are paid, settled, or expired.

3.4.3. Suppliers and accounts payable

Suppliers and accounts payable correspond to obligations agreed in normal credit conditions and have no interest. They are recognized when the Company has acquired an obligation generated by receiving the risks and benefits of purchased goods or by receiving the agreed services, measuring them by the value agreed with the supplier. They are subsequently measured at amortized cost.

3.4.4. Withdrawal of financial assets

Financial assets are removed from the financial statements when the contractual rights to receive the cash flows from the asset expire, or when the financial asset and substantially all the risks and benefits have been transferred. Usually, this occurs when the money is received as a result of the settlement of the instrument or the payment of the debit balance.

If the Company does not transfer or substantially retain all the risks and advantages inherent to the property and continues to retain control of the transferred asset, it recognizes its participation in the asset and the associated obligation for the amounts it has to pay. If it retains substantially all the risks and advantages inherent in the ownership of a transferred financial asset, it continues to recognize the financial asset and, also recognizes a collateral loan for the income received.

The difference between the book value of the financial asset and the value of the consideration received and to be received is recognized in the results.

3.4.5. Impairment of financial assets

All financial assets, except those that are carried at fair value through profit or loss, are reviewed for impairment at least at the end of each year to determine if there is objective evidence of their impairment.

Significant accounts receivable are considered for impairment analysis on an individual basis when those accounts are past due or when there is objective evidence that a customer will default as a result of one or more events occurring after the initial recognition of the asset that impact the estimated future cash flows of the debt balance. Other accounts receivable are analyzed collectively by grouping them according to similar credit risk characteristics.

If there is objective evidence that an impairment loss has been incurred, the future cash flows to be recovered are estimated by means of an analysis and projection that considers the impairment probability and the estimate of the value that will not be recovered based on the analysis of all the factors that affect the financial asset. When the present value of the estimated future cash flows to be recovered, discounted using the original effective interest rate of the asset is less than the carrying value of the financial asset, an impairment loss is recognized in a sub-account of the asset with a charge to the profit and loss for the period.

If, in a subsequent period, the value of the impairment loss decreases as a consequence of an event that occurred after the impairment was recognized, the reversal of the impairment loss is recognized in profit or loss.

3.5. Inventories

Dr. Reddy's Laboratories S.A.S., recognizes as inventories the goods acquired for which it is expected to obtain economic benefits in future periods, through their use (consumption) and / or sale.

Inventories are measured at the lower of the cost and their estimated sales price minus the costs of termination and selling expenses, using the average method. The cost includes the net purchase cost of discounts, rebates and similar plus all necessary expenses incurred to give them their condition and location. In the case of manufactured products, the costs include the expenditures causally related to their production and a part of the fixed indirect costs assigned based on the normal production capacity.

In the case of imports, their purchase cost is recognized at the exchange rate of the date on which the risks and benefits of the inventory are received, in the case of purchase of inventory from group companies, the inventory is recognized at the date of purchase invoice of the supplier, in all cases without intervening the agreed negotiation term.

3.6. Properties, plant and equipment

The elements of property, plant and equipment are initially measured at cost, which includes the purchase price, net of discounts and rebates, plus all costs directly attributable to the location of the asset in the place and conditions necessary for it to be able to operate in the manner intended by management.

Depreciation is calculated on the depreciable amount of the asset, using the straight-line method based on the following useful lifes:

Type of asset	Useful life in years
Vehicles	4 years
Telecommunications equipment	3 years
Office equipment	8 years
Computer equipment	3 years
Improvements in third party's property	8 years

Considering that the Company intends to use the assets throughout their life, no residual value is determined.

The useful life of the assets is reviewed annually, and if there are significant changes, the depreciation is revised prospectively to reflect the new expectations.

Expenses for minor repairs, normal maintenance of the assets and all those activities that maintain the service and ability to use the asset under normal conditions are charged to expenses of the period.

The book value of an item of properties, plant and equipment is removed from the assets when it is sold or transferred to a third party, transferring the risks and benefits and / or when no future economic benefits are expected from its use or sale. Gains or losses arising from the removal are recognized in income as part of "other income or other expenses," as appropriate.

Spare parts, auxiliary equipment and permanent maintenance equipment are recognized as properties, plant, and equipment when their use is expected to be more than one year, and their individual value exceeds 1 valid legal monthly salary in force (SMMLV). Otherwise they are treated as expenses.

The expenditures for minor repairs, normal maintenance of assets and all those activities that maintain the service and ability to use the asset in normal conditions are charged to expenses for the period.

The book value of an item of property, plant and equipment is withdrawn from the assets when it is sold or assigned to a third party, transferring the risks and benefits and / or when it is not expected to obtain future economic benefits from its use or sale. Gains or losses arising from this withdrawal are recognized in income as part of "other income or other expenses," as appropriate.

3.7. Impairment of the non-financial assets value

At the end of each year, the Company evaluates whether there is any indication of impairment of the value of an individual asset to the extent that it generates cash flows independently, or cash generating units. If there are indications of a possible impairment, the recoverable value of any affected asset (or cash generating units) is estimated and compared with its book value, except for capital gains. If the estimated recoverable value is lower than the net book cost of the asset (individual or cash generating unit), its carrying amount is reduced to the estimated recoverable value, and a loss for impairment is recognized, which is recorded in the results as expenses or through a decrease in the surplus for revaluation of assets, if any.

If an impairment loss is subsequently reversed, the carrying amount of the asset (or cash-generating unit) increases until the revised estimate of its recoverable value, without exceeding the value that would have been determined had no loss been recognized for impairment of value of assets in previous years. A reversal of an impairment loss is recognized immediately in profit or loss.

3.8. Leases

A lease is classified as a finance lease if it transfers substantially all the risks and benefits incidental to ownership of the leased asset. Therefore, at the beginning of the lease, an asset (property, plant and equipment, intangible assets or investment property, as applicable) is recognized at the fair value of the leased asset or, if it is less than the present value of the minimum lease payments. A similar value is recognized as a financial lease liability within the financial obligations.

The lease payments are divided between the financial charge and the reduction of the lease obligation, in order to achieve a constant interest rate on the remaining balance of the liability. The financial charge is recognized as financial expenses in the income statement.

For the assets held in finance leases the policies are applied in the same way as for the assets that are owned by the Company.

The rest of the leases are treated as operating leases, proceeding to recognize the quotas agreed on in the result of the period on a straight-line basis over the term of the lease.

3.9. Income tax

The tax expense recognized in the income of the period includes the sum of the current taxes for the concept of the current income tax and the surtax to the income and supplementary tax, and the deferred tax. The current income tax and the surcharge are calculated based on the net income, using the tax laws enacted and in force on the annual closing date, which differs from the accounting income reflected in the financial statements.

Assets and / or liabilities for current taxes comprise the obligations or claims of the tax authorities in relation to the periods of current or previous reports that are pending payment at the annual closing date. The Management periodically evaluates the position assumed in the tax returns, regarding situations in which the tax laws are subject to interpretation. The Company, when applicable, recognizes the amounts it expects to have to pay to the tax authorities.

Deferred tax assets and liabilities are calculated based on temporary differences between the book value of assets and liabilities and their tax base, to the that they are expected to increase or decrease the taxable profit in the future.

Deferred tax assets and liabilities are calculated, without discounting, at the tax rates expected to be applied in the respective period of realization. The deferred tax is recognized in profit or loss for the period, except in the case of items that are recognized in equity or in other comprehensive income, in which case the tax is also recognized in equity or in other comprehensive income, respectively.

The deferred tax asset is only recognized to the extent that the existence of future tax benefits against which the temporary differences that generate it are probable. The foregoing is determined based on the Company's projections on future operating results, adjusted for significant items that are reconciled for the fiscal result and for the limits on the use of tax losses or other fiscal assets pending application.

The book value of deferred income tax assets is reviewed on each reporting date and adjusted as necessary to reflect the current assessment of future tax earnings.

3.10. Employee benefits

The Company's labor obligations include short-term benefits.

3.10.1. Short-term benefits

The short-term benefits include salaries, severance, vacation, legal premium, interest on severance and all those items that remunerate the service provided by employees to the Company and that are expected to be fully liquidated before the twelve months following the annual closing date in which is informed that the employees have provided the related services.

These benefits are recognized to the extent that the employee provides services to the Company and are measured by the value established in the labor standards and / or in the individual agreements established between the employee and the Company.

3.11. Provisions and contingencies

Provisions comprise estimates of probable and quantifiable losses for claims on the Company and provision for decommissioning. Their recognition is made when there is a present legal or assumed obligation as a result of past events, it is probable that the outflow of resources will be required for payment and its value can be estimated reliably.

Provisions are measured at the present value of the disbursements that are expected to be required to settle the obligation, using the average interest rate of the Company's bank credits as the discount rate. The existing provisions are updated annually, and their value is recognized as financial expenses in the part that reflects the passage of time and as expenses the part that reflects an adjustment in the estimate of the provision.

The contingencies of profits in favor of the Company are not recognized until the certainty of obtaining the economic benefit of them is assured.

3.12. Subscribed and paid capital and additional paid-in capital

The share capital represents the nominal value of the shares that have been issued.

Incremental costs directly attributable to the issuance of new shares are recognized in equity as a deduction from the amount received, net of taxes.

The capital surplus corresponds to the share issue premium and is determined as the difference between the value of the placement of the shares and their nominal value.

Dividends distributions payable to shareholders are recognized as accounts payable when the dividends are declared by the Shareholders' Meeting.

3.13. Reserves

Appropriations authorized by the General Shareholders' Meeting are recorded as reserves, charged to the results of the year for compliance with legal provisions. Its recognition is made at the moment in which the Shareholders' Meeting approves the appropriation.

3.14. Recognition of revenue from ordinary activities

Revenues are measured by reference to the fair value of the payment received or to be received from the goods supplied or the services provided by the Company, net of rebates, commercial discounts and the like. The accounting policy for each income group is as follows:

3.14.1. Product sales

Revenues from ordinary activities, from the sale of generic drugs for the oncology, anti-infectious and haematology sectors in the country, are recognized when the goods are delivered and their property has changed, which occurs with the actual delivery of the goods. The acknowledgment is made through the sales invoice when the buyer states through purchase order his willingness to purchase the products and in this way at the time of delivery of the goods signs as a sign of acceptance the invoice and thus acquires ownership about them.

The measurement of income is made by the gross price agreed between the parties, elaborating, as the case may be, credit notes and / or provisions recognizing all the trading conditions (except the commissions), regardless of the degree of possibility that these are given or not. The following are the transactions that are recorded as a lower value of income: a. Commercial discounts; b. Financial discounts; c. Discounts by volume; d. Returns. With this practice, the Company will always have the value of the net sales of the period.

3.15. Recognition of costs and expenses

The Company recognizes its costs and expenses to the extent that economic events occur in such a way that they are systematically recorded in the corresponding accounting period (accrual), regardless of the time of payment.

3.16. Classification into current and non-current assets and liabilities

The Company classifies as current assets those items that: i) Expects to make, sell or consume in its normal operating cycle, which is 12 months, ii) Maintains mainly for trading purposes, iii) Expects to perform within the following twelve months after the reporting period, or iv) They are cash or cash equivalent. All other assets are classified as non-current.

The Company classifies as current liabilities those items that: i) Expects to settle in its normal operating cycle, which is 12 months, ii) Maintains mainly for trading purposes, iii) They must be settled within twelve months following the date of the period reported, or iv) They do not have an unconditional right to postpone their payment at least in the twelve months following the closing date. All other liabilities are classified as non-current.

Note 4. Key assumptions of the uncertainty in the estimation

When preparing financial statements, the Management assumes a series of judgments, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses. These judgments and estimates are evaluated periodically based on experience and other factors. Actual results may differ from the estimates made and may require significant adjustments in the book value of the affected assets and liabilities.

The most significant estimates correspond to:

4.1. Debtors impairment

The situation of each debtor at the date of the financial statement is considered, as well as his characteristics, maturities, financial difficulties, economic environment in which he /she operates, among others. The Company has updated financial information of each of its clients. Based on these analyses and information, for each debtor, the estimated future flows to be received are made, which are discounted at the debtor's original effective interest rate, thus finding the present value, which it is compared with the book value, being the difference the impairment of value.

The debtors' impairment of value can be modified in the future due to economic, legal and market situations that affect the debtors and their future payment.

4.2. Inventory impairment

The net realizable values of the inventories are determined taking into consideration the most reliable evidence that is available at the date of the annual closing regarding the inventory status, expected sale prices, market situation, among others.

The future execution of these inventories may be affected by changes in the market, in technology and in the habits of consumers that can reduce sales prices.

Inventories are evaluated to determine the impairment in value at each reporting date. Impairment losses due to the progressive expiration of inventory products are recognized immediately in profit and loss and are shown in cost of sales.

One unit of each lot imported / traded will be retained in order to have a sample for analysis in the event of an adverse event. This sample will be retained for 5 years. At the end of this term and as long as no novelty is presented, the sample will be destroyed.

4.3. Impairment of properties, plant and equipment

In the impairment assessment, the Company determines the recoverable value of each asset or cash generating unit based on the greater, between the use value and net fair value of the assets. In the determination of the use value, estimates of the expected future cash flows are made and an interest rate is determined to calculate its present value.

The uncertainty of the estimate is related to the assumptions about the future operating results generated by the asset, as well as the determination of an adequate discount rate. On the other hand, the fair value of the assets may be affected by changes in the market or in the conditions and use of the assets.

4.4. Provisions

The estimation of the provisions to meet probable and quantifiable litigation is made based on the status of each process and the determination of possible outcomes using the legal criteria provided by the Company's attorneys at the closing date. The information may change in the future in accordance with the decisions of the judges and the existence of new information of each lawsuit.

The estimate of the provision for decommissioning starts from an analysis at the date of the annual closing of the activities to be carried out in the future, the current cost with reference to the market, projected based on estimated rates of growth of the same and discounted based on the rate of the yield curve of government securities. These variables may change in the future according to the economic evolution of the rates and related costs.

4.5. Income tax and deferred income tax

The tax expense recognized in the results of the period includes the sum of current income tax and the deferred tax. The current income tax is calculated based on the net income, respectively, in accordance with the tax legislation in force at the closing date of the financial statements.

Deferred tax assets and liabilities are calculated on the temporary differences between the book value of assets and liabilities and their tax base, to the extent that they are expected to increase or decrease the taxable profit in the future.

The book value of deferred income tax assets is reviewed on each reporting date and adjusted as necessary to reflect the current assessment of future tax earnings.

Note 5. Objectives and risk management policy

The Company is exposed to various risks related to financial instruments, such as liquidity, currency, interest rate and credit risks. The Company does not carry out trading activities for speculative purposes.

Quantitative and qualitative information is reported below for each of the financial risks.

- Exposures to risk and how they arise;
- Its objectives, policies and processes for risk management, as well as the methods used to measure it;
- Summarized quantitative data about their risk exposure at the closing of 2019; and
- Risk concentrations

Liquidity risk

Liquidity risk is that the Company may not be able to meet its obligations, therefore, the expected cash flows of financial assets should be considered when evaluating and managing liquidity risk, particularly its cash resources and its accounts receivable. The Company manages its liquidity needs by monitoring the payments that must be made of both debt and interest; as well as preparing forecasts of cash inflows and outflows in weekly, monthly, quarterly and annual terms with horizons of up to five years.

The parent company analyzes the cash needs of each company on a monthly basis, plus an additional quarter and it ensures that each of them has sufficient liquidity to meet their obligations. If a financing need is detected in a company, the most appropriate way of providing funds to said company is studied from the parent company seeking local financing or supported directly from the parent company.

The Company's existing cash resources and accounts receivable exceed the current cash flow requirements. Cash flows from customers and other accounts receivable expire contractually in the first six months.

As of December 31, 2019, the financial liabilities of Dr. Reddy's Laboratories S.A.S., have contractual maturities (including interest payments when applicable) as summarized below:

	Current		Non-current		
	To six months	From six months to a year	From one year to five years	More than five years	As of December 31, 2019
Financial obligations	0	0	3,604,854	0	3,604,854
Suppliers	0	7,717,776	0	0	7,717,776
Trade accounts payable	202,838	0	0	0	202,838
Tax liabilities	11,130	0	0	0	11,130
Liability for employee benefits	230,027	0	0	0	230,027
Total	**443,995**	**7,717,776**	**3,604,854**	**0**	**11,766,625**

	Current		Non-current		
	To six months	From six months to a year	From one year to five years	More than five years	As of December 31, 2018
Financial obligations	0	0	3,574,725	0	3,574,725
Suppliers	0	8,067,172	0	0	8,067,172
Trade accounts payable	244,871	0	0	0	244,871
Tax liabilities	9,477	0	0	0	9,477
Liability for employee benefits	214,528	0	0	0	214,528
Total	**468,876**	**8,067,172**	**3,574,725**	**0**	**12,110,773**

Currency risk

Most of the Company's transactions are carried out in Colombian pesos. Exposures to exchange rates arise from purchases abroad that are basically denominated in United States dollars (USD).

To mitigate the Company's exposure to exchange rate risk, cash flows originating in foreign currency are monitored, as well as future commitments in those currencies, following established risk management policies. Generally, risk management procedures distinguish short-term foreign currency cash flows (maturing within 6 months to 1 year), from longer-term cash flows (maturing after 1 year). When the amounts to be paid or collected in a specific currency are expected to offset each other, no other hedging activity takes place.

The financial assets and liabilities denominated in foreign currency that expose the Company to a foreign exchange risk is analyzed below:

	Dollars	Other currencies	As of December 31, 2019
Financial Obligations	(1.100)	0	(1.100)
Suppliers	(2.355)	0	(2.355)
Net exposure	**(3.455)**	**0**	**(3.455)**

	Dollars	Other currencies	As of December 31, 2018
Financial Obligations	(1,100)	0	(1,100)
Suppliers	(2,482)	0	(2,482)
Net exposure	**(3,582)**	**0**	**(3,582)**

	Exchange rate 2019	Exchange rate 2018
USD = 1	3,277.14	3,249.75

Interest rate risk

The Company's policy is to minimize exposure to interest rate risk on its cash flow in long-term financing. For this reason, the Company agreed to an interest rate of 3% APR. Interest recognized and accrued quarterly. The Company does not recognize the difference as it is certain that the parent company will not change the conditions initially agreed.

Credit risk

Credit risk is the risk that clients and other debtors will not make their payment to the Company, therefore its exposure to this risk is mainly due to the balances of cash and cash equivalents and all debtors.

The maximum exposure of credit risk by the Company is presented below according to the balances of the financial position statement:

	2019	2018
Cash and cash equivalents	**1,281,332**	849,117
Debtors clients	**10,521,198**	8,218,936
Employee loans	**165,177**	21,347
Other debtors	**22,870**	9,323
Total	**11,990,577**	9,098,722

The Company continuously monitors balances exposed to credit risk, individually or by group of debtors, and incorporates this information into its credit risk controls. When it is available at reasonable cost, external credit ratings and / or reports are made about customers and others and this information is used.

The Company considers that all the aforementioned financial assets that are neither impaired nor past due for each of the reporting dates under review, have a good credit quality due to the fulfillment of its agreements with clients.

The Company maintains certain accounts receivable that are in arrears but have not been considered impaired. The analysis of their age is as follows:

	2019	2018
Less than three months	**9,774,083**	7,505,514
From three to six months	**560,535**	468,606
From six months to a year	**186,580**	244,816
More than one year	**0**	0
Total	**10,521,198**	8,218,936

Accounts receivables consist of a large number of clients in the health area, who are provided with generic drugs for the hematology, cancer and anti- infectious sectors. Based on historical information about customer default rates, management considers the credit quality of accounts receivable that are not past due or impaired to be good.

Those debit balances that have been considered individually impaired correspond to third parties in insolvency, liquidation and restructuring law and have been originated from financial difficulties to cover their commitments and special agreements.

The credit risk for cash and cash equivalents is negligible, as the counterparties are reputable banks with high ratings from external rating companies.

Note 6. Cash and cash equivalents

Cash and cash equivalents as of December 31, 2019 and 2018 include the following components:

	December 31	
	2019	2018
Current:		
Cash	2,152	0
In checking accounts	1,279,180	849,117
Total	**1,281,332**	849,117

The cash and cash equivalents are no limitations on its use.

Nota 7. Commercial accounts receivable and other receivables

Commercial accounts receivable and other accounts receivable include:

		December 31	
		2018	2018
For sale of medicines		**11,258,050**	8,759,502
Other accounts receivable		**188,047**	30,669
Future conditioned discounts	(1)	**(340,272)**	(179,894)
Accumulated impairment of accounts receivable	(2)	**(396,580)**	(360,672)
Total current		**10,709,245**	8,249,605

(1) Discounts are associated discounts for prompt payment, volume and commercial, which are effective upon receipt of payment.

(2) The movement of impairment of accounts receivable for the year 2019 is as follows:

	December 31	
	2019	2018
Initial balance January 1	**(360,672)**	(117,736)
Impairment of the year	**(35,908)**	(260,486)
Recoveries of the year	**0**	17,550
Final balance December 31	**(396,580)**	(360,672)

The value of the year's impairment was recognized in the results of the period.

Note 8. Assets for taxes and contributions

The balance of assets for taxes and contributions as of December 31, 2019 and 2018 includes:

		December 31	
		2019	2018
Surpluses in private income tax liquidation	(1)	**938,774**	897,428
Total		**938,774**	897,428

(1) Surplus in private tax liquidation includes:

	December 31	
	2019	2018
Credit balance income year 2017	**0**	338,073
Credit balance income year 2018	**871,744**	559,355
Credit balance income year 2019	**67,030**	0
Total	**938,774**	897,428

Note 9. Inventories

The balance of inventories as of December 31, 2019 and 2018 includes:

		December 31	
		2019	2018
Medicines		**4,083,146**	5,194,220
Impairment	(1)	**(754,709)**	(457,429)
Total		**3,328,437**	4,736,791

(1) In 2019, a total of $ 3,328,437 COP of inventories was included in results within cost of sales (2018 - $ 5,194,220 COP). This value includes impairment losses for the year 2019 in the amount of $ 754,709 (2018 - $ 457,429).

The following is the movement of inventory impairment for the two cuts:

	2019	2018
Initial balance January 1	**(457.429)**	(327.204)
Impairment of the year	**(297.280)**	(457.429)
Writhe-off of the year	**0**	327.204
Final balance December 31	**(754.709)**	(457.429)

Note 10. Properties, plant, and equipment

The balance of property, plant and equipment as of December 31 includes:

	2019	2018
Gross cost	**1,008,825**	723,394
Accumulated depreciation	**(394,666)**	(259,238)
Total	**614,159**	464,156

The movement of properties, plant and equipment for the year 2019 is as follows:

	Office equipment	Computer equipment	Telecommunication equipment	Vehicles	Improvements in third parties' property	Total
Balance at 1/1/2018	30,038	40,733	7,768	42,972	0	121,511
Purchases	107,313	31,146	4,630	0	361,734	504,823
Year's depreciation	(70,847)	(27,564)	(11,545)	(23,439)	(7,536)	(140,931)
Withdrawals	(21,247)	0	0	0	0	(21,247)
Balance at 31/12/2018	**45,257**	**44,315**	**853**	**19,533**	**354,198**	**464,156**
Purchases	23,600	85,038	0	154,990	21,802	285,430
Withdrawals	0	0	0	0	0	0
Year's depreciation (7.993)	(35,605)	(853)		(42,135)	(47,942)	(134,528)
Adjustments and reclassifications	0	(899)	0	0	0	(899)
Balance at 31/12/2019	**60,864**	**92,849**	**0**	**132,388**	**328,058**	**614,159**

Note 11. Financial obligations

The balance of financial obligations as of December 31, 2019 and 2018 includes:

Type of credit	EA Interest rate	Current December 31 2.019	2.018	No current December 31 2.019	2.018
For working capital	3% EA	0	0	3,604,854	3,574,725
Total	**0**	**0**	**0**	**3,604,854**	**3,574,725**

The value of the financial obligations corresponds to USD 1,100,000, received in three (3) loans subscribed with Dr. Reddy's Laboratories S.A. (Suiza), USD 100,000 - June 2015, USD 250,000 in December 2015, USD 375,000 in November 2016 and USD 375,000 in June of 2017. According to the conditions of the obligations during the year 2019 no installments will be made to the debt.

The annual effective interest rate is 3%. Interests recognized and caused quarterly. Although it is a low interest compared to that of the market, the Company does not recognize the difference because it is certain that the parent company will not change the initially agreed conditions.

Note 12. Suppliers and accounts payable

The balance of suppliers and other accounts payable as of December 31, 2019 and 2018 include:

		December 31 2019	2018
Costs and expenses payable	(1)	**7,847,690**	8,261,995
Withholding taxes		**70,900**	46,718
ICA withheld		**2,024**	3,330
Total		**7,920,614**	8,312,043

(1) The balance of suppliers corresponding to related companies as of December 31, 2019 includes balances in dollars for a total value of USD 2,355,034 (2018 - USD 2,482,397.60). The adjustment for restatement at the 2019 year-end exchange rate generated foreign exchange expenses of 455,403 (2018 - Ch$453,628) recognized as financial expenses.

Note 13. Current taxes payable

The balance of current taxes payable includes:

	December 31 2019	2018
Tax of industry and commerce ICA	**11,130**	9,477
Total	**11,130**	9,477

The Income Tax expense includes:

	December 31	
	2019	2018
Income Tax	**799,584**	35,779
Deferred tax	**142,843**	(215,173)
Total	**942,427**	(179,394)

Legal provisions applicable to income tax, presumptive income and tax on dividends:

1. Taking into account that Law 1943 of 2018 was declared unenforceable by the Constitutional Court, by means of Judgment C 481 of October 16, 2019; On December 27, 2019, Law 2010 was promulgated, which took up most of the text of Law 1943, with some modifications and additions, and whose validity begins from 2020. The effects of said ruling will only occur towards the future and, consequently, in no case will they affect the consolidated legal situations prior to their notification. In accordance with the foregoing, the tax provisions applicable to the Company for the closing of 2019 are those established in accordance with Law 1943 of 2018 and regulations issued during the 2019 taxable year, as follows:

a. Tax Concept and rate for each taxable year:

Year	Taxation concept	Rate
2017	Income	34%
	Income Surcharge	6%
	Global Rate	40%
2018	Income	33%
	Income Surcharge	4%
	Global Rate	37%
2019	Income:	33%
	Global Rate	33%
2020	Income:	32%
	Global Rate	32%
2021	Income:	31%
	Global Rate	31%
2022 and onwards	Income:	30%
	Global Rate	30%

b. The base for determining the income tax of the taxable year of 2019 in accordance with Law 1943 of 2018 may not be less than 1.5% of its net equity on the last day of the immediately preceding taxable year. This percentage, according to the 2010 Law of 2019, will be 0.5% in 2020 and 0% from 2021.

c. In accordance with article 25 of Law 1607 of December 2012, from July 1, 2013, legal entities and assimilated income tax and complementary taxpayers are exempt from the payment of parafiscal contributions in favor of SENA and ICBF, corresponding to the workers that earn, individually considered, up to ten (10) monthly minimum wages in force. Likewise, as of 2019, those who avail themselves of the Simple Tax Regime are also exempt in accordance with Law 1943 of 2018.

d. When the income tax has been determined based on the presumptive income system, in accordance with Law 1943 of 2018 and its previous regulations, the Company may subtract from the gross income determined within the following five years the value of the presumptive income over net income excess, calculated by the ordinary system and adjusted based on the inflation index until December 31, 2016. As of 2017, presumptive income over ordinary income excesses may be deductible without adjustment, within the following five years.

e. The wealth tax was incurred during the years 2015 to 2017, using the net assets held on January 1 of each of these years as a taxable base, increasing it with the hidden assets that were decided to normalize and decreasing it with the net assets value or the gross assets value of certain assets or rights, which are expressly mentioned in article 295-2 of the Tax Statute, as well as with the assets that are allowed to be deducted according to the agreements to avoid double international taxation. The rates to settle the wealth tax were reduced between 2015 and 2018 (last year this tax was in force), with the highest being 1.5% and the lowest 0.05%.

f. The income tax rate corresponding to dividends or participations and their withholding, pursuant to Decree 2371 of 2019 for the taxable year 2019, is as follows:

Concept	INCRNGO (*)	Taxed
Taxable year 2016 and prior, withholding must be practiced for the taxable part as follows: 20% Obliged to file a return 33% Not obliged to file a return (20% if it exceeds 1400 UVT* - Unit of Tax Value*)	N/A	Rates art. 240 TS 33% 2019 32% 2020 31% 2021 30% 2022
Earnings Jan 1/17 - Dec 31/18 that have been decreed as enforceable, to resident natural persons and illiquid inheritances of causers that at the time of their deaths were residents of the country.	For the taxable year 2019 0 - 300 UVT 0% 300 UVT onwards 15% (10% since 2020)	
Dividends received from foreign companies to resident natural persons and national companies	N/A	
Earnings Jan 1/17 - Dec 31/18 that have been decreed as callable, to foreign companies and entities and by non-resident natural persons and illiquid estates of non-resident causers at the time of their death	7,5%	
SIMPLE Earnings with respect to Income taxed in SIMPLE, The value to be deducted will be the simple national component.	Ongoing The withholdings of Law 2010/19 Resident natural persons 0 - 300 UVT > 0% 300 UVT onwards > 10%	

(*) INCRNGO - Income not Constituting Income or Occasional Profit

2. Pursuant to the 2010 Law of 2019 "Growth Law, the rates applicable to dividends and their withholding with respect to the Earnings distributed as payable in 2020, are as follows:

Concept	INCRNGO (*)	Taxed
Taxable year 2016 and prior, withholding must be practiced for the taxable part as follows: 20% Required to file a return. 33% Not obliged to file a return (20% if it exceeds 1400 UVT)	N/A	Rates art. 240 TS 33% 2019 32% 2020 31% 2021 30% 2022
National Companies	7,5% Withholding transferable to the final beneficiary	
Companies, foreign entities and permanent establishments	10%	
Resident natural persons	0 - 300 UVT 0% 300 UVT onwards 10%	
Non-Resident natural persons	10%	

(*) INCRNGO - Income not Constituting Income or Occasional Profit

As of 2020, the rates on dividends are as follows in accordance with the 2010 Law of 2019 "Growth Law":

Concept	Taxed	INCRNGO (*)
National Companies	Rates art. 240 TS 33% 2019 32% 2020 31% 2021 30% 2022	7,5% Withholding transferable to the final beneficiary
Companies, foreign entities and permanent establishments		10%
Resident natural persons		0% 0 - 300 UVT 10% 300 UVT onwards
Non-Resident natural persons		10%

3. In accordance with Law 1819 of 2016, the tax losses obtained from the taxable year 2017, can be compensated with the ordinary liquid income obtained in the following twelve taxable periods, with no limit on the amounts to be compensated (Art. 147 TS). Accumulated losses as of December 31, 2016 and readjusted in the inflation index until December 31, 2016 of income and CREE are not subject to the compensation term provided in art. 147 TS, nor will they be fiscally readjusted and the formula of numeral 5 Art. 290 ET (Transitional regime) must be considered.

4. Law 1943 of 2019 establishes limits for deductions: interest in proportion to liquid equity regarding loans with economic associates, amortization of goodwill for the acquisition of shares and residual value for depreciation due to balance reduction, among others.

5. The occasional earnings rate is 10%.

6. As of 2017, income tax contributors who receive income from a foreign source, subject to income taxes in the country of origin, can deduct such amounts from income tax, and its surcharge, until they are exhausted. The value of the discount in no case may be greater than the income tax settled. These rules must be verified with respect to the countries with which Colombia has an agreement to avoid double taxation and the CAN (Andean Community of Nations)

7. The Income tax returns for the years 2018 and backwards are closed for tax purposes, those for the years 2018 to 2019 and the CREE tax declaration for the year 2016 are pending for revision. The Company and its legal advisors consider that, in the event of review by the tax authorities, there will be no changes in the bases declared by the Company.

The reconciliation between accounting profit and income tax expense for the years 2019 and 2018 is as follows:

	2019	2018
Profit (Loss) before taxes	**2.818.582**	(287.166)
Plus: non-deductible items that increase tax profit		
Vehicle tax	**0**	1.100
Impairment of portfolio	**35.908**	260.486
Industry and Commerce Tax Expenditure	**109.531**	0
Non-deductible expense for GMF	**39.066**	30.767
Exchange difference caused	**0**	554.992
Deterioration of inventory not destroyed (samples)	**297.280**	457.429
Costs and expenses of previous years	**25.915**	7.934
Miscellaneous expense	**5.177**	0
Travel expenses Chile & Venezuela	**6.900**	20.217
Total items that increase the taxable liquid income	**519.777**	**1.045.759**
(Less): items that decrease tax profit		
Amortization of Pre-Operations	**0**	(173.734)
Impairment of tax inventory	**(237.204)**	(324.421)
Impairment of portfolio (tax deduction)	**(132.174)**	(137.773)
Unrealized exchange difference (income)	**(379.410)**	0
Fiscal loss compensation year 2016	**0**	(301.410)
Others	**(633)**	0
Total items that decrease the taxable liquid income	**(749.421)**	**(937.338)**
Liquid income	**2.588.938**	**108.421**
Presumptive income calculation		
Liquid Equity of the immediately previous year	**4.213.300**	1.723.186
Presumptive income percentage	**1,5%**	3,5%
Presumptive income	**63.200**	**60.311**
Taxable base	**2.588.938**	108.421
Tax rate	**33%**	33%
Subtotal tax expense	**854.349**	**35.779**
ICA tax discount 50%	(54.765)	0
Total tax expense recorded in the year	**799.584**	**35.779**
Income tax of the year	**799.584**	**35.779**
Less: Withholding tax	(774.310)	(528.841)
Less: Self-withholding	(92.304)	(66.293)
Income tax (positive) (Note 8)	**(67.030)**	**(559.355)**

Note 14. Deferred tax assets and liabilities

Deferred tax assets and liabilities arising from temporary differences as of December 31, 2019 and 2018, have been determined as follows:

			December 31,2019 Deferred Tax		
Concept	Temporary difference	Rate	Assets	Liabiliti	Net
Impairment of portfolio assets	110.787	32%	35.452	0	35.452
Inventory impairment asset	517.505	32%	165.601	0	165.601
Assets for exchange difference not realized in account payable	422.077	32%	135.065	0	135.065
Deferred tax value			**336.118**	**0**	**336.118**

Concept	Temporary difference	Rate	December 31, 2018 Deferred Tax Assets	Liabilities	Net
Impairment of portfolio assets	207.053	33%	68.327	0	68.327
Inventory impairment asset	457.429	33%	150.952	0	150.952
Assets for exchange difference not realized in	786.914	33%	259.682	0	259.682
Deferred tax value			**478.961**	**0**	**478.961**

The variations generated in the recognition of deferred tax assets and liabilities are shown below:

	December 31, 2019		December 31, 2018	
	Assets	Liabilities	Assets	Liabilities
Initial balance	**478.961**	0	263.788	0
Increase due to new temporary differences		0	478.962	0
Decrease due to the use of temporary differences	**(142.843)**	0	(190.294)	0
Decrease due to the application of tax losses and excess income	**0**	0	(73.495)	0
Closing balance	**336.118**	**0**	**478.961**	0

The balance is recognized in the period expense

	2019	2018
(Expense) Income for the period	**(142.843)**	215.173
Total	**(142.843)**	215.173

The variations of the year 2019 with respect to the year 2018 are due to changes in the temporary differences.

Note 15. Liability for employee benefits

	2019	2018
Wages	**11.532**	0
severance	**62.293**	55.383
Interest on severance pay	**8.343**	6.346
Holidays	**97.146**	57.606
commissions	**0**	36.500
Social and parafiscal security	**0**	47.893
Bonuses	**50.713**	10.800
Total	**230.027**	214.528

Note 16. Capital

The Company's share capital as of December 31, 2019 is represented in 45,657 (2018 - 45,657) fully paid ordinary shares with a nominal value of ($100,000 COP) one hundred thousand Colombian pesos each. All shares are equally eligible to receive dividends and capital redemptions and represent one vote at the Shareholders' Meeting.

The reconciliation of outstanding shares and reserves within equity is shown below:

	December 31	
	2019	2018
Share capital		
Number of authorized shares	**1.000.000**	1.000.000
Number of shares issued and fully paid	**45.657**	21.814
Share unit nominal value	**100.000**	100.000
Total nominal value of the shares	**4.565.700**	2.181.400
Number of shares issued and fully paid	**45.657**	21.814
Changes in the number of shares outstanding	**0**	23.843
Total increase	**45.657**	45.657
Number of outstanding shares at the end of the period	**45.657**	45.657

The sole shareholder is Dr. Reddy´s Laboratories S.A., with 100% of the shares.

Note 17. Income from ordinary activities

Revenue from ordinary activities includes:

	2019	2018
Drug sales	**31.919.468**	21.191.664
(-) Return on sales	**(19.348)**	(14.994)
(-) Commercial discounts	**(8.824.132)**	(4.603.583)
Total	**23.075.988**	16.573.087

Note 18. Cost of sale

The detail of the costs of sale for the years 2019 and 2018 includes:

	2019	2018
Purchase cost of medicines sold	**11.607.370**	9.063.895
Impairment of inventories	**297.280**	624.619
Total	**11.904.650**	9.688.514

Note 19. Administration expenses

The detail of administration expenses includes:

	2019	2018
Employee benefits	**3.589.223**	2.553.969
Market research	**1.511.771**	117.260
Contributions to social security	**511.923**	362.302
Travel expenses	**389.850**	381.843
Fee	**283.438**	288.126
Legal expenses	**259.627**	232.353
Services	**256.737**	175.337
Leases	**209.070**	219.507
Depreciations	**134.528**	140.931
Other marketing expenses	**122.406**	109.561
Insurance	**68.241**	25.872
Maintenance	**39.862**	38.411
Impairment of debtors	**35.908**	242.936
Toiletries, cafeteria and supplies and stationery	**34.962**	44.683
Affiliations and contributions	**6.615**	6.424
Taxes	**5.762**	8.191
Activities with doctors	**4.390**	221.759
Congress affiliations	**500**	418.793
Pop material	**0**	201.210
Other administrative expenses	**95.981**	79.618
Total	**7.560.794**	5.869.086

Note 20. Financial income and costs

The detail of financial income and costs includes:

	2019	2018
Exchange difference	**455.403**	1.033.928
Interests	**110.516**	96.035
GMF tax	**78.132**	61.534
Expenses from previous years	**25.915**	0
Implicit interest	**5.133**	0
Bank fees	**4.094**	15.608
Loss on removal of assets	**0**	8.710
Others	**3.872**	7.934
Total	**683.065**	1.223.749

Note 21. Transactions with related parties

The related parties of the Company include its shareholders, related parties and key management personnel.

21.1 Transactions with shareholders

As of December 31, 2019 and 2018, no balances are presented with shareholders. The balances with related parties of the Company are as follows:

	December 31, 2019	2018
Financial obligations		
Dr. Reddy's Laboratories S.A.(Suiza)	**3.604.854**	3.574.725
Total	**3.604.854**	3.574.725
Debts to pay		
Dr. Reddy's Laboratories Ltd.	**7.717.776**	8.067.172
Total	**7.717.776**	8.067.172
Interests		
Dr. Reddy's Laboratories S.A. (Suiza)	**110.516**	96.035
Total	**110.516**	96.035
Exchange difference		
Dr. Reddy's Laboratories S.A.	**(379.410)**	606.967
Dr. Reddy's Laboratories Ltd.	**834.813**	321.481
Dr. Reddy's Laboratories Ltda.	**0**	105.480
Total	**455.403**	1.033.928

21.1 Transactions with key management personnel

The total remuneration of managers and other key staff members in 2019 (including salaries and benefits) amounted to $ 1,929,802 (2018 - $ 1,627,497).

Note 22. Events occurring after the reporting period

We are not aware of subsequent events that have occurred between the dates of the financial statements and their authorization, which require a modification of the figures presented; Except for the possible economic effects on the globalized and national markets of the crisis caused by the COVID-19 pandemic, impossible to estimate to date, but which will very surely have consequences on the results, cash flows and in general on the financial situation of the Company for the annual exercise of the year 2020.

In the short term, it is a fact that the majority of the economic sectors faced a significant reduction in demand and, consequently, in income and revenues. But also, external factors such as the fall in world stock markets, the drop in the price of oil and the volatility of exchange rates and the consequent devaluation of the Colombian peso against the US Dollar and the Euro, if they remain in time, could come to have a negative financial impact on the operation of the company.

Notwithstanding the foregoing, depending on the national and global evolution of the pandemic and the possible economic recession and the speed of its recovery, the real financial effects for the company may be known.

At the moment and due to the situation, Dr. Reddy´s Laboratories SAS has canceled national and international trips, seminars, face-to-face marketing activities, conferences, among others, thus reducing the company's expenses, and has also been looking for new marketing and sales strategies through technology, trying not to have a greater impact. The Company continues to structure the way to continue growing, despite the circumstances, the production has been maintained and tries to supply all the needs that our clients present.

Note 23. Approval of the financial statements

These financial statements will be approved by the shareholders' meeting and authorized for their publication.

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Independent Auditors' Report

To the Members of
Dr. Reddy's Laboratories Taiwan Limited

We have audited the accompanying financial statements of **Dr. Reddy's Laboratories Taiwan Limited**a company incorporated and administered outside India, which comprises the Balance sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income) for the year ended on that date annexed thereto, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The financial statements are prepared for the limited purpose of complying with the provisions of Section 136 of the Companies Act, 2013. The Company's Board of Directors is responsible, in accordance with the requirement of and only for the purpose of Section 136 of the Companies Act, 2013, for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended only to the extent applicable and relevant to a company incorporated outside India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of these financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

The Management of the Company is further responsible for ensuring that the financial statements, as far as possible, are in accordance with the requirement of Section 136 of the Companies Act, 2013.

Auditor's Responsibility

The audit is limited and only to express an opinion on the financial statements, prepared only to comply with the requirements and for the purpose of sec.136 of the Companies Act, 2013, whether they give a true and fair view of, as the case may be, state of affairs etc. It is not an audit in accordance with the provisions of the statutes of the country in which it was established and operated as may be applicable to the company.

Our responsibility is to express an opinion on these financial statements based on our audit carried out for the limited purpose of complying with Section 136. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India specified under Section 143(10) of the Act, only to the extent applicable and relevant to a company incorporated outside India.

This report is based on our examination of the accompanying financial statements and other relevant records and information considered necessary for the purposes of issuing this report and the information and explanations provided to us by the Management.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act, to the extent applicable and relevant to a company incorporated outside India, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2020;

(b) in the case of the Statement of Profit and Loss (including Other Comprehensive Income), of theLoss for the year ended on that date; and

(C) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

(d) in the case of Statement of Changes in Equity, of the Changes in Equity for the year ended on that date

For M/s A Ramachandra Rao & Co
Chartered Accountants
ICAI FRN 02857S

PSRVV Surya Rao
Partner
Membership No. 202367

Place: Hyderabad
Date: 18th May 2020

UDIN: 20202367AAABPP6820

Dr. Reddy's Laboratories Taiwan Limited
Balance Sheet
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non Current assets			
Property, plant and equipment	2.1	2,060	-
Current assets		**2,060**	**-**
Financial assets			
Cash and cash equivalents	2.2	4,493	2,183
Other financial assets	2.3	305	247
Other current assets	2.4	2,935	541
		7,733	**2,971**
Total assets		**9,793**	**2,971**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.5	26,775	13,409
Other equity		(20,037)	(11,017)
		6,738	**2,392**
Liabilities			
Non current liabilities			
Financial Liabilities			
Borrowings	2.6	909	-
		909	**-**
Current liabilities			
Financial Liabilities			
Other financial liabilities	2.7	1,537	579
Other current liabilities	2.8	609	-
		2,146	**579**
Total equity and liabilities		**9,793**	**2,971**

The accompanying notes are an integral part of financial statements.

As per our report of even date attached

For A Ramachandra Rao & Co.
ICAI Firm registration number: 002857S
Chartered Accountants

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories Taiwan Limited**

PSRVV Surya Rao
Partner
Membership No.: 202367

M V Narasimham
Director

Sameer Natu
Director

Place: Hyderabad
Date: 18 May 2020

Dr. Reddy's Laboratories Taiwan Limited
Statement of Profit and Loss
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Other income	2.9	5	309
Total income		**5**	**309**
Expenses			
Employee benefits expense	2.10	5,459	4,183
Depreciation	2.11	295	-
Finance cost	2.12	14	-
Selling and other expenses	2.13	4,382	6,543
Total expenses		**10,150**	**10,726**
Loss before tax		**(10,145)**	**(10,417)**
Tax expense			
Current tax		-	-
Deferred tax		-	-
Loss for the year		**(10,145)**	**(10,417)**
Other comprehensive income (OCI)			
A. (i) Items that will not be reclassifled to profit or loss			
(ii) Income tax relating to items that will not be reclassified to profit or loss			
B. (i) Items that will be reclassified to profit or loss		1,125	-
(ii) Income tax relating to items that will be reclassified to profit or loss			
Total comprehensive loss for the year		**(9,020)**	**(10,417)**

The accompanying notes are an integral part of financial statements.

As per our report of even date attached

For A Ramachandra Rao & Co.
ICAI Firm registration number: 002857S
Chartered Accountants

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories Taiwan Limited**

PSRVV Surya Rao
Partner
Membership No.: 202367

M V Narasimham
Director

Sameer Natu
Director

Place: Hyderabad
Date: 18 May 2020

Dr. Reddy's Laboratories Taiwan Limited
Statement of Changes in Equity
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Equity share capital	Other components of equity		Total equity
		Reserves and surplus	Other comprehensive income	
		Retained earnings	Foreign currency translation reserve	
Balance as at 1 April 2019	**13,409**	**(11,017)**	**-**	**2,392**
Issue of equity shares	13,366			13,366
Loss for the year	-	(10,145)	1,125	(9,020)
Balance as at 31 March 2020	26,775	**(21,162)**	**1,125**	**6,738**

Particulars	Equity share capital	Other components of equity		Total equity
		Reserves and surplus	Other comprehensive income	
		Retained earnings	Foreign currency translation reserve	
Balance as at 1 April 2018	**13,409**	**(600)**	**-**	**12,809**
Issue of equity shares				
Loss for the period	-	(10,417)	-	(10,417)
Balance as at 31 March 2019	**13,409**	**(11,017)**	**-**	**2,392**

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of
Dr. Reddy's Laboratories Taiwan Limited

For A Ramachandra Rao & Co.
ICAI Firm registration number: 002857S
Chartered Accountants

PSRVV Surya Rao
Partner
Membership No.: 202367

M V Narasimham
Director

Sameer Natu
Director

Place: Hyderabad
Date: 18 May 2020

Dr. Reddy's Laboratories Taiwan Limited

Statement of Cash Flow

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2020	For the period ended 23 February 2018 to 31 March 2018
Cash flows from / (used in) operating activities		
Loss before tax	**(10,145)**	**(10,417)**
Adjustments:		
Depreciation	295	
Foreign exchange loss / (gain), net	124	(295)
Finance income	(5)	(8)
Interest expense	14	
Changes in operating assets and liabilities:	-	
Other assets and liabilities, net	(1,995)	75
Cash generated from operations	**(11,712)**	**(10,645)**
Income tax paid, net	-	-
Net cash from / (used in) operating activities	**(11,712)**	**(10,645)**
Cash flows from / (used in) investing activities		
Purchase of PPE	(67)	
Finance income received	5	8
Net cash used in investing activities	**(61)**	**8**
Cash flows from / (used in) financing activities		
Proceeds from issue of equity shares	13,366	-
Payment of principal portion of lease liabilities	(264)	
Interest paid	(14)	
Net cash from / (used in) financing activities	**13,089**	**-**
Net increase / (decrease) in cash and cash equivalents	1,315	(10,637)
Effect of exchange rate changes on cash and cash equivalents	995	281
Cash and cash equivalents at the beginning of the year (Refer note 2.2)	2,183	12,539
Cash and cash equivalents at the end of the year (Refer note 2.2)	**4,493**	**2,183**

The accompanying notes are an integral part of financial statements.

As per our report of even date attached

For A Ramachandra Rao & Co.
ICAI Firm registration number: 002857S
Chartered Accountants

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories Taiwan Limited**

PSRVV Surya Rao
Partner
Membership No.: 202367

M V Narasimham
Director

Sameer Natu
Director

Place: Hyderabad
Date: 18 May 2020

Dr. Reddy's Laboratories Taiwan Limited
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies

1.1 Description of the Company
Dr. Reddy's Laboratories Taiwan Limited (" the Company") incorporated on 23 February 2018 in Taiwan , is a 100% subsidiary of Dr. Reddy's Laboratories SA.

1.2 Basis of preparation of financial statements
The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

1.3 Use of estimates and judgments
The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
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 and in any future periods affected.

1.4 Significant accounting policies

a) Current and non-current classification
All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of financial statements.
Assets:
An asset is classified as current when it satisfies any of the following criteria:
a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realised within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Liabilities:
A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

b) Foreign currency transactions
Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the statement of profit and loss in the period in which they arise

When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date.

c) Revenue
Sale of goods
Revenue is recognised when the control of the goods has been transferred to a third party, when the title passes to the customer, either upon shipment or upon receipt of goods by the customer and when the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product. Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.
Services Income
Revenue from services rendered, which primarily relate to contract research, is recognised in the statement of profit and loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.
License fee
License fees primarily consist of income from the out-licensing of intellectual property, and other licensing and supply arrangements with various parties. Revenue from license fees is recognised when control transfers to the third party and the Company's performance obligations are satisfied. Some of these arrangements include certain performance obligations by the Company. Revenue from such arrangements is recognised in the period in which the Company completes all its performance obligations.

d) Interest income and dividend
Interest income primarily comprises of interest from term deposits with banks. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Dr. Reddy's Laboratories Taiwan Limited
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

e) Income tax
Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:
• the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
• differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
• taxable temporary differences arising upon the initial recognition of goodwill.
Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

f) Property, plant and equipment
Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. 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. General and specific borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.
When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in the statement of profit and loss.
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.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

Depreciation
Depreciation is recognised in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.
Leasehold improvements are depreciated over the period of the lease agreement or the useful life, whichever is shorter.
Depreciation methods, useful lives and residual values are reviewed at each reporting date and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* .
The estimated useful lives are as follows:

	Years
Buildings	
- Factory and administrative buildings	20 to 30
- Ancillary structures	3 to 15
Plant and machinery	3 to 15
Furniture, fixtures and office equipment	3 to 10
Vehicles	4 to 5

Schedule II to the Companies Act, 2013 ("Schedule") prescribes the useful lives for various classes of tangible assets. For certain class of assets, based on the technical evaluation and assessment, the Company believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule.
Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other non-current assets. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

g) Inventories
Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process.
Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.
The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

Dr. Reddy's Laboratories Taiwan Limited
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

h) Employee benefits
Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.
Defined contribution plans
The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

i) Provisions, contingent liabilities and contingent assets
A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.
Restructuring
A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided.
Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.
Reimbursement rights
Expected reimbursements for expenditures required to settle a provision are recognised only when receipt of such reimbursements is virtually certain. Such reimbursements are recognised as a separate asset in the balance sheet, with a corresponding credit to the specific expense for which the provision has been made.
Contingent liabilities
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
Contingent assets
Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

j) Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial assets
All financial assets are recognised at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Companny commits to purchase or sell the asset.
Impairment of trade receivables
In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.
For this purpose, the Company follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. 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 date, right from its initial recognition.
As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.
Financial liabilities
Financial liabilities are classified,as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments

k) Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For this purpose, "short-term" means investments having maturity of three months or less from the date of investment. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

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

m) Trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially ate fair value and subsequently measured at amortised cost using the effective interest method.

Dr. Reddy's Laboratories Taiwan Limited

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Description	Gross Block					Depreciation					Net Block	
	As at 1st April 2019	Additions	Deletions	Forex adjustments	As at 31st March 2020	As at 1st April 2019	for the year	Deletions	Forex adjustments	As at 31st March 2020	As at 31st March 2020	As at 31st March 2019
Buildings	-	2,198	-	88	2,286	-	282	-	4	286	2,000	-
Furniture, Fixtures and office equipments	-	66	-	7	74	-	13	-	1	14	59	-
TOTAL	**-**	**2,264**	**-**	**95**	**2,360**	**-**	**295**	**-**	**5**	**300**	**2,060**	**-**
Previous Year	**-**	**-**	**-**		**-**	**-**	**-**	**-**		**-**	**-**	**-**

Dr. Reddy's Laboratories Taiwan Limited

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 2 Notes to the financial statements (continued)

Financial assets

2.2 Cash and cash equivalents

	As at 31 March 2020	As at 31 March 2019
Balances with banks:		
- In current accounts	4,493	2,183
	4,493	**2,183**

2.3 Other current financial assets

	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good		
Security deposits	305	247
	305	**247**

2.4 Other current assets

	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good		
Balances with statutory authorities	207	101
Other advances	2,728	440
	2,935	**541**

2.5 Share capital

	As at 31 March 2020	As at 31 March 2019
Authorised share capital		
TWD 12,000,000 (31 March 2019: TWD 6,000,000)*	26,775	13,409
Issued equity capital		
TWD 12,000,000 (31 March 2019: TWD 6,000,000)*	26,775	13,409
Subscribed and fully paid-up		
TWD 12,000,000 (31 March 2019: TWD 6,000,000)*	26,775	13,409
	26,775	**13,409**

* No concept of nature and number of shares in this Company.

(a) **Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March 2020		As at 31 March 2019	
	Amount in TWD ('000)	% holding in the class	Amount in TWD ('000)	% holding in the class
Dr. Reddy's Laboratories SA	12,000	100.00	6,000	100.00

2.6 Financial liabilities

Non current borrowings		
Long term maturities - Secured	909	
	909	**-**

2.7 Other current financial liabilities

	As at 31 March 2020	As at 31 March 2019
Other liabilities payable to holding and other group companies	-	233
Current maturities of long term debt	1,110	
Others	427	346
	1,537	**579**

2.8 Other current liabilities

	As at 31 March 2020	As at 31 March 2019
Salary and bonus payable	609	-
	609	**-**

Dr. Reddy's Laboratories Taiwan Limited

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 2 Notes to the financial statements (continued)

2.9 Other income

	For the year ended 31 March 2020	For the period 31 March 2019
Foreign exchange gain, net	-	301
Interest income	5	8
	5	**309**

2.10 Employee benefits expense

	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	4,890	3,985
Contribution to provident and other funds	371	
Staff welfare expenses	198	198
	5,459	**4,183**

2.11 Depreciation and amortisation expense

Depreciation of property, plant and equipment	295	-
	295	**-**

2.12 Finance cost

Interest on other borrowings	14	-
	14	**-**

2.13 Selling and other expenses

	For the year ended 31 March 2020	For the year ended 31 March 2019
Legal and professional	1,593	1,919
Rent	710	759
Travel and conveyance	52	459
Foreign exchange gain, net	11	-
Other general expenses	2,016	3,406
	4,382	**6,543**

2.14 Going Concern

The accounts have been prepared on Going Concern basis, despite incurring losses, as the company is supported by its parent company in its activities and financial affairs.

2.15 Related parties

a) The Company had the following transactions with related parties

Particulars	As at 31 March 2020	As at 31 March 2019
Issue of shares		
Dr. Reddy's Laboratories SA	13,366	-

b) The Company had the following amounts due from / to related parties

Particulars	As at 31 March 2020	As at 31 March 2019
Due to holding company and other group companies(presented as share capital):		
Dr. Reddy's Laboratories SA	26,775	13,409
Due to holding company and other group companies(included in current liabities):		
Dr. Reddy's Laboratories Limited	-	233

2.16 Income taxes

a. Current Taxes

The Company is not liable to pay any current taxes on account of current year losses, brought forward losses and unabsorbed depreciation.

b. Deferred Taxes

The deferred tax liability has not been provided during the year as there is no liability arising out of any timing difference.

2.17 Provisions, contingent liabilities and contingent assets

Contingent liabilities and the crystallisation of these liabilities are dependent upon the outcome of court cases / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligation, development and raising of demand by concerned parties, respectively. The Company has made adequate provisions, wherever required, in compliance with Ind AS 37 prescribed by the ICAI. Those contingent liabilities have arisen in the normal course of business and may not crystallise on the Company and may not have any material impact on the revenue.

2.18 Leases

As at the reporting date, the company has finance lease commitments of TWD 807,222 , see note 2.6. Of these commitments, approximately TWD 444,039 relate to short-term maturity.

For A Ramachandra Rao & Co.
ICAI Firm registration number: 002857S
Chartered Accountants

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories Taiwan Limited**

PSRVV Surya Rao
Partner
Membership No.: 202367

M V Narasimham
Director

Sameer Natu
Director

Place: Hyderabad
Date: 18 May 2020

Dr.Reddy's Laboratories (Thailand) Ltd.

Financial statements for the year ended

31 December 2019

and

Independent Auditor’s Report

Independent Auditor's Report

To the Shareholders of Dr.Reddy's Laboratories (Thailand) Ltd.

Opinion

I have audited the financial statements of Dr.Reddy's Laboratories (Thailand) Ltd. (the "Company"), which comprise the statement of financial position as at 31 December 2019, the statements of income and changes in equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019 and its financial performance for the year then ended in accordance with the Thai Financial Reporting Standard for Non-Publicly Accountable Entities (TFRS for NPAEs).

Other matters

The financial statements of Dr.Reddy's Laboratories (Thailand) Ltd. for the year ended 31 December 2018, were audited by another auditor who expressed an unqualified opinion on those statements on 17 April 2019.

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of the Company in accordance with Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions under the Royal Patronage of His Majesty the King that are relevant to my audit of the financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS for NPAEs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

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

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

I communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

(Tanchanit Tantanasiriwong)
Certified Public Accountant Registration No. 10693
222/208 Moo.3 Bangkruay-Sainoi Rd.
Bangrakpattana Bangbuathong Nonthaburi 11110
30 April 2020

Dr.Reddy's Laboratories (Thailand) Ltd.

Statements of Financial Position

As at 31 December 2019

(Unit: Baht)

	Notes	2019	2018
Assets			
Current assets			
Cash and cash equivalents	*4*	13,024,301.10	7,967,224.86
Trade and other receivables		17,872,598.09	-
Other current assets		1,090,655.66	8,424.50
Total current assets		31,987,554.85	7,975,649.36
Non-current assets			
Property and equipment	*5*	1,783,383.75	-
Other non-current assets		348,778.44	348,778.44
Total non-current assets		2,132,162.19	348,778.44
Total assets		**34,119,717.04**	**8,324,427.80**

The notes to the financial statements are an integral part of these financial statements.

DocuSigned by:
Kailash Patki .
1C28A18F837B429...

Signed ..... Director

(Mr.Kailash Uday Patki)

Dr.Reddy's Laboratories (Thailand) Ltd.

Statement of Financial Position

As at 31 December 2019

(Unit: Baht)

	Notes	2019	2018
Liabilities and equity			
Current liabilities			
Trade and other payables		8,759,420.54	-
Other current liabilities		7,425,408.93	1,149,647.98
Total current liabilities		16,184,829.47	1,149,647.98
Non-current liabilities			
Long-term loan from related parties	*6*	30,000,000.00	-
Total non-current liabilities		30,000,000.00	-
Total liabilities		**46,184,829.47**	**1,149,647.98**
Equity			
Share capital			
Registered share capital			
3,000,000 ordinary shares of par Baht 10 each		**30,000,000.00**	**30,000,000.00**
Issued and paid-up share capital			
100,000 ordinary shares, fully paid up		1,000,000.00	1,000,000.00
2,900,000 ordinary shares, paid up Baht 5 each (2018: Baht 3.20 each)		14,500,000.00	9,280,000.00
Retained earnings (Deficits)			
Unappropriated		(27,565,112.43)	(3,105,220.18)
Total equity		**(12,065,112.43)**	**7,174,779.82**
Total liabilities and equity		**34,119,717.04**	**8,324,427.80**

The notes to the financial statements are an integral part of these financial statements.

DocuSigned by:
Kailash Patki .
Signed .....1C28A18F837B429..... Director

(Mr.Kailash Uday Patki)

Dr.Reddy's Laboratories (Thailand) Ltd.

Statement of Income

For the year ended 31 December 2019

(Unit: Baht)

	2019	2018
Revenues		
Sales income	16,530,776.00	-
Other income	164,306.90	-
Total revenue	16,695,082.90	-
Expenses		
Cost of sales	9,721,504.54	-
Selling expenses	8,660,073.04	-
Administrative expenses	22,564,022.56	3,105,220.18
Total expenses	40,945,600.14	3,105,220.18
Profit (loss) before finance costs and income tax expenses	(24,250,517.24)	(3,105,220.18)
Finance costs	209,375.01	-
Profit (loss) before income tax expenses	(24,459,892.25)	(3,105,220.18)
Income tax expenses	-	-
Net profit (loss) for the year	(24,459,892.25)	(3,105,220.18)

The notes to the financial statements are an integral part of these financial statements.

DocuSigned by:
Kailash Patki .
1C28A18F837B429...

Signed ..... Director

(Mr.Kailash Uday Patki)

Dr.Reddy's Laboratories (Thailand) Ltd.

Statement of Changes in Equity

For the year ended 31 December 2019

(Unit: Baht)

	Issued and paid-up share capital	Retained earnings (deficits) Unappropriated	Total
Balance as at 13 June 2018	10,280,000.00	-	10,280,000.00
Net profit (loss) for the year	-	(3,105,220.18)	(3,105,220.18)
Balance as at 31 December 2018	10,280,000.00	(3,105,220.18)	7,174,779.82
Balance as at 1 January 2019	10,280,000.00	(3,105,220.18)	7,174,779.82
Paid share capital	5,220,000.00	-	5,220,000.00
Net profit (loss) for the year	-	(24,459,892.25)	(24,459,892.25)
Balance as at 31 December 2019	15,500,000.00	(27,565,112.43)	(12,065,112.43)

The notes to the financial statements are an integral part of these financial statements.

DocuSigned by:
Kailash Patki .
Signed .....1C28A18F837B429..... Director

(Mr.Kailash Uday Patki)

Dr.Reddy's Laboratories (Thailand) Ltd.

Notes to the Financial Statements

For the year ended 31 December 2019

1. General information

Dr.Reddy's Laboratories (Thailand) Ltd. ("the Company") is a limited company incorporated in Thailand on 13 June 2018 with registration no.0105561099948. The address of the Company's head office is Unit 1607, 16th Floor, 1 Empire Tower, South Sathorn Road, Yannawa, Sathorn, Bangkok.

The principal businesses of the Company is engage in the registration, importation, processing, promotion, distribution and wholesale of pharmaceutical products for domestic consumption.

2. Basis of preparation

These financial statements have been prepared in accordance with the Thai Financial Reporting Standard for Non-publicly Accountable entities as issued by the Federation of Accounting Professions and their presentation has been made in compliance with the stipulations of the Notification of the Department of Business Development dated 28 September 2011, issued under the Accounting Act B.E. 2543.

The financial statements have been prepared under the historical cost convention.

An English version of the Company financial statements have been prepared from the statutory financial statements that are in the Thai language. In the event of a conflict or a difference in interpretation between the two languages, the Thai language statutory financial statements shall prevail.

3. Significant accounting policies

3.1 Revenues and expenses recognition

Sales of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Sales are the invoiced value, excluding value added tax, of goods supplied after deducting discounts and allowances.

Expenses are recognised on an accrual basis.

DocuSigned by:
Kailash Patki .
Signed .....1C28A18F837B429..... Director

(Mr.Kailash Uday Patki)

Dr.Reddy's Laboratories (Thailand) Ltd.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

3.2 Cash and cash equivalents

Cash comprises cash on hand, deposit held at call with banks but exclude deposits with banks which are held to maturity, certificates of deposit issued by commercial banks and financial institutions, and restricted deposits. Cash equivalent comprises short-term highly liquid investments with maturities of three months or less from the date of acquisition.

3.3 Trade account receivables

Other accounts receivable are initially recognised at the fair value of the consideration received or receivable and subsequently measured at the remaining amount less any allowance for doubtful receivables based on a review of all outstanding amounts at the year end. The amount of the allowance is the difference between the carrying amount of the receivable and the amount expected to be collectible. Bad debts are written-off during the year in which they are identified and recognised in the income statement.

3.4 Land, property and equipment

Buildings and equipments are stated at cost less accumulated depreciation and accumulated impairment (if any).

Depreciation is calculated on the straight-line method over the estimated useful life as below:-

Office Equipment	5 years
Furnitures and Fixtures	5 years
Computers	3 years

3.5 Provisions

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

3.6 Income tax

The provision for income tax is based on the amount currently payable according to the Revenue Code.

3.7 The Accounts Reclassification

For the purpose of comparability and according to the account reclassification in current period, the Company has reclassified accounts in the statements of financial position as of December 31, 2018, and there was no effect to the net profit or shareholders' equity presented in the report.

DocuSigned by:

Signed ..... Kailash Patki . ..... Director

1C28A18F837B429...

(Mr.Kailash Uday Patki)

Dr.Reddy's Laboratories (Thailand) Ltd.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

4. Cash and cash equivalents

(Unit : Baht)

	2019	2018
Cash at bank	13,024,301.10	7,967,225.00
Total	13,024,301.10	7,967,225.00

5. Land, property and equipment

(Unit : Baht)

	Value as at 1-Jan-19	Movement during the year Increase	Movement during the year Decrease	Value as at 31-Dec-19
Cost				
Office Equipment	-	791,320.84	-	791,320.84
Furnitures and Fixtures	-	1,080,700.22	-	1,080,700.22
Computer equipment	-	216,659.25	-	216,659.25
Total	-	2,088,680.31	-	2,088,680.31
Accumulated depreciation				
Office Equipment	-	74,058.98	-	74,058.98
Furnitures and Fixtures	-	181,242.05	-	181,242.05
Computer equipment	-	49,995.53	-	49,995.53
Total	-	305,296.56	-	305,296.56
Book value	-			1,783,383.75

Depreciation for the year 2019	305,296.56
Depreciation for the year 2018	-

DocuSigned by:
Kailash Patki .
1C28A18F837B429...

Signed ..... Director

(Mr.Kailash Uday Patki)

Dr.Reddy's Laboratories (Thailand) Ltd.

Notes to the Financial Statements (Continued)

For the year ended 31 December 2019

6. Long-term loan from related parties

As at 31 December 2019, the Company had long-term loans from a related party. Interest is charged at a rate of 2.50% per annum and the loans are payable on or before the completion of 5 years from the date of the agreement, with no collateral.

7. Financial statements authorisation

These financial statements were authorised by the director of the company.

DocuSigned by:

Kailash Patki .

Signed ..... 1C28A18F837B429... Director

(Mr.Kailash Uday Patki)

REGISTERED NUMBER: 01729064 (England and Wales)

Strategic Report, Report of the Directors and Financial Statements for the Year Ended 31st March 2020 for Dr Reddy's Laboratories (UK) Limited

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Contents of the Financial Statements for the year ended 31st March 2020

Dr Reddy's Laboratories (UK) Limited

Company Information
for the year ended 31st March 2020

DIRECTORS:	K S Reddy V N Mannam S Mcauliffe P Aghanian
SECRETARY:	R Sane
REGISTERED OFFICE:	6 Riverview Road Beverley East Yorkshire HU17 0LD
REGISTERED NUMBER:	01729064 (England and Wales)
AUDITORS:	cbaSadofskys Statutory Auditors Princes House Wright Street Hull East Yorkshire HU2 8HX
BANKERS:	Bank of Scotland Aldgate House 1/4 Market Place Hull HU1 1RA
SOLICITORS:	Taylor Vinters Merlin Place Milton Road Cambridge CB4 0DP

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Strategic Report
for the year ended 31st March 2020

The directors present their strategic report for the year ended 31st March 2020.

REVIEW OF BUSINESS
The key financial highlights are as follows:

	31/3/20	31/3/19	31/3/18	31/3/17
	£	£	£	£
Turnover - United Kingdom	30,054,423	20,772,782	34,516,287	30,593,377
Turnover Growth - United Kingdom	44.7%	-39.8%	12.8%	11.1%
Turnover - Europe and other countries	6,694,368	5,886,001	5,913,609	7,092,169
Turnover Growth - Europe and other countries	13.7%	-0.5%	-16.60%	19.8%
Profit before tax	4,260,772	2,552,760	7,941,065	4,631,171
Profit before tax margin	11.6%	9.6%	19.6%	12.3%

There was a strong performance from Dr Reddy's UK with significant year on year increase in both turnover and profit.
After previous strong years in our branded products this year saw a sharp decline in this area due to much lower cost generics. However this was more than supplemented in excellent sales through the hospital channel with both tender wins and off contract sales contributing.
In the retail channel we continue to grow and develop our relationships with key customers. We have increased our range sell at increased but responsible prices. Our stronger supply chain has also allowed us to be less boom and bust on products and maintain to forecast in certain areas.

PRINCIPAL RISKS AND UNCERTAINTIES
The company has identified the principal areas of risk that it faces as:

Financial instrument risk
The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the company's performance objectives. The objectives aim to ensure sufficient working capital exists and monitor the management of risk at a business unit level.

Impact of pharmaceutical regulations
The business is subject to various regulations and any tightening of these could have a negative impact on earnings.

Price risk
The company sells generic pharmaceutical products. The prices of such products tend to reduce on account of severe pricing pressure and competition. This risk is managed by maintaining adequate levels of stock and introducing new products on expiry of patents.

Foreign exchange risk
The company sells and purchases some products in foreign currencies. The risk is mitigated by monitoring foreign exchange rates on a daily basis and taking foreign exchange cover, if required.

Credit risk
Credit checks are carried out on all customers. Amounts outstanding for both time and credit limits are regularly monitored. The company has little experience of material bad debts in general.

Liquidity risk
Liquidity is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company manages its cash flow to ensure that sufficient liquid resources are available to meet its operating needs.

Interest rate and cash flow risk
The company had a favourable cash balance during the year and therefore does not consider that interest rates or cash flow pose a significant risk.

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Strategic Report
for the year ended 31st March 2020

SECTION 172(1) STATEMENT
The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

At Dr. Reddy's, our Board of Directors, management and employees are committed to upholding high standards of corporate governance and business ethics. We firmly believe that timely disclosures, transparent accounting policies, rigorous internal control systems and a strong and independent Board go a long way in preserving shareholder trust while maximising long-term shareholder value.

This s172 statement explains how the Dr. Reddys Directors:
- Have engaged with employees, suppliers, customers and others; and
- Have had regards to employee interests, the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The s172 statement focuses on matters of strategic importance to Dr. Reddys, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of Directors' duties

Dr. Reddys have a number of Committees appointed by the Board at group level to focus on specific areas and take informed decisions within the framework of delegated authority, and make specific recommendations to the Board. All decisions and recommendations of the committees are placed before the Board for information or for approval.
When making decisions, each Director ensures that they act in the way they consider, in good faith, would most likely promote the Company' success for the benefit of its members as a whole, and in doing so have regard (among matters) to:

The likely consequences of any decision in the long term

The Directors understand the business and the demand to innovate the latest products in order to find the most effective treatments in the pharmaceutical market. Dr. Reddy's vision and goal of 'Good Health Can't Wait' is what the business drives and strives for. The strategy set by the Board as a leader in the pharmaceutical industry is to ensure good health can be delivered to those who need it, and to promote wellness among them.

Whilst investing for the future, the Board also recognises that we must focus on meeting the current supply and demand of pharmaceuticals.

The Directors are guided by our principles - Empathy and Dynamism - which provide both guidance for our current behaviour and inspiration for our future actions.

The interests of the company's employees

At Dr. Reddy's employees are at the heart of our business. The Management team invites a fair and open two way relationship with all employees. We believe in respecting every individual, regardless of position. At Dr Reddy's employees are heard and have the opportunity to express their opinion. Organisation believes in equality and discourage any discrimination based on any caste, creed, race, religion age and gender etc. We are committed to employee's safety and well-being. Our HR policies are well documented and available to each employee. Management assumes responsibility that such policies are adhered to.

The talented and capable people have played a major role in powering and defining the growth of Dr. Reddys. We believe that when people with diverse skills are bound together by a common purpose and value system, they can make magic.

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Strategic Report
for the year ended 31st March 2020

The need to foster the company's business relationships with suppliers, customers and others

Customers and suppliers are the key stakeholders in our business. In a competitive price driven environment, stock is the vital component at the keenest price. We engage in regular communication with our suppliers as well as customers. We recognise the fact that the stronger the relationships with suppliers the more we are able to serve our customers better. We remain committed to all our stakeholder for ethical business practices. The Company has put in practice a code of business conduct and ethics (CoBE) , every employee at Dr Reddy's is required to sign an undertaking, at least annually, that they have read such code and comply with its principles.

The impact of the company's operations on the community and environment

At Dr. Reddy's, Good Health Can't Wait is not just a slogan. But a belief that guides our thoughts, our behaviour and our actions. There are a number of initiatives that we've taken- from product development to patient management to helping doctors and partners delivers good health to patients.

Some of these were-life changing, for the patients. Like creating affordable option of complex, difficult to make medicines.

All of this is aimed of bringing good health to the community directly via the retail market or via being part of the supply chain to the NHS.The company is striving to ensure that the company is focused on the larger community.

The desirability of the company maintaining a reputation for high standards of business conduct

Dr. Reddys Board periodically reviews their Corporate Governance requirements as the commitment to upholding the highest standards are set at board level but is filtered down throughout the whole group organisation.

The need to act fairly as between members of the company

The Directors consider and focus its attention to ensure that the company's performance is in line with their strategic vision for both the short and long term objectives. The impact of this on all of the stakeholders is reviewed. The Directors believe they act fairly.

The Board has created a culture of honesty, integrity and respect of the Dr. Reddys core values and principles. The company that has set a number guidelines on Code of Business Conduct and Ethics (COBE) through to various Environment and Employment policies.

Principal decisions
We define principal decisions taken by the Board as those decisions in 2019/20 that are of a strategic nature and that are significant to any of our key stakeholder groups. As outlined in the FRC Guidance on the Strategic Report, we include decisions related to capital allocation and dividend policy.

REVIEW OF CLOSING POSITION
Overall, Dr Reddy's Laboratories (UK) Limited finds itself in a good financial position at the close of the 2019/20 . Cash reserves of £1,273k were held at the year end which has increase from £396k last year. The company continues to hold sufficient cash reserves. Sales have increased by 37.8%, and profit before tax has increased from 9.6% to 11.6%.

These results are reflected in a healthy balance sheet showing Net Assets of £32.9m compared to £29.4m last year.

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Report of the Directors
for the year ended 31st March 2020

The directors present their report with the financial statements of the company for the year ended 31st March 2020.

DIVIDENDS
No dividends will be distributed for the year ended 31st March 2020.

FUTURE DEVELOPMENTS
Details of the company's future developments have been provided in the strategic report.

DIRECTORS
The directors during the year under review were:

K S Reddy	
V N Mannam	
C J Troche	- resigned 15/5/19
S Kohli	- resigned 29/11/19
S Mcauliffe	- appointed 1/1/20
P Aghanian	- appointed 4/3/20

The directors holding office at 31st March 2020 did not hold any beneficial interest in the issued share capital of the company at 1st April 2019 (or date of appointment if later) or 31st March 2020.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT
The company's principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to raise funds and finance the company's operations.

Revenue maintenance
The company actively markets and manages its portfolio of products to focus on revenue building and maintenance which, over the life cycle of the products can contribute to the future profits of the business.

Principle risks and uncertainties
These have been provided in the strategic report of the company.

ENVIRONMENTAL REPORTING GUIDANCE - STREAMLINED ENERGY AND CARBON REPORTING

	2020 KwH	2019 KwH	Movement KwH	%
Electricity	332,905	325,502	7,403	2.3
Gas	293,261	286,150	7,111	2.5
Total	626,166	611,652	14,514	2.4

The increase in power is as result of an increase in the site activity.

The company is focused and committed to energy savings and reductions in consumption.

ENGAGEMENT WITH EMPLOYEES
Dr Reddy's UK management team invites a fair and open two way relationship with all employees. All departments offer regular meetings and encourage dialogue to create an inclusive environment and develop ideas. Our employees are the heart of our business and our policy is to ensure there is no discrimination when it comes to race, age, gender or disability. All such policies are discussed at relevant HR meetings or forums and it is the management's responsibility that they are adhered to.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS
Our relationships with both customers and suppliers are the key driver in our business. In a competitive price driven environment, stock is the vital component at the keenest price. This is why we need constant communication with suppliers, both third party and from our own company supply. The stronger the relationships with suppliers the more we are able to be first in class with customers on an on time in full basis. Our customer relationships both with the NHS and private wholesale and retail organisations continues to develop well and this has shown in our growth in the year.

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Report of the Directors
for the year ended 31st March 2020

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS

Dr. Reddy's Laboratories (UK) Limited believes that timely disclosures, transparent accounting policies coupled with a strong board go a long way in maintaining good corporate governance, preserving all stakeholders' trust and maximizing long-term corporate value. The company's corporate governance framework is based on the following main principles: Ethical business conduct by the board, management and employees. Well-developed systems of internal controls, Compliance to applicable local and international laws and financial reporting. Protection and facilitation of all stakeholders' rights. Adequate, timely and accurate disclosure of all material operational and financial information to relevant stakeholders.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, cbaSadofskys, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

S. Sane

.....

R Sane - Secretary

Date: 18th May 2020

Report of the Independent Auditors to the Members of Dr Reddy's Laboratories (UK) Limited

Opinion

We have audited the financial statements of Dr Reddy's Laboratories (UK) Limited (the 'company') for the year ended 31st March 2020 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2020 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of
Dr Reddy's Laboratories (UK) Limited

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the Auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report
This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alan Brocklehurst (Senior Statutory Auditor)
for and on behalf of cbaSadofskys
Statutory Auditors
Princes House
Wright Street
Hull
East Yorkshire
HU2 8HX

Date: 20/5/20

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Income Statement
for the year ended 31st March 2020

	Notes	2020 £	2020 £	2019 £	2019 £
TURNOVER	3		**36,748,791**		26,658,783
Cost of sales			**27,119,580**		20,315,338
GROSS PROFIT			**9,629,211**		6,343,445
Distribution costs		**606,358**		653,370	
Administrative expenses		**5,122,406**		3,619,053	
			5,728,764		4,272,423
OPERATING PROFIT	5		**3,900,447**		2,071,022
Interest receivable and similar income			**358,906**		481,365
			4,259,353		2,552,387
Interest payable and similar expenses	6		**(1,419)**		(373)
PROFIT BEFORE TAXATION			**4,260,772**		2,552,760
Tax on profit	7		**791,299**		478,822
PROFIT FOR THE FINANCIAL YEAR			**3,469,473**		2,073,938

The notes form part of these financial statements

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Other Comprehensive Income
for the year ended 31st March 2020

	Notes	2020 £	2019 £
PROFIT FOR THE YEAR		**3,469,473**	2,073,938
OTHER COMPREHENSIVE INCOME			
Stock based compensation		-	158
Income tax relating to other comprehensive income		-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX		-	158
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**3,469,473**	2,074,096

The notes form part of these financial statements

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Balance Sheet
31st March 2020

	Notes	2020 £	2020 £	2019 £	2019 £
FIXED ASSETS					
Intangible assets	8		1,104,101		865,691
Tangible assets	9		2,827,590		2,988,870
			3,931,691		3,854,561
CURRENT ASSETS					
Stocks	10	5,525,772		7,487,951	
Debtors	11	34,950,516		29,389,520	
Cash at bank and in hand		1,273,237		395,901	
		41,749,525		37,273,372	
CREDITORS					
Amounts falling due within one year	12	12,792,415		11,741,539	
NET CURRENT ASSETS			28,957,110		25,531,833
TOTAL ASSETS LESS CURRENT LIABILITIES			32,888,801		29,386,394
PROVISIONS FOR LIABILITIES	13		32,934		-
NET ASSETS			32,855,867		29,386,394
CAPITAL AND RESERVES					
Called up share capital	14		1,000		1,000
Other reserves	15		879,601		879,601
Retained earnings	15		31,975,266		28,505,793
SHAREHOLDERS' FUNDS			32,855,867		29,386,394

The financial statements were approved by the Board of Directors and authorised for issue on ....18th May 2020..... and were signed on its behalf by:

.....
S Mcauliffe - Director

The notes form part of these financial statements

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Statement of Changes in Equity
for the year ended 31st March 2020

	Called up share capital £	Retained earnings £	Other reserves £	Total equity £
Balance at 1st April 2018	1,000	26,431,855	879,443	27,312,298
Changes in equity				
Total comprehensive income	-	2,073,938	158	2,074,096
Balance at 31st March 2019	1,000	28,505,793	879,601	29,386,394
Changes in equity				
Total comprehensive income	-	3,469,473	-	3,469,473
Balance at 31st March 2020	1,000	31,975,266	879,601	32,855,867

The notes form part of these financial statements

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Notes to the Financial Statements
for the year ended 31st March 2020

1. STATUTORY INFORMATION

Dr Reddy's Laboratories (UK) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

Turnover
Turnover represents invoiced sales of goods, excluding value added tax, less discounts and rebates.

Intangible assets
Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Patents and licences are being amortised evenly over their estimated useful life of five years.

Intangible assets
Products using patents are capitalised at the date of the patent. The residual value of these patents are being amortised evenly over their estimated useful lives.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- Straight line at 1%
Improvements to property	- Over the period of the lease
Plant and machinery	- 10% to 20% on cost and 20% on reducing balance
Fixtures and fittings	- Straight line over 3 years

Stocks
Raw materials, packing materials and work in progress are valued at cost. Finished goods are valued at the lower of cost and net realisable value. Stock is valued after making due allowance for obsolete and slow moving stock.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Income Statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

continued...

2. ACCOUNTING POLICIES - continued

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research, regulatory and development cost
Expenditure on research, regulatory and development cost is written off in the year in which it is incurred.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments
Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

Pension costs and other post-retirement benefits
The company makes contributions to the private pension funds of directors and staff. Contributions payable for the year are charged in the profit and loss account.

Stock based compensation
The stock options taken up in the ultimate parent company, Dr Reddy's Laboratories Limited, by staff members of subsidiary companies are accounted for in the accounts of the subsidiary company.

Regulatory and trade licence fees
Expenditure in respect of the renewal of trade licences has been charged to the profit and loss account when it has been incurred.

Going concern
The company has the long term support from the group and as a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further information regarding the company's business activities, together with the factors likely to affect its future development, performance and position is set out in the Directors Report.

continued...

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Notes to the Financial Statements - continued
for the year ended 31st March 2020

3. TURNOVER

The turnover and profit before taxation are attributable to the principal activities of the company.

An analysis of turnover by geographical market is given below:

	2020	2019
	£	£
United Kingdom	30,054,423	20,772,782
Europe and other countries	6,694,368	5,886,001
	36,748,791	26,658,783

4. EMPLOYEES AND DIRECTORS

	2020	2019
	£	£
Wages and salaries	3,237,731	2,888,896
Social security costs	279,239	312,008
Other pension costs	171,632	176,876
	3,688,602	3,377,780

The average number of employees during the year was as follows:

	2020	2019
Directors and administration	54	54
Production	22	27
	76	81

	2020	2019
	£	£
Directors' remuneration	192,365	172,456

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2020	2019
	£	£
Hire of plant and machinery	9,369	13,094
Depreciation - owned assets	180,063	167,950
Profit on disposal of fixed assets	(4,000)	-
Patents and licences amortisation	198,097	148,741
Auditors remuneration	6,400	4,000
Auditors remuneration for non audit work	2,750	2,500
Foreign exchange differences	(301,209)	(1,867,020)

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2020	2019
	£	£
Interest on corporation tax	(1,419)	(373)

continued...

7. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2020	2019
	£	£
Current tax:		
UK corporation tax	**758,365**	478,822
Deferred taxation	**32,934**	-
Tax on profit	**791,299**	478,822

UK corporation tax was charged at 19% in 2019.

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2020	2019
	£	£
Profit before tax	**4,260,772**	2,552,760
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2019 - 19%)	**809,547**	485,024
Effects of:		
Capital allowances in excess of depreciation	**(50,980)**	(15,797)
tax purposes		
ESOP exercised in the year	**(202)**	9,595
Deferred tax movement	**32,934**	-
Total tax charge	**791,299**	478,822

Tax effects relating to effects of other comprehensive income

There were no tax effects for the year ended 31st March 2020.

		2019	
	Gross	Tax	Net
	£	£	£
Stock based compensation	158	-	158

continued...

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Notes to the Financial Statements - continued
for the year ended 31st March 2020

8. INTANGIBLE FIXED ASSETS

	Patents and licences £
COST	
At 1st April 2019	1,344,977
Additions	678,331
Disposals	(241,834)
At 31st March 2020	1,781,474
AMORTISATION	
At 1st April 2019	479,286
Amortisation for year	198,087
At 31st March 2020	677,373
NET BOOK VALUE	
At 31st March 2020	1,104,101
At 31st March 2019	865,691

9. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to property £	Plant and machinery £	Fixtures and fittings £	Totals £
COST					
At 1st April 2019	2,636,044	34,991	3,978,786	707,702	7,357,523
Additions	-	-	393,316	73,007	466,323
Disposals	-	-	(447,540)	-	(447,540)
At 31st March 2020	2,636,044	34,991	3,924,562	780,709	7,376,306
DEPRECIATION					
At 1st April 2019	340,211	34,630	3,332,577	661,235	4,368,653
Charge for year	47,222	-	89,764	43,077	180,063
At 31st March 2020	387,433	34,630	3,422,341	704,312	4,548,716
NET BOOK VALUE					
At 31st March 2020	2,248,611	361	502,221	76,397	2,827,590
At 31st March 2019	2,295,833	361	646,209	46,467	2,988,870

10. STOCKS

	2020 £	2019 £
Packaging materials	196,966	147,809
Work-in-progress	238,135	804,010
Finished goods	5,090,671	6,536,132
	5,525,772	7,487,951

continued...

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Notes to the Financial Statements - continued
for the year ended 31st March 2020

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade debtors	**11,025,621**	8,935,656
Amounts due from fellow subsidiaries	**23,811,092**	20,342,374
Prepayments and accrued income	**113,803**	111,490
	34,950,516	29,389,520

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2020	2019
	£	£
Trade creditors	**1,760,305**	2,601,359
Amount due to ultimate parent company	**7,319,655**	5,929,467
Amounts owed to fellow subsidiaries	**311,878**	66,085
Taxation	**325,439**	93,071
Social security and other taxes	**486,106**	259,674
Other creditors	**27,408**	99,634
Accrued expenses	**2,546,407**	2,402,262
Deferred income	**15,217**	289,987
	12,792,415	11,741,539

13. PROVISIONS FOR LIABILITIES

	2020	2019
	£	£
Deferred taxation	**32,934**	-

	Deferred tax
	£
Charge to Income Statement during year	**32,934**
Balance at 31st March 2020	**32,934**

14. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2020 £	2019 £
1,000	Ordinary	£1	**1,000**	1,000

continued...

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Notes to the Financial Statements - continued
for the year ended 31st March 2020

15. RESERVES

	Retained earnings £	Other reserves £	Totals £
At 1st April 2019	28,505,793	879,601	29,385,394
Profit for the year	3,469,473		3,469,473
At 31st March 2020	31,975,266	879,601	32,854,867

16. ULTIMATE PARENT COMPANY

The company's immediate parent company is Dr Reddy's Laboratories (EU) Limited, a company registered in England and Wales. The group financial statements are available to the public and may be obtained from Riverview Road, Beverley, East Yorkshire, HU17 0LD .

The company's ultimate parent and controlling company is Dr Reddy's Laboratories Limited, a company incorporated in India. The group financial statements are available to the public and may be obtained from Door No 8-2-337, Road No 3, Banjara Hills, Hyderabad - 500034, India .

continued...

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Notes to the Financial Statements - continued
for the year ended 31st March 2020

17. RELATED PARTY DISCLOSURES

At the balance sheet date, the company owed the amounts to related parties:

	31/3/20	31/3/19
	£	£
Dr Reddy's Laboratories Limited	**7,319,655**	5,929,467
Dr Reddy's S.A	**200,552**	Nil
Dr Reddy's Laboratories S.R.L	**14,609**	Nil
Reddy Pharma SAS	**49,778**	Nil

At the balance sheet date, the company was owed amounts from the following related parties:

	31/3/20	31/3/19
	£	£
Dr Reddy's Laboratories S.R.L	**(162,670)**	1,596,339
Betapharm Arzneimittel GmbH	**15,934**	7,722
Dr Reddy's Pharma Iberia	**421,265**	397,069
Reddy Pharma SAS	**Nil**	76,456
Dr Reddy's S.A	**23,536,563**	18,264,788

During the year the company made purchases on normal commercial terms to the following related parties:

	31/3/20	31/3/19
	£	£
Dr Reddy's Laboratories Limited	**15,477,868**	10,178,704
Industrias Quimicas Falcon	**140,924**	698,964
Dr Reddy's S.A	**200,552**	49,114

During the year the company paid for expenses on behalf of the following related parties:

	31/3/20	31/3/19
	£	£
Dr Reddy's S.A	**Nil**	151,124

During the year the company made QC sales on normal commercial terms to the following related parties:

	31/3/20	31/3/19
	£	£
Betapharm Arzneimittel GmbH	**15,934**	7,722

During the year the company made sales on normal commercial terms to the following related parties:

	31/3/20	31/3/19
	£	£
Dr Reddy's Pharma Iberia	**(4,264)**	505,453
Betapharm Arzneimittel GmbH	**71,803**	143,755
Dr Reddy's Laboratories S.R.L	**(167,828)**	1,187,250
Reddy Pharma SAS	**290,260**	(37,643)

During the year the company had given a loan to the following related parties:

	31/3/20	31/3/19
	£	£
Dr Reddy's S.A	**7,900,000**	Nil

During the year the company had charged interest on the loans to the following related parties:

continued...

Dr Reddy's Laboratories (UK) Limited (Registered number: 01729064)

Notes to the Financial Statements - continued
for the year ended 31st March 2020

	31/3/20	31/3/19
	£	£
Dr Reddy's S.A	353,429	477,868

Independent Auditors' Report

To the Members of
Dr. Reddy's Research and Development B V.

We have audited the accompanying financial statements of **Dr. Reddy's Research and Development B V.**, a company incorporated and administered outside India, which comprises the Balance sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income) for the year ended on that date annexed thereto, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The financial statements are prepared for the limited purpose of complying with the provisions of Section 136 of the Companies Act, 2013. The Company's Board of Directors is responsible, in accordance with the requirement of and only for the purpose of Section 136 of the Companies Act, 2013, for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended only to the extent applicable and relevant to a company incorporated outside India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of these financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

The Management of the Company is further responsible for ensuring that the financial statements, as far as possible, are in accordance with the requirement of Section 136 of the Companies Act, 2013.

Auditor's Responsibility

The audit is limited and only to express an opinion on the financial statements, prepared only to comply with the requirements and for the purpose of sec.136 of the Companies Act, 2013, whether they give a true and fair view of, as the case may be, state of affairs etc. It is not an audit in accordance with the provisions of the statutes of the country in which it was established and operated as may be applicable to the company.

Our responsibility is to express an opinion on these financial statements based on our audit carried out for the limited purpose of complying with Section 136. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India specified under Section 143(10) of the Act, only to the extent applicable and relevant to a company incorporated outside India.

This report is based on our examination of the accompanying financial statements and other relevant records and information considered necessary for the purposes of issuing this report and the information and explanations provided to us by the Management.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act, to the extent applicable and relevant to a company incorporated outside India, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2020;

(b) in the case of the Statement of Profit and Loss (including Other Comprehensive Income), of theProfit for the year ended on that date; and

(C) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

(d) in the case of Statement of Changes in Equity, of the Changes in Equity for the year ended on that date

For M/s A Ramachandra Rao & Co
Chartered Accountants
ICAI FRN 02857S

PSRVV Surya Rao
Partner
Membership No. 202367

Place: Hyderabad
Date: 18th May 2020

UDIN: 20202367AAABQA6605

Dr. Reddy's Research and Development B V
Balance Sheet
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non current assets			
Property, plant and equipment	2.1	394,367	439,713
Capital work- in - progress		32,015	1,490
Intangible assets	2.1	-	17,807
Deferred tax assets (net)		-	4,865
Other non current financial assets	2.2	2,165,631	-
Total non current assets		**2,592,013**	**463,875**
Current assets			
Financial assets			
Trade receivables	2.3	260,846	132,897
Cash and cash equivalents	2.4	97,082	91,294
Loans	2.5	-	1,931,560
Other assets	2.6	250,742	175,096
Other current assets	2.7	57,951	64,908
Total current assets		**666,621**	**2,395,755**
Total assets		**3,258,634**	**2,859,630**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.8	460,464	460,464
Other equity		(1,038,777)	(1,120,522)
Total equity		**(578,313)**	**(660,058)**
Non current liabilities			
Financial Liabilities			
Borrowings	2.9	1,016,351	988,324
Other non-current liabilities	2.13	2,541,416	2,325,039
		3,557,767	**3,313,363**
Current liabilities			
Financial Liabilities			
Trade payables	2.10	64,214	42,811
Other current financial liabilities	2.11	138,784	110,236
Provisions	2.12	30,680	29,734
Other current liabilities	2.13	45,502	23,544
Total Liabilities		**279,180**	**206,325**
Total equity and liabilities		**3,258,634**	**2,859,630**

Significant accounting policies 1

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Research and Development B V**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Sameer Natu
Director

Place: Hyderabad
Date: 18 May 2020

Dr. Reddy's Research and Development B V

Statement of Profit and Loss

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations	2.14	963,248	984,393
Other Income	2.15	106,729	101,846
Total Income		**1,069,978**	**1,086,239**
Expenses			
Cost of raw material and components consumed		(25,002)	(19,878)
Employee benefits expense	2.16	411,623	405,364
Depreciation	2.17	109,133	201,745
Finance costs	2.18	7,935	11,468
Other expenses	2.19	432,466	566,357
Total expense		**936,154**	**1,165,056**
Profit/(Loss) before tax		**133,823**	**(78,817)**
Income tax expense	2.20	5,067	30,772
Profit/(Loss) for the year		**128,757**	**(109,589)**
Other Comprehensive Income (OCI)			
Items that will be reclassified subsequently to profit or loss		(47,012)	44,523
Income tax on items that will be reclassified subsequently to profit or loss		-	-
		(47,012)	**44,523**
Total comprehensive income for the year		**81,745**	**(65,065)**
Earnings per share			
Basic - Par value EUR 0.12 per share		2.44	(2.08)
Diluted - Par value EUR 0.12 per share		2.44	(2.08)
Significant accounting policies	1		

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Research and Development B V**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Sameer Natu
Director

Place: Hyderabad
Date: 18 May 2020

Dr. Reddy's Research and Development B V

Statement of Changes in Equity

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Total equity

Particulars	Share Capital		Reserves and Surplus		Other Comprehensive Income	Total Equity
	Shares	Amount	Securities Premium	Retained Earnings	Foreign currency translation reserve	
Balance as of 1 April 2019	**52,673,974**	**460,464**	**5,376,854**	**(6,514,353)**	**16,977**	**(660,058)**
Shares issued during the year		-				
Profit/(Loss) for the year	-	-		128,757	(47,012)	81,745
Balance as of 31 March 2020	**52,673,974**	**460,464**	**5,376,854**	**(6,385,596)**	**(30,035)**	**(578,313)**
Balance as on 1 April 2018	**52,673,974**	**460,464**	**5,376,854**	**(6,404,764)**	**(27,546)**	**(594,992)**
Shares issued during the year						
Profit/(Loss) for the year	-	-	-	(109,589)	44,523	(65,066)
Balance as of 31 March 2019	**52,673,974**	**460,464**	**5,376,854**	**(6,514,353)**	**16,977**	**(660,058)**

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Research and Development B V**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Sameer Natu
Director

Place: Hyderabad
Date: 18 May 2020

Dr. Reddy's Research and Development B V

Cash Flow Statement

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Operating activities		
Profit/(Loss) before taxation	133,823	(78,817)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation	109,131	201,745
Finance costs	7,935	11,468
Interest Income	(106,708)	(101,846)
Net foreign exchange differences	(56,179)	105,934
Loss on sale of investments		124,470
Profit on disposal of property,plant and equipment	(21)	(1,034)
Operating cash flows before working capital changes	**87,982**	**261,920**
Working capital adjustments:		
Trade and other receivables	(127,947)	(1,054)
Trade payables	21,403	19,210
Other assets & liabilities,net	179,582	(137,121)
	161,020	**142,955**
Income tax paid		-
Net cash flows from operating activities	**161,020**	**142,955**
Net cash flows used in investing activities		
Proceeds from sale of property, plant and equipment	21	1,522
Purchase of property, plant and equipment	(30,782)	(56,074)
Proceeds from sale/(Purchase) of investments in subsidiaries	(8)	260,662
Advances IU	(127,362)	
Interest received		(2,006)
	(158,131)	**204,104**
Net cash flows from/ (used in) financing activities		
Repayment of long term borrowings	(44,629)	(310,698)
Borrowings	41,027	
	(3,602)	**(310,698)**
Net increase / (decrease) in cash and cash equivalents	(713)	36,361
Cash and cash equivalents at the beginning of the year	91,294	57,931
Effect of foreign exchange (gain) / loss on cash and cash equivalents	6,501	(2,998)
Cash and cash equivalents at the end of the year	**97,082**	**91,294**
Notes to the cash flow statement:		
Cash and cash equivalents at the end of the year	97,082	91,294
Cash and bank balances at the end of the year	**97,082**	**91,294**

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Research and Development B V**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Sameer Natu
Director

Place: Hyderabad
Date: 18 May 2020

Dr. Reddy's Research and Development B V

Significant Accounting Policies & Notes to financial statements

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 1: Significant Accounting Policies & Notes to Accounts:

Description of the Company

Dr. Reddy's Research and Development B.V. (" the Company") incorporated in the Netherlands , is a 100% subsidiary of Reddy Netherlands B.V.

Basis of preparation of financial statements :

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Revenue from contracts with customers

Sale of goods

Revenue is recognised when the control of the goods has been transferred to a third party, when the title passes to the customer, either upon shipment or upon receipt of goods by the customer and when the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product. Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

Services Income

Revenue from services rendered, which primarily relate to contract research, is recognised in the statement of profit and loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

License fee

License fees primarily consist of income from the out-licensing of intellectual property, and other licensing and supply arrangements with various parties. Revenue from license fees is recognised when control transfers to the third party and the Company's performance obligations are satisfied. Some of these arrangements include certain performance obligations by the Company. Revenue from such arrangements is recognised in the period in which the Company completes all its performance obligations.

Interest income and dividend

Interest income primarily comprises of interest from term deposits with banks. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of financial statements.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realised within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets :

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

Financial liabilities :

Financial liabilities are classified, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Investments in Subsidiaries :

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries , the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries at the Previous GAAP carrying amount as its deemed cost on the date of transition to Ind AS i.e., 1 April 2015.

Dr. Reddy's Research and Development B V

Significant Accounting Policies & Notes to financial statements

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Income tax

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Inventories

Inventories consist of raw materials, stores and spares, work in progress and finished goods and are measured at the lower of cost and net realizable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the statement of profit and loss in the period in which they arise.

When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. 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. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in the statement of profit and loss.

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.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

Depreciation

Depreciation is recognised in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. The depreciation expense is included in the costs of the functions using the asset. Land is not subject to depreciation.

Leasehold improvements are depreciated over the period of the lease agreement or the useful life, whichever is shorter.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. The estimated useful lives are as follows:

Buildings	
- Factory and administrative buildings	20 - 30 years
- Ancillary structures	3 - 15 years
Plant and machinery	3 - 15 years
Furniture, fixtures and office equipment	3 - 10 years
Vehicles	4 - 5 years

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other non-current assets. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

Dr. Reddy's Research and Development B V

Significant Accounting Policies & Notes to financial statements

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Restructuring

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

Reimbursement rights

Expected reimbursements for expenditures required to settle a provision are recognised only when receipt of such reimbursements is virtually certain. Such reimbursements are recognised as a separate asset in the statement of financial position, with a corresponding credit to the specific expense for which the provision has been made.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For this purpose, "short-term" means investments having maturity of three months or less from the date of investment. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Impairment of trade receivables

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

For this purpose, the Company follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. 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 date, right from its initial recognition.

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

Trade receivables

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

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially ate fair value and subsequently measured at amortised cost using the effective interest method.

Dr. Reddy's Research and Development B V

Significant Accounting Policies & Notes to financial statements

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 1: Significant Accounting Policies & Notes to Accounts:

1.1 Related Party Transactions

a. The company has the following related party transactions:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income from holding company and other group companies:		
Eurobridge Consulting BV	106,708	101,846
Interest paid to holding company and other group companies:		
Reddy Netherlands B.V.	7,935	11,444
Dr. Reddy's Laboratories SA		24
Sales/ Services to holding company and other group companies:		
Dr. Reddy's Laboratories Limited	963,197	977,755
Eurobridge Consulting BV	0	-

b. The company has the following amounts due from/to related parties :

Particulars	As at 31 March 2020	As at 31 March 2019
Due from holding company and other group companies (included in other current assets and Loans and advances):		
Euro Bridge Consulting B.V.	2,416,004	2,105,454
Dr. Reddy's Laboratories (EU) Limited		249
Dr. Reddy's Laboratories Limited	79	73
Dr. Reddy's Laboratories SA		-
Due to holding company and other group companies (included in other financials liabilities):		
Dr. Reddy's Laboratories (EU) Limited	79	298
Due to holding company and other group companies (included in long term borrowings):		
Reddy Netherlands B.V.	669,283	620,322
Due from holding company and other group companies (included in trade receivables):		
Dr. Reddy's Laboratories Limited	258,955	127,749

1.2 Taxation

a. Current Taxes

The Company is not liable to pay any current taxes on account of current year losses, brought forward losses and unabsorbed depreciation.

b. Deferred Taxes

Deferred tax asset, net included in the balance sheet comprises the following:

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax assets / (liabilities)		
Operating loss carry forward	-	4,865
Deferred tax asset, net	**-**	**4,865**

1.3 Provisions, Contingent Liabilities and Contingent Assets

Contingent liabilities and the crystallisation of these liabilities are dependent upon the outcome of court cases / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligation, development and raising of demand by concerned parties, respectively. The Company has made adequate provisions, wherever required, in compliance with Ind AS 37 prescribed by the ICAI. Those contingent liabilities have arisen in the normal course of business and may not crystallise on the Company and may not have any material impact on the revenue.

Dr. Reddy's Research and Development B V
Notes to Financial Statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.1 : Property, plant and equipment and other intangible assets

	Gross Block					Depreciation / Amortisation					Net Block	
Description	**As at 01.4.2019**	**Additions**	**Disposals**	**Forex**	**As at 31.03.2020**	**As at 01.4.2019**	**For the year**	**Disposals**	**Forex**	**As at 31.03.2020**	**As at 31.03.2020**	**As at 31.03.2019**
Building	497,578	556,755	-	(460,626)	593,707	206,272	37,193	-	73,349	316,814	276,893	291,306
Plant and machinery	1,029,662	23,635	11,640	67,435	1,109,093	894,914	49,962	56	61,211	1,006,032	103,061	134,748
Furniture and Fixtures & Office equipment	44,849	4,079	-	5,854	54,782	31,189	4,170	-	5,010	40,370	14,413	13,659
Total tangible assets (A)	**1,572,089**	**584,470**	**11,640**	**(387,336)**	**1,757,583**	**1,132,376**	**91,326**	**56**	**139,570**	**1,363,216**	**394,367**	**439,713**
Previous Year	1,580,309	66,165	10,428	(63,957)	1,572,089	986,179	201,745	9,428	(46,120)	1,132,376	439,713	594,130
Other intangibles	92,265				92,265	74,458	17,807			92,265	-	17,807
Total intangible assets (B)	**92,265**	**-**	**-**	**-**	92,265	**74,458**	**17,807**	**-**	**-**	**92,265**	**-**	**17,807**
Previous Year	95,988	-	-	(3,723)	92,265	77,463	-	-	(3,005)	74,458	17,807	18,525
TOTAL (A+B)	**1,664,354**	**584,470**	**11,640**	**(387,336)**	**1,849,848**	**1,206,834**	**109,133**	**56**	**139,570**	**1,455,481**	**394,367**	**457,520**

Dr. Reddy's Research and Development B V

Notes to Financial Statements

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Other non curent financial assets

	As at 31 March 2020	As at 31 March 2019
2.2 : Loans and Advances		
Balances receivable from holding and other group companies	2,165,631	-
	2,165,631	**-**

Financial assets

	As at 31 March 2020	As at 31 March 2019
2.3 : Trade receivables		
Unsecured,considered good		
Receivable from holding company and other group companies	258,955	127,749
Receivable from Others	1,921	5,176
Less: Allowances for credit losses	(30)	(28)
	260,846	**132,897**

	As at 31 March 2020	As at 31 March 2019
2.4 : Cash and cash equivalents		
Balances with banks:		
- In current accounts	97,079	91,284
Cash on hand	3	10
	97,082	**91,294**

	As at 31 March 2020	As at 31 March 2019
2.5 : Loans and Advances		
Balances receivable from holding and other group companies	-	1,931,560
	-	**1,931,560**

	As at 31 March 2020	As at 31 March 2019
2.6 : Other Assets		
Other assets receivable from holding company and other group companies	250,373	174,216
Security Deposits	-	-
Other advances	369	880
	250,742	**175,096**

B. Other Assets

	As at 31 March 2020	As at 31 March 2019
2.7: Other current assets		
Other assets	4,958	15,195
Prepaid expenses	44,142	40,676
Balance with statutory agencies	8,851	9,037
	57,951	**64,908**

Dr. Reddy's Research and Development B V

Notes to Financial Statements

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.8 : Share capital

	As at 31 March 2020	As at 31 March 2019
Authorised Share Capital		
80,000,000 (31 March 2019: 80,000,000) ordinary shares of EUR 0.12 each	699,328	699,328
Issued equity capital		
52,673,974 (31 March 2019: 52,673,974) ordinary shares of EUR 0.12 each	460,464	460,464
Subscribed and fully paid-up		
52,673,974 (31 March 2019: 52,673,974) ordinary shares of EUR 0.12 each	460,464	460,464
	460,464	**460,464**

(a) **Reconciliation of the equity shares outstanding is set out below:**

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of equity shares	Amount	No. of equity shares	Amount
Number of shares outstanding at the beginning of the year	52,673,974	460,464	52,673,974	460,464
Shares issued during the year	-	-	-	-
Number of shares outstanding at the end of the year	**52,673,974**	**460,464**	**52,673,974**	**460,464**

(b) **Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of EUR 0.12 per share. Each holder of equity shares is entitled to one vote per share.

(c) **Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of equity shares	% of equity shares	No. of equity shares	% of equity shares
Dr. Reddy's Laboratories SA	-	-		
Reddy Netherlands B.V.	52,673,974	100%	52,673,974	100%

Financial Liabilities

	As at 31 March 2020	As at 31 March 2019
2.9: Non-current Borrowings		
Unsecured		
From other parties		
Long term borrowings from holding company and other group companies	669,283	620,322
Secured		
Long term maturities of finance lease obligations	347,068	368,003
	1,016,351	**988,324**

	As at 31 March 2020	As at 31 March 2019
2.10 : Trade Payables		
Payables to holding company and other group companies	-	-
Payables to others	64,214	42,811
	64,214	**42,811**

	As at 31 March 2020	As at 31 March 2019
2.11: Other current financial liabilities		
Accrued expenses	48,155	41,070
Other liabilities payable to holding and other group companies		298
Other current liabilities	501	-
Capital creditors	14,976	1,924
Trade and security deposits	30,065	28,214
Current maturities of long term debt	45,086	38,731
	138,784	**110,236**

	As at 31 March 2020	As at 31 March 2019
2.12 : Provisions		
Provision for employee benefits	30,680	29,734
	30,680	**29,734**

Other Liabilities

	As at 31 March 2020	As at 31 March 2019
2.13 : Other Liabilities		
A. Non-current liabilities		
Deferred revenue	2,541,416	2,325,039
	2,541,416	**2,325,039**
B. Current liabilities		
Deferred revenue	0	52
Due to statutory authorities	12,031	10,150
Salary and bonus payable	33,471	11,263
Other Liabilities	-	2,079
	45,502	**23,544**

	For the year ended 31 March 2020	For the year ended 31 March 2019
2.14 : Revenue from operations		
Sales	52	1,780
License fee and service income from holding company and other group companies	963,197	977,755
Other operating income	-	4,858
	963,248	**984,393**

	For the year 31 March 2020	For the year ended 31 March 2019
2.15 : Other income		
Interest income		
On fixed deposits	-	-
From holding company and other group companies	106,708	101,846
Profit on disposal of PPE	21	
Foreign exchange gain,net	-	-
	106,729	**101,846**

	For the year 31 March 2020	For the year ended 31 March 2019
2.16 : Employee benefits expense		
Salaries, wages and bonus	372,868	380,819
Contribution to provident and other funds	38,755	24,545
	411,623	**405,364**

	For the year 31 March 2020	For the year ended 31 March 2019
2.17 : Depreciation and amortisation expense		
Depreciation of tangible assets	109,133	201,745
	109,133	**201,745**

	For the year 31 March 2020	For the year ended 31 March 2019
2.18 : Finance costs		
Interest on long term borrowings to holding company and other group companies	7,935	11,468
	7,935	**11,468**

	For the year 31 March 2020	For the year ended 31 March 2019
2.19 : Other expenses		
Legal and professional	24,532	21,481
Travelling and conveyance	7,272	7,720
Communication	3,290	3,049
Rent	21,206	23,118
Loss on sale of investments	-	124,470
Foreign exchange loss, net	547	1,452
Other general expenses	375,619	385,067
	432,466	**566,357**

	For the year 31 March 2020	For the year ended 31 March 2019
2.20 : Tax expense		
Deferred tax expense	5,067	30,772
	5,067	**30,772**

Nexia Audirevi
Audit & Assurance

DR. REDDY'S S.R.L.

Independent Auditor's Report on the Financial Statements pursuant to Art. 14 of Legislative Decree 39 of 27 January 2010

(Translation from Italian report)

Nexia Audirevi
Audit & Assurance

Via Paolo da Cannobio, 33
20122 Milano | Italy
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Independent Auditor's Report pursuant to Art. 14 of Legislative Decree 39 of 27 January 2010

To the sole Quotaholder of
DR. REDDY'S S.R.L.

Report on the financial statements

Opinion

We have audited the financial statements of the DR. REDDY'S S.R.L. (the Company) prepared in accordance with art. 2435-bis of Italian civil code, which comprise the balance sheet as at March 31, 2020, and the income statement for the year then ended and the notes to the financial statements.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at March 31, 2020, and of its financial performance and cash flow for the year then ended in accordance with the Italian laws and regulations that govern their preparation.

Elements at the basis of the opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities under those standards are further described in the "Independent auditor's responsibilities for the audit of the financial statements" section of this report. We are independent from the Company, in accordance with the rules and principles of ethics and independence applicable in Italian law to the auditing of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of Dr. Reddy's S.r.l. present the figures for the previous year for comparative purposes, as required by current regulations. We note that the financial statements for the year ended March 31, 2019 were subjected to voluntary auditing by us, as the legal requirements for the statutory audit were not met, and that on April 29, 2019 we expressed a clear opinion on those financial statements.

Responsibilities of the directors for the financial statements

The directors are responsible for the preparation of this financial statements that give a true and fair view in accordance with the Italian laws and regulations that govern their preparation and, as provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that is free from material misstatement due to fraud or unintentional acts or events.

The directors are responsible for assessing the capacity of the Company to continue operating as a going concern entity and, in preparing the financial statements, for the appropriateness of using the going concern basis of accounting, and for the adequate disclosure in this regard. The directors use the going concern basis of accounting in preparing the financial statements unless they either intend to liquidate the Company or to cease operations or have no realistic alternatives but to do so.

Independent auditor's responsibilities for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the financial statements as a whole is free from material misstatement, due to fraud or unintentional acts or events, and to issue an

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auditor's report that includes our opinion. Reasonable assurance is a high-level assurance, but there is no guarantee that an audit conducted in accordance with the International Standards on Auditing (ISA Italy) will always detect a material misstatement, when it exists. Misstatement can arise from fraud or unintentional acts or events and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by the users on the basis of this financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the entire audit process. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or unintentional acts or events. Design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from unintentional acts or events, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and but not for the purpose of expressing an opinion on the effectiveness of Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates and related disclosures made by the directors;
- Reach a conclusion on appropriateness of the going concern basis of accounting used by the directors and, based on the obtained evidence, on the possible existence of significant uncertainty concerning events or circumstances that may arise significant doubts over the capacity of the Company to continue operating as a going concern entity. In case of a significant uncertainty, we have to call the reader's attention in the auditor's report to the related information in the financial statements or, if that information is inadequate, to consider this circumstance in expressing our opinion. Our conclusions are based on the audit evidence obtained up to the date of this audit report. Nevertheless, subsequent events or circumstances may cause the Company to cease operations as a going concern entity;

We have communicated with the persons in charge of governance activities that have been identified at an appropriate level in accordance with the requirements of the ISA Italy, among other matters, regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Milan, April 29, 2020

Signed:
Audirevi S.p.A.

Davide Borsani
Partner

Dr Reddy's S.r.l. (with a sole shareholder)

Legal Seat in Milan - Piazza Santa Maria Beltrade, n. 1
Share Capital Euro 99.000,00 - fully paid - in
Fiscal code and Milan Registry of Trading Companies
fiscal code and VAT number: 01650760505
Registered to Milan CCIAA n. 1882447

Financial Statements as of March 31, 2020

(Drawn up pursuant art. 2435-bis C.C.)

(amounts are in Euro)

Balance Sheet

Assets		**31.03.2020**	**31.03.2019**
B) Fixed assets			
I.	*Intangible assets*	530.672	249.676
II.	*Tangible assets*	7.201	1.461
III.	*Financial assets*	50.434	41.809
Totale immobilizzazioni		**588.307**	**292.946**
C) Current assets			
I.	*Stock*	2.601.143	2.437.830
II.	*Accounts receivable*		
	- falling due within one year	3.837.513	1.822.414
	- falling due after more than one year		
	Total accounts receivable	3.837.513	1.822.414
III.	*Financial assets not representing fixed assets*		
	Total financial assets not representing fixed assets		
IV.	*Liquid assets*	60.118	634.098
Total current assets		**6.498.774**	**4.894.342**
D) Accrued income and pre payments		14.491	4.497
Total assets		**7.101.572**	**5.191.785**

Liabilities		31.03.2020	31.03.2019
A) Shareholders equity			
I.	Share Capital	99.000	99.000
IV.	Legal reserve	11.833	11.833
VI.	Other reserves	3.893.228	1.393.228
VIII.	Retained earnings / (loss carried forward)	15.103	224.833
IX.	Operating profit (loss)	(670.848)	(209.730)
Total		**3.348.316**	**1.519.164**
B) Provisions for risks and liabilities		779.149	426.652
C) Provision for employees' leaving indemnity		169.268	135.864
D) Accounts payable			
	- falling due within one year	2.804.839	3.110.105
	- falling due after more than one year		
	Total acconts payable	2.804.839	3.110.105
E) Accrued liabilities and deferred income		0	0
Total liabilities		**7.101.572**	**5.191.785**

Profit and loss account

		31.03.2020	31.03.2019
A) Revenues			
1)	*Sales and services*	8.256.648	4.044.510
2)	*Changes on stock of goods in process, semi-finished goods and finished goods*	0	-
5)	*Miscellaneous revenues*	30.843	250.594
Total revenues		**8.287.491**	**4.295.104**
B) Expenses			
6)	*For raw materials, subsidiarymaterials, consumables and goods*	5.440.500	2.478.365
7)	*Services*	1.338.765	840.672
8)	*Rent/Lease*	38.769	43.077
9)	*Personnel*		
	a) Salary and wages	659.721	527.271
	b) Social security contributions	211.006	157.277
	c) Employees' leaving indemnity	43.137	40.892
	d)	299	
		914.163	725.440
10)	*Depreciation and write-downs*		
	a) Depreciation of intangible assets	15.258	174
	b) Depreciation of tangible assets	949	838
	c) Other devaluation of tangible assets		
	d) Bad debts accruals	63.188	39.770
	Total depreciation and write-down	79.395	40.782
11)	*Changes in stock of raw material, subsidiary materials, expendable materials and goods*	-163.313	-480.701
12)	*Risk accruals*	379.491	
13)	*Other accruals*	144.237	280.890
14)	*Other management costs*	786.332	558.299
Total expenses		**8.958.339**	**4.486.824**
Difference between revenues and expenses (A-B)		**(670.848)**	**(191.720)**
C) Financial income and costs			
16)	*Other financial income*		
17)	*Interest and other financial cost*		
	d) other than the above		
17) bis	*Exchange gains and losses*		
Totale proventi e oneri finanziari			
Total financial income and costs		**(670.848)**	**(191.720)**
20)	*Taxes on the income for the year*		
	- current taxes	0	-19.743
	- deferred taxes		1.733
21) Profit (Loss) for the year		**(670.848)**	**(209.730)**

DR REDDY'S NEW ZEALAND LIMITED
SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020

DR REDDY'S NEW ZEALAND LIMITED

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DR REDDY'S NEW ZEALAND LIMITED
COMPANY DIRECTORY
AS AT 31 MARCH 2020

Nature of Business	Pharmaceutical Drug Distribution
Registered Office	82 Totara Crescent Woburn Lower Hutt, 5011 New Zealand
Directors	Kallam Satish Reddy Venkata Annanth Sama Goparaju Sunil Kumar Chebrolu
Bankers	The Hong Kong and Shanghai Banking Corporation Limited Auckland
Solicitors	Crengle Shreves & Ratner Level 12, 105 The Terrace Wellington
Business Location	Auckland
Shareholder	Dr Reddy's Laboratories SA

DR REDDY'S NEW ZEALAND LIMITED
APPROVAL OF FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020

The Board of Directors are pleased to present the approved financial report including historical financial statements of Dr Reddy's New Zealand Limited for the year ended 31 March 2020.

Approved for and on behalf of the Board of Directors

	07th May 2020
Director	**Date**

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE SHAREHOLDERS OF DR REDDY'S NEW ZEALAND LIMITED

Report on the Financial Statements
We have reviewed the special purpose financial statements of Dr Reddy's New Zealand Limited ("the Company") on pages 6 to 14, which comprise the balance sheet as at 31 March 2020, the statement of profit or loss and the statement of changes in equity for the year ended 31 March 2020, and notes comprising a summary of significant accounting policies and other explanatory information.

Board of Directors' Responsibility
The Board of Directors of the Company is responsible for the preparation and fair presentation of the financial statements in accordance with the Special Purpose Financial Reporting Framework for use by For-Profit Entities ("SPFR for FPE's"), and for such internal control as the Board of Directors determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Our Responsibility
Our responsibility is to express a conclusion on the financial statements based on our review. We conducted our review in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity*. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the financial statements, taken as a whole, are not prepared in all material respects in accordance with SPFR for FPE's. As the auditor of the Company, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

A review of the financial statements in accordance with NZ SRE 2410 is a limited assurance engagement. The auditor performs procedures, primarily consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on the financial statements.

The firm has no relationship with, or interests in, the Company.

Other Matter
The financial statements of the Company for the year ended 31 March 2019 were not audited or reviewed.

Emphasis of Matter
We draw attention to Note 13 *Subsequent Events* to the financial statements, which outlines the Company's assessment of the effects of the COVID-19 pandemic that arose after the reporting date on the future operations of the Company. Our opinion is not modified in respect of this matter.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the financial statements of the Company do not present fairly, in all material respects, the financial position of the Company as at 31 March 2020, and of its financial performance for the period ended on that date, in accordance with SPFR for FPE's.

BDO Auckland

BDO Auckland
7 May 2020
Auckland
New Zealand

DR REDDY'S NEW ZEALAND LIMITED
STATEMENT OF PROFIT OR LOSS
FOR THE YEAR ENDED 31 MARCH 2020

	Note	2020 $	2019 $
Income		3,564,873	2,927,462
Cost of Sales		(3,162,791)	(2,568,702)
Gross Profit		402,082	358,760
Other Income	2	10,570	9,843
		412,651	368,602
Expenses	3	(188,679)	(203,131)
Net operating profit before tax		223,973	165,472
Income Tax Expense	4	-	-
Net profit after tax		223,973	165,472

DR REDDY'S NEW ZEALAND LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2020

	Share Capital	Retained Earnings	Total equity
	$	$	$
Balance at 1 April 2019	10,000	1,344,258	1,354,258
Profit for the year	-	223,973	223,973
Balance at 31 March 2020	10,000	1,568,230	1,578,230

	Share Capital	Retained Earnings	Total equity
	$	$	$
Balance at 1 April 2018	10,000	1,178,786	1,188,786
Profit for the year	-	165,472	165,472
Balance at 31 March 2019	10,000	1,344,258	1,354,258

The above statement should be read in conjunction with the notes to and forming part of the Special Purpose Financial Statements.

DR REDDY'S NEW ZEALAND LIMITED
BALANCE SHEET
AS AT 31 MARCH 2020

	Note	2020 $	2019 $
Equity	5	**1,578,230**	**1,354,258**
Represented by			
Current assets			
Cash and other short-term deposits		99,863	127,382
Trade and other receivables	6	1,398,156	1,191,330
Tax receivable		2,726	1,351
Inventories	7	974,510	504,863
Total current assets		2,475,255	1,824,926
Non-current assets			
Property, plant and equipment		-	-
Total non-current assets		-	-
Total assets		2,475,255	1,824,926
Current liabilities			
Trade and other payables	8	897,025	470,669
Total liabilities		897,025	470,669
Net assets		**1,578,230**	**1,354,258**

Approved for and on behalf of the Board of Directors

Director

07th May 2020

Date

The above statement should be read in conjunction with the notes to and forming part of the Special Purpose Financial Statements.

DR REDDY'S NEW ZEALAND LIMITED
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORT
FOR THE YEAR ENDED 31 MARCH 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Dr Reddy's New Zealand Limited ('the Company') is a company incorporated and domiciled in New Zealand, registered under the Companies Act 1993. The Company primarily is involved in pharmaceutical drug distribution.

Basis of Preparation

These financial statements have been prepared in accordance with the Special Purpose Financial Reporting Framework for use by For-Profit Entities (SPFR for FPE's) issued by the Chartered Accountants Australia and New Zealand (formerly New Zealand Institute of Chartered Accountants). The financial statements have been prepared for the following parties:

- the entity's owners; and
- Inland Revenue

Basis of Measurement

These financial statements have been prepared on a historical cost basis. Values are rounded to the nearest dollar.

Functional Currency

The financial statements are presented in New Zealand dollars ($).

Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Plant and equipment

Owned assets

Plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets, and includes the cost of replacements that are eligible for capitalisation when these are incurred.

Depreciation

Depreciation is calculated on a straight line basis over the estimated useful life of the asset either using depreciation rates based on estimates by management. Assets estimated useful life is reassessed annually. The following estimated depreciation rates/useful lives have been used:

▪ Office furniture and equipment	20 to 100%	straight line

DR REDDY'S NEW ZEALAND LIMITED
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

- **Accounts Receivable**

Accounts receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. Individual debts that are known to be uncollectable are written off in the period that they are identified.

- **Cash and short term deposits**

Cash and cash equivalents include cash on hand, deposits held in bank current call and cash management accounts and bank overdrafts.

- **Trade and other payables**

Trade and other payables are measured at amortised cost, using the effective interest method.

b) Inventories

Inventories are stated at the lower of cost, determined on a first-in-first-out basis, and net realisable value.

c) Share Capital

Ordinary shares

Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity.

d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the company and revenue can be reliably measured.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

e) Income Tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue.

f) Goods and Service Tax

All amounts are stated exclusive of goods and services tax (GST) except for accounts payable and accounts receivable which are stated inclusive of GST.

DR REDDY'S NEW ZEALAND LIMITED
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2020

1. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

g) Leases

The Company as lessee

- **Operating leases**

Operating lease payments, where the lessors effectively retain substantially all the risk and benefits of ownership of the leased items, are recognised as an expense in profit or loss on a straight line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

	2020 $	2019 $
2. OTHER INCOME		
Interest	4,655	5,073
Foreign currency gain	5,915	4,770
	10,570	9,843
3. EXPENSES		
Depreciation of property, plant and equipment	-	950
Professional and consulting fees	21,183	20,830
Salaries and wages to employees	110,665	107,759
Other expenses	56,831	73,592
	188,679	202,518
4. INCOME TAX		
Net profit before tax	223,973	165,472
Prima facie tax expense at 28%	62,712	46,332
Non-deductible expenses	181	172
Temporary differences not recognised	(5,798)	(9,789)
Losses to carry forward	57,095	36,715
Prior year (losses) brought forward	(1,239,500)	(1,276,215)
Total (losses) carried forward	(1,182,405)	(1,239,500)

DR REDDY'S NEW ZEALAND LIMITED
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2020

5. EQUITY

	2020 $	2019 $
Issued Capital	10,000	10,000
Retained earnings		
- Opening balance as at 1 April	1,364,258	1,188,786
- Net profit	223,973	165,472
Closing balance as at 31 March	1,578,230	1,364,258
Closing balance as at 31 March	1,578,230	1,364,258

6. TRADE AND OTHER RECEIVABLES

Trade receivables	1,292,715	1,191,330
GST receivable	105,441	-
Other receivables	-	-
Trade and other receivables	1,398,156	1,191,330

7. INVENTORIES

Finished goods at cost	993,313	569,093
Less Inventory provision	(18,803)	(64,229)
Inventory	974,510	504,864

8. PROPERTY, PLANT AND EQUIPMENT

2020	Cost $	Accumulated depreciation and impairment $	Net Book Value $
Furniture and Fixtures – cost	15,996	15,996	0
	15,996	15,996	0
2019			
Furniture and Fixtures – cost	15,996	15,996	0
	15,996	15,996	0

9. TRADE AND OTHER PAYABLES

	2020 $	2019 $
Trade payables	194,171	74,978
Related party payables	631,618	332,894
Non-trade payables & accrued expenses	60,262	40,145
GST payable	-	14,140
Employee entitlements	10,974	8,512
Total Trade and other payables	897,025	470,669

DR REDDY'S NEW ZEALAND LIMITED
NOTES TO AND FORMING PART OF THE SPECIAL PURPOSE FINANCIAL REPORT (CONT'D)
FOR THE YEAR ENDED 31 MARCH 2020

10. CAPITAL COMMITMENTS

There are no capital commitments at 31 March 2020 (2019: $Nil).

11. CONTINGENT LIABILITIES

There are no contingent liabilities at 31 March 2020 (2019: $Nil).

12. RELATED PARTIES

The related party transactions noted during the year are as follows:

2020	Sales $	Purchases $	Receivables/ (payables) $
Ultimate Holding Company			
- Dr Reddy's Laboratories Limited - India	-	3,022,848	(626,020)
Fellow Subsidiary			
- Dr Reddy's Laboratories Limited - Australia	-	122,283	(5,598)

2019			
Ultimate Holding Company			
- Dr Reddy's Laboratories Limited - India	-	2,247,795	(275,405)
Fellow Subsidiary			
- Dr Reddy's Laboratories Limited - Australia	3,061	85,624	(57,489)

13. SUBSEQUENT EVENTS

At the reporting date a number of cases of a new virus, COVID-19 (which is also known as Coronavirus), had been reported in the Wuhan province of China. The Company does not course products from, or sell products to, Wuhan Province, and does not have any other exposure to Wuhan province. Consequently, the financial statements for the current period are not impacted by COVID-19.

Subsequent to the reporting date, COVID-19 became widespread globally. As a result, the World Health Organization announced that the outbreak should be considered a pandemic. The result of this pandemic has been a substantial reduction in economic activity throughout the world, as governments have introduced measures (such as the closure of all non-essential businesses and the cancellation of all public events) in a bid to halt, or at least slow, transmission of the virus. At the time of signing the financial statements, there is uncertainty about how much further economic activity will fall and how long the period of reduced economic activity will last. In addition, at the date of singing the financial statements, the New Zealand Government has ordered that all non-essential businesses cease trading for at least four weeks.

The directors have assessed the likely impact of COVID-19 on the Company and have concluded that, for the 12 months from the date of singing the financial statements, COVID-19 will not impact the ability of the Company to continue operating. That conclusion has been reached because:

- The Company trades medicine, for which demand is very unlikely to reduce, irrespective of the reduction in economic activity; and
- The Company's sole shareholder will not withdraw support for the foreseeable future.

DR. REDDY'S (WUXI) PHARMACEUTICAL CO. LTD.

FINANCIAL STATEMENTS AND REPORT OF THE AUDITORS FOR THE YEAR ENDED 31 DECEMBER 2019

[English translation for reference only. Should there be any inconsistency between the Chinese and English versions, the Chinese version shall prevail.]

tgs nortex

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[English Translation for Reference Only]

Report of the Auditors

Hu Nuode Shen Zi (2020) No. 094

To the Board of Directors of Dr. Reddy's (WUXI) Pharmaceutical Co. Ltd.:

Opinion

We have audited the accompanying financial statements of Dr. Reddy's (WUXI) Pharmaceutical Co. Ltd. (hereinafter "the Company"), which comprise the balance sheet as at 31 December 2019, the income statement, the cash flow statement and statement of changes in shareholders' equity for the year then ended and the notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2019, and its financial performance and cash flow for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants ("CICPA Code"), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management of the Company is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether these financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with CSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with CSAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in these financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

Auditor's Responsibilities for the Audit of the Financial Statements (Cont'd)

- Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Shanghai Nortex Certified Public Accountants Co., Ltd.

Shanghai, China
20 April 2020

DR. REDDY'S (WUXI) PHARMACEUTICAL CO. LTD.

BALANCE SHEET AS AT 31 DECEMBER 2019

(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

ASSETS	Notes	31 December 2019	31 December 2018
Current assets			
Cash at bank and on hand	7	1,568,708.08	146,249.70
Accounts receivable	8,27(c)	4,180,155.30	-
Other receivables	9,27(c)	1,154,478.21	717,365.00
Advance to suppliers		267,301.35	468,070.93
Other current assets	10	514,269.95	1,199,224.95
Total current assets		7,684,912.89	2,530,910.58
Non-current assets			
Fixed assets	11	2,177,984.84	1,717,824.49
Intangible assets	12	340,460.78	261,752.12
Long-term prepaid expenses	13	287,694.57	60,878.37
Total non-current assets		2,806,140.19	2,040,454.98
TOTAL ASSETS		10,491,053.08	4,571,365.56
LIABILITIES AND OWNERS' EQUITY			
Current liabilities			
Accounts payables	14,27(c)	1,052,115.60	1,035,073.51
Advances from customers	15,27(c)	-	7,800,000.00
Employee benefits payable	16	58,347.26	66,520.00
Taxes payable	17	299,052.03	16,453.32
Other payables	18	8,533.12	104,046.46
Total current liabilities		1,418,048.01	9,022,093.29
Non-current liabilities			
Long-term loans	19,27(c)	2,859,195.57	-
Total non-current liabilities		2,859,195.57	-
Total liabilities		4,277,243.58	9,022,093.29
Owner's equity			
Paid-in capital		6,657,520.00	6,657,520.00
Accummulated loss		(443,710.50)	(11,108,247.73)
Total owner's equity		6,213,809.50	(4,450,727.73)
TOTAL LIABILITIES AND OWNER'S EQUITY		10,491,053.08	4,571,365.56

The accompanying notes form an integral part of these financial statements.

Legal representative: Person in charge of accounting function: Person in charge of accounting department:

DR. REDDY'S (WUXI) PHARMACEUTICAL CO. LTD.

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
Revenue from operations	20	19,693,542.21	-
Less: Tax and levies		(24,715.42)	(300.00)
General and administrative expenses	21	(8,074,525.73)	(4,668,123.12)
R&D expense	22	(945,669.71)	(3,011,562.02)
Financial expenses - net	23	(84,094.12)	(72,596.27)
Including: Interest expenses		(69,095.34)	-
Interest income		2,665.81	1,468.66
Add: Other income	24	100,000.00	-
Total profit/(loss)		10,664,537.23	(7,752,581.41)
Less: Income tax expenses	25	-	-
Net profit/(loss)		10,664,537.23	(7,752,581.41)
Net profit from continuing operations		10,664,537.23	(7,752,581.41)
Net profit from discontinued operations		-	-
Net other comprehensive income		-	-
Total comprehensive income		10,664,537.23	(7,752,581.41)

The accompanying notes form an integral part of these financial statements.

Legal representative: Person in charge of accounting function: Person in charge of accounting department:

DR. REDDY'S (WUXI) PHARMACEUTICAL CO. LTD.

CASH FLOW STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

	Notes	Year ended 31 December 2019	Year ended 31 December 2018
1. Cash flows from operating activities			
Cash received from sales of goods or rendering of services		8,895,000.00	7,800,000.00
Cash received relating to other operating activities		102,665.81	1,468.66
Sub-total of cash inflows		8,997,665.81	7,801,468.66
Cash paid for goods and services		(651,099.10)	(3,929,135.74)
Cash paid to and on behalf of employees		(2,964,904.32)	(1,687,016.93)
Payments of taxes and surcharges		(601,980.14)	(300.00)
Cash paid relating to other operating activities		(5,005,912.29)	(3,304,184.75)
Sub-total of cash outflows		(9,223,895.85)	(8,920,637.42)
Net cash flows from operating activities	26(a)	(226,230.04)	(1,119,168.76)
2. Cash flows from investing activities			
Cash paid to acquire fixed assets and other long-term assets		(1,106,947.77)	(196,023.88)
Net cash flows from investing activities		(1,106,947.77)	(196,023.88)
3. Cash flows from financing activities			
Cash received from borrowings		2,749,880.00	-
Net cash flows from financing activities		2,749,880.00	-
4. Effect of foreign exchange rate changes on cash		5,756.19	(34,364.10)
5. Net Increase / (decrease) in cash	26(b)	1,422,458.38	(1,349,556.74)
Add: Cash balance at period beginning		146,249.70	1,495,806.44
6. Cash balance at period end		1,568,708.08	146,249.70

The accompanying notes form an integral part of these financial statements.

Legal representative: Person in charge of accounting function: Person in charge of accounting department:

DR. REDDY'S (WUXI) PHARMACEUTICAL CO. LTD.

STATEMENT OF CHANGES IN OWNER'S EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019

(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

	Paid-in capital	Accumulated Losses	Total owner's Equity
Balance at 31 December 2018	6,657,520.00	(3,355,666.32)	3,301,853.68
Changes of period			
Comprehensive income			
Current period loss	-	(7,752,581.41)	(7,752,581.41)
Other comprehensive income	-	-	-
Total comprehensive income	-	(7,752,581.41)	(7,752,581.41)
End of period	6,657,520.00	(11,108,247.73)	(4,450,727.73)
Movements for the year ended 31 December 2019			
Comprehensive income			
Current period profit	-	10,664,537.23	10,664,537.23
Other comprehensive income	-	-	-
Total comprehensive income	-	10,664,537.23	10,664,537.23
Balance at 31 December 2019	6,657,520.00	(443,710.50)	6,213,809.50

The accompanying notes form an integral part of these financial statements.

Legal representative: Person in charge of accounting function: Person in charge of accounting department:

1 General information

Dr. Reddy's (WUXI) Pharmaceutical Co. Ltd. ("the Company") is a wholly foreign-owned enterprise incorporated in Wuxi of the People's Republic of China on 2 June 2017 by Swiss parent Dr. Reddy's Laboratories SA. The company has an approved operating period of 30 years. The registered capital is USD 1,000,000.

The approved scope of business of the Company includes medical research&development, technology transfer, technology consulting; medicine import and export; medicine production; medical product sale. (Licensed business can be carried out only after proper government authorizations.)

These financial statements were authorised for issue by the Company's responsible person on 20 April 2019.

2 Basis of preparation

The Company prepared its financial statements in accordance with the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standards and other relevant regulations issued thereafter (hereafter referred to as "the Accounting Standards for Business Enterprises" or "CAS").

The financial statements were prepared on the basis of going concern.

3 Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2019 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as of 31 December 2019 and of their financial performance, cash flows and other information for the year then ended.

4 Summary of significant accounting policies and accounting estimates

(a) Accounting year

The Company's accounting year starts on 1 January and ends on 31 December.

(b) Recording currency

The recording currency is Renminbi (RMB).

4 Summary of significant accounting policies and accounting estimates(Cont'd)

(c) Foreign currency translation

Foreign currency transactions are translated into RMB using the exchange rates prevailing at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognised in profit or loss for the current period.Non-monetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(d) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, deposits that can be readily drawn on demand, and short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value

(e) Receivables

Receivables comprise notes and accounts receivables and other receivables. Accounts receivable arising from rendering of services are initially recognised at fair value of the contractual payments from the service recipients.

Receivables with amounts that are individually significant are subject to separate assessment for impairment. If there exists objective evidence that the Company will not be able to collect the amount under the original terms, a provision for bad debts of that receivable is made at the difference between its carrying amount and the present value of its estimated future cash flows.

Receivables with amounts that are not individually significant and those receivables that have been individually assessed for impairment and have not been found impaired are classified into certain groupings based on their credit risk characteristics. The provision for bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

4. Summary of significant accounting policies and accounting estimates(Cont'd)

(f) Fixed assets and depreciation

Fixed assets comprise equipment and machines, vehicles, office furnitures and electronic devices. Fixed assets purchased or constructed by the Company are initially measured at cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Company and the related cost can be reliably measured. The carrying amount of the replaced part is derecognised. All the other subsequent expenditures are recognised in profit or loss in the period in which they are incurred.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated residual values expressed as a percentage of cost and the annual depreciation rates of fixed assets are as follows:

	Estimated useful lives	Estimated residual values	Annual depreciation rates
Equipment & machines	10 years	0%	10%
Office furnitures	3-5years	0%	20%-33.33%
Vehicles	4 years	0%	25%

The estimated useful life, the estimated net residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at each year-end.

A fixed asset is derecognised on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposals on sale, transfer, retirement or damage of a fixed asset net of its carrying amount and related taxes and expenses is recognised in profit or loss for the current period.

(g) Intangible assets

Intangible assets include acquired computer software licences which were capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Those costs are amortized over their estimated useful lives of 10 years on an average basis.

4. Summary of significant accounting policies and accounting estimates(Cont'd)

(h) Long-term prepaid expenses

Long-term prepaid expenses include the expenditure for improvements to fixed assets held under operating leases. Long-term prepaid expenses are amortised on the straight-line basis over the expected beneficial period and are presented at actual expenditure net of accumulated amortisation.

(i) Impairment of long-term assets

Fixed assets and long-term prepaid expenses are tested for impairment if there is any indication that the assets may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of an asset is less than its carrying amount, a provision for impairment and an impairment loss are recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognised on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs is determined. A group of assets is the smallest group of assets that is able to generate independent cash inflows.

Once the above asset impairment loss is recognised, it will not be reversed for the value recovered in the subsequent periods.

(j) Employee benefits

Employee benefits are various types of remuneration or compensation paid by the Company for receiving service from employees or terminating employment including short-term benefits, post-employment welfare, termination benifits and other long-term benefits. The Company incurred short-term benefits and post-employment welfare for the period.

(1) Short-term benefits

Short-term benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, medical insurance premium, injury insurance premium, birth insurance premium, housing fund, education dues, short-term paid leaves and etc. Short-term benefits are recognised as the obligation in the accounting period in which the service has been rendered by the employees, and as costs of assets or expenses to whichever the employee service is attributable, of which non-monetary benefits are measured at fair value.

4. Summary of significant accounting policies and accounting estimates(Cont'd)

(j) Employee benefits (Cont'd)

(2) Post-employment welfare

The company classifies the post-employment welfare into two categaries: defined contribution plans and defined benefit plans. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. The post-employment welfare of the Company is basic pension plan and unemployment insurance, both of which are defined contribution plans.

Basic pension plan

The company's employees participate in basic pension plan sponsored by local labour and social security administrators. The Company pay basic pension contribution monthly at the base and ratio stipulated by local labor and social security administrators. After the employee retires, local labor and social security adminstrator is responsible for paying basic pension tyo the retired employee. The contributions are recognised as an obligation in the accounting period in which the service has been rendered by the employees and as costs of assets or expenses to whichever the employee service is attributable.

(k) Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable for the sale of goods or services in the ordinary course of the Company's activities. Revenue is shown net of rebates, discounts and returns.

Revenue is recognised when the economic benefits associated with the transaction will flow to the Company, the related revenue can be reliably measured, and the specific revenue recognition criteria have been met.

(l) Research and development

The expenditure on an internal research and development project is classified into expenditure on the research phase and expenditure on the development phase based on its nature and whether there is material uncertainty that the research and development activities can form an intangible asset at end of the project.

Research costs are expensed when incurred. Costs in the development phase are capitalized, if all of the following six criteria are demonstrated:

4 Summary of significant accounting policies and accounting estimates(Cont'd)

(l) Research and development (Cont'd)

- The technical feasibility of completing the intangible asset
- The intention to complete and use or sell the intangible asset
- How the intangible asset will generate probable future economic benefits (the entity should demonstrate the existence of a market or, if for internal use, the usefulness of the intangible asset)
- The availability of adequate resources to complete the development and to use or sell it
- The ability to measure reliably the expenditure attributable to the intangible asset during its development

Other development expenditures that do not meet the conditions above are recognised in profit or loss in the period in which they are incurred. Development costs initially recognised as expenses can not be capitalized in a subsequent period. Capitalised expenditure on the development phase is presented as development costs in the balance sheet and is recognized as intangible assets at the date that the asset is ready for its intended use.

(m) Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised on a straight-line basis over the period of the lease and charged as an expense for the current period.

(n) Segment information

The Company identifies operating segments based on the internal organisation structure, management requirements and internal reporting system, and discloses segment information of reportable segments which is determined on the basis of operating segments.

An operating segment is a component of the Company that satisfies all of the following conditions: (1) the component is able to earn revenues and incur expenses from its ordinary activities; (2) whose operating results are regularly reviewed by the Company' s management to make decisions about resources to be allocated to the segment and to assess its performance, and (3) for which the information on financial position, operating results and cash flows is available to the Company. If two or more operating segments have similar economic characteristics and satisfy certain conditions, they are aggregated into one single operating segment.

The company operates under one single operating segment since incorporation.

5 Significant change of accounting policies

CAS No.21: Financial Instruments: Lease (revised) was promulgated by Ministry of Finance in 2018 and "Circular on the Amendment to the Formats of Corporate Financial Statements for the Year of 2019", CAS No.7 Exchange of non-monetary assets (revised) and CAS No.12 Debt restructuring (revised) were promulgated in 2019. The amendments to the above standards have no impact on the Company's financial statements.

6 Taxation

The main categories and rates of taxes applicable to the Company are set out below:

Category	Tax rate	Tax base
Enterprise income tax	25%	Taxable income
Value added tax	6%	Taxable value added amount (Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less deductible VAT input of the current period)

7 Cash at bank and on hand

As at 31 December 2019, the cash at bank and on hand of the Company all represented cash at bank (31 December 2018: Same).

8 Accounts receivables

	31 December 2019	31 December 2018
Due from related party(27(3)(i))	4,180,155.30	-

9 Other receivables

	31 December 2019	31 December 2018
Due from related party(27(3)(i))	708,658.00	708,640.00
Leasing deposits	406,341.21	8,725.00
Others	39,479.00	-
	1,154,478.21	717,365.00

10 Other current assets

	31 December 2019	31 December 2018
Unverified input VAT	84,953.32	164,828.39
Input VAT credit	429,316.63	1,034,396.56
	514,269.95	1,199,224.95

11 Fixed assets

	Equipment & machines	Office furniture	Vehicles	Total
Cost				
31 December 2018	1,336,384.61	476,093.86	216,129.32	2,028,607.79
Increase in current period	427,454.98	329,356.79	-	756,811.77
31 December 2019	1,763,839.59	805,450.65	216,129.32	2,785,419.56
Accumulated depreciation				
31 December 2018	(155,374.22)	(78,863.35)	(76,545.73)	(310,783.30)
Depreciation charged in current period	(162,202.46)	(80,416.68)	(54,032.28)	(296,651.42)
31 December 2019	(317,576.68)	(159,280.03)	(130,578.01)	(607,434.72)
Net book value				
31 December 2018	1,181,010.39	397,230.51	139,583.59	1,717,824.49
31 December 2019	1,446,262.91	646,170.62	85,551.31	2,177,984.84

The amount of depreciation expense charged to general and administrative expenses was 296,651.42 for the year (2018: 258,708.80).

12 Intangible assets

	Software
Cost	
31 December 2018	299,145.29
Additions in current year	109,536.00
31 December 2019	408,681.29
Accumulated amortisation	
31 December 2018	(37,393.17)
Depreciation charged in current year	(30,827.34)
31 December 2019	(68,220.51)
Net book value	
31 December 2018	261,752.12
31 December 2019	340,460.78

The amount of amortisation expense charged to general and administrative expenses was 30,827.34 for the year(2018: 32,407.42).

13 Long-term prepaid expenses

	Lease hold improvment
31 December 2018	60,878.37
Additions in current year	240,600.00
Amortisation charged in current year	(13,783.80)
31 December 2019	287,694.57

The amount of amortisation expense charged to general and administrative expenses was 8,040.55 for the year (2018 period: 8,040.55).

14 Accounts Payables

	31 December 2019	31 December 2018
Due to related party(27(3)(iii))	1,052,115.60	1,035,073.51

15 Advances from customers

	31 December 2019	31 December 2018
Prepayment from related party(27(3)(iv))	-	7,800,000.00

16 Employee benefits payable

	31 December 2019	31 December 2018
Employee benefits payable(a)	31,078.36	55,274.51
Post-employement welfare(b)	27,268.90	11,245.49
	58,347.26	66,520.00

(a) Short-term benefits

	31 December 2018	Increase in current year	Decrease in current year	31 December 2019
Wages and salaries, bonuses, allowances and subsidies	43,683.00	2,797,625.22	(2,841,308.22)	-
Staff welfare	519.03	1,697,601.50	(1,696,174.77)	1,945.76
Social security contributions	5,305.55	53,265.22	(46,970.18)	11,600.59
Including:				
Medical care	4,036.84	44,856.36	(38,615.23)	10,277.97
Work Injury insurance	807.36	2,898.00	(3,439.88)	265.48
Maternity insuranece	461.35	5,510.86	(4,915.07)	1,057.14
Housing funds	5,766.93	54,085.67	(42,320.59)	17,532.01
	55,274.51	4,602,577.61	(4,626,773.76)	31,078.36

16 Employee benefits payable (Cont'd)

(b) Post-employment welfare - defined contribution plan

	2019		2018	
	Amounts payable	Balance	Amounts payable	Balance
Pension	99,453.50	26,178.08	81,940.38	10,957.15
Unemployment insurance	3,107.92	1,090.82	2,156.32	288.34
	102,561.42	27,268.90	84,096.70	11,245.49

17 Taxes payable

	31 December 2019	31 December 2018
Value added tax payable	191,039.26	-
Individual income tax payable	85,088.05	16,453.32
Levy and surcharge payable	22,924.72	-
	299,052.03	16,453.32

18 Other payable

	31 December 2019	31 December 2018
Professional service fee	3,600.00	53,085.12
Reimbursement of employee	4,933.12	50,961.34
	8,533.12	104,046.46

19 Long-term loans

	31 December 2019	31 December 2018
Related party foreign loan(27(3)(v))		
-Principal	2,790,480.00	-
-Interest	68,715.57	-
	2,859,195.57	-

On 3 June 2019, the Company borrowed USD 400,000.00 from related party Reddy's Laboratories SA for the Company's daily operations, new store renovations and fixed asset purchases. The loan period is from 3 June 2019 to 2 June 2024, with an annual interest rate of 4.5%.

20 Revenue

The Company's revenue for the year represented the income from the provision of pharmaceutical R & D technical services to related parties (2018: NA).

21 General and administrative expenses

	Year ended 31 December 2019	Year ended 31 December 2018
Labor cost	4,705,139.03	1,807,257.83
Professional service	1,794,937.88	2,137,413.35
Rental and management expense	590,298.80	112,974.37
Office expenses	16,742.82	8,176.84
Depreciaton and Amortization	350,178.65	299,156.77
Travel expense	279,322.65	194,483.35
Entertainment	11,128.31	12,342.70
Registration fee	188,160.00	-
Others	138,617.59	96,317.91
	8,074,525.73	4,668,123.12

22 R&D expenses

	2019	2018
Processing fee	817,844.58	2,179,948.33
R&D Materials	47,933.93	765,565.69
Maintainence	79,891.20	66,048.00
	945,669.71	3,011,562.02

23 Financial expenses - net

	Year ended 31 December 2019	Year ended 31 December 2018
Bank charges	1,574.00	1,347.40
Exchange loss-net	16,090.59	72,717.53
Interest expenses	69,095.34	-
Less: interest income	(2,665.81)	(1,468.66)
	84,094.12	72,596.27

24 Other income

	Year ended 31 December 2019	Year ended 31 December 2018
High-tech subsidies	100,000.00	-

25 Income tax expenses

	Year ended 31 December 2019	Year ended 31 December 2018
Current income tax	-	-
Deferred income tax	-	-
	-	-

	2019	2018
Total profit/(loss)	10,664,537.23	(7,752,581.41)
Income tax expenses calculated at applicable tax rates	2,666,134.31	(1,938,145.35)
Tax effect of costs not deductible for tax purposes	325,722.12	3,708.89
Tax losses for which no deferred income tax asset was recognized	-	1,934,436.46
Utilisation of previously unrecognised tax losses	(2,991,856.43)	-
Income tax expenses	-	-

Deductible temporary differences and deductible losses that are not recognised as deferred tax assets are analysed as follows:

	31 December 2019	31 December 2018
Deductible losses	720,377.94	12,687,803.67

26 Notes to cash flow statement

(a) Reconciliation from net loss to cash flows from operating activities

	Year ended 31 December 2019	Year ended 31 December 2018
Net profit/(loss)	10,664,537.23	(7,752,581.41)
Add: Depreciation of fixed assets	296,651.42	258,708.80
Amortisation of intangible assets	30,827.34	32,407.42
Amortisation of long-term prepaid expenses	13,783.80	8,040.55
Financial expenses	(74,851.53)	34,364.10
Increase in operating receivables	(4,416,498.93)	(1,626,213.72)
Increase/(Decrease) in operating payables	(6,740,679.37)	7,926,105.50
Net cash flows from operating activities	(226,230.04)	(1,119,168.76)

(b) Net increase in cash and cash equivalents

	2019	2018
Cash at end of period	1,568,708.08	146,249.70
Less: Cash at beginning of period	(146,249.70)	(1,495,806.44)
Net increase in cash	1,422,458.38	(1,349,556.74)

27 Related parties and related party transactions

(1) The parent company

(a) General information of the parent company:

	Place of registration	Nature of business
Dr.Reddy's Laboratories SA	Switzerland	Pharmaceutical

The ultimate holding company of the Company is Dr.Reddy's Labotories Limited incorporated in India.

27 Related parties and related party transactions(Cont'd)

(1) The parent company(Cont'd)

(b) Registered capital and changes in registered capital of the parent company

	31 December 2018	Increase in current period	Decrease in current period	31 December 2019
Dr.Reddy's Laboratories SA	CHF 105,640,410	-	-	CHF 105,640,410

(c) The percentages of share holding and voting rights in the Company held by the parent company:

	31 December 2019		31 December 2018	
	Share holding	Voting rights	Share holding	Voting rights
Dr.Reddy's Laboratories SA	100%	100%	100%	100%

(d) Nature of related parties that do not control or are not controlled by the Company

	Relationship with the Company
Kunshan Rotam Reddy Pharmaceutical Co. Ltd.	Joint Venture of ultimate holding company

(2) Related party transactions

(a) Pricing policies

The Company's pricing on rendering of services to related parties is based on market price.

(b) Related party transactions

(i) Providing research service

	2019	2018
Dr.Reddy's Laboratories Limited	3,943,542.74	-
Kunshan Rotam Reddy Pharmaceutical Co. Ltd.	15,749,999.47	-
	19,693,542.21	-

27 Related parties and related party transactions (Cont'd)

(2) Related party transactions (Cont'd)

(b) Related party transactions (Cont'd)

(ii) Borrowing

	2019	2018
Dr. Reddy's Laboratories SA	2,790,480.00	-

(iii) Interest expense

	2019	2018
Dr. Reddy's Laboratories SA	69,095.34	-

(3) Receivable from and payable to related parties

(i) Accounts receivables

	31 December 2019	31 December 2018
Dr.Reddy's Laboratories Limited	4,180,155.30	-

(ii) Other receivables

	31 December 2019	31 December 2018
Dr. Reddy's Laboratories SA	708,658.00	708,640.00

(iii) Accounts payables

	31 December 2019	31 December 2018
Dr.Reddy's Laboratories Limited	1,052,115.60	1,035,073.51

27 Related parties and related party transactions (Cont'd)

(3) Receivable from and payable to related parties (Cont'd)

(iv) Advances from customers

	31 December 2019	31 December 2018
Kunshan Rotam Reddy Pharmaceutical Co. Ltd.	-	7,800,000.00

(v) Borrowing

	31 December 2019	31 December 2018
Dr. Reddy's Laboratories SA	2,859,195.57	-

28 Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	31 December 2019	31 December 2018
Within 1 year	1,582,636.57	118,440.00
Betweent 1 and 2 years	778,044.32	118,440.00
Between 2 and 3 years	59,220.00	118,440.00
Over 3 years	-	59,220.00
	2,419,900.89	414,540.00

29 Financial risk

The Company's activities expose it to a variety of financial risks: market risk (primarily foreign exchange risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

(1) Market risk

(a) Foreign exchange risk

The Company's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. The Company is exposed to foreign exchange risk arising from the recognized assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to swiss francs. The Company's finance department is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimize the foreign exchange risk. Therefore, the Company may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk. The Company did not enter into any forward exchange contracts or currency swap contracts during the year.

As at 31 December 2019, the carrying amounts in RMB equivalent of the Company's assets and liabilities denominated in foreign currencies are summarized below:

	31 December 2019	31 December 2018
	USD	USD
Financial assets denominated in foreign currency -		
Cash at bank and on hand	818,212.41	105,741.39
Financial liabilities denominated in foreign currency -		
Payables	1,052,115.60	1,035,073.51
Long-term loans	2,859,195.57	-
	3,911,311.17	1,035,073.51

As at 31 December 2019, if the currency had strengthened /weakened by 5 % against the foreign currencies while all other variables had been held constant, the Company's net profit /loss for the year would have been approximately 155,000.00 (31 December 2018: 46,000.00).

29 Financial risk (Cont'd)

(1) Market risk (Cont'd)

(b) Interest risk

The Company's interest rate risk arises from long-term interest bearing borrowings. Financial liabilities issued at floating rates expose the Company to cash flow interest rate risk. Financial liabilities issued at fixed rates expose the Company to fair value interest rate risk. The Company determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions. As at 31 December 2019, the Company's long-term interest bearing borrowings were related party loans with fixed rates, amounting to RMB 2,790,480.00 (31 December 2018: NA) (Note 19).

The Company's finance department at its headquarters continuously monitors the interest rate position of the Company. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Company's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Company's financial position. The Company makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. During 2019 and 2018, the Company did not enter into any interest rate swap agreements.

As at 31 December 2019: The Company's borrowings with fixed rates are measured at amortized costs. Changes in interest rates had no significant impact on the Company's net profit and net assets. (31 December 2018: NA).

(2) Credit risk

Credit risk is managed on the grouping basis. Credit risk mainly arises from cash at bank, accounts receivable, other receivables etc.

The Company expects that there is no significant credit risk associated with cash at bank since they are deposited at state-owned banks and other medium or large size listed banks. Management does not expect that there will be any significant losses from non-performance by these counterparties.

29 Financial risk (Cont'd)

(2) Credit risk (Cont'd)

In addition, the Company has policies to limit the credit exposure on accounts receivable and other receivables. The Company assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Company. In respect of customers with a poor credit history, the Company will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Company is limited to a controllable extent.

The net value of cash at bank and on hand and receiveables presented in financial statements reflects the maximum credit risk of the Company.

(3) Liquidity risk

Cash flow forecasting is performed by and aggregated by the Company's finance departmen. The Company's finance department monitors rolling forecasts of the Company 's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Company does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

Except for long-term loans, the financial assets and liabilities of the Company as at 31 December 2019 are expired within one year(31 December 2018: same).

30 Capital management

Target of capital management policy is to guarantee the company's going concern, so that it can offer shareholder return, as well as other stakeholder, meanwhile, it can maintain the best capital structure to lower capital cost.

To maintain and adjust capital structure, the company may adjust the dividend paid to the shareholder,return capital to them, new issue of shares or sell assets for reduce debts.

Total capital of the company is shareholder's interest listed in balance sheet. The company is not in the charge of external coercive capital requirement to control capital by asset-liability ratio. As at 31 December 2018, the company's asset-liability ratio is 40.77% (31 December 2018: 197.36%).

DR. REDDY'S (WUXI) PHARMACEUTICAL CO. LTD.

SUPPLEMENTARY INFORMATION PROVIDED BY MANAGEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019
[English translation for reference only]

- **Reconciliation of Taxable Income**

DR. REDDY'S (WUXI) PHARMACEUTICAL CO. LTD.

SUPPLEMENTARY INFORMATION PROVIDED BY MANAGEMENT
(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

Reconciliation of Taxable Income
for the year ended 31 December 2019

Total profit	10,664,537.23
Add : Entertainment expenses in excess of prescribed cap	4,451.32
Staff welfare in excess of the prescribed cap	1,298,437.18
Less: Deductible cumulative losses	(12,687,803.67)
Taxable Loss	(720,377.94)

Note: The final amount of taxable income should be determined based on assessment obtained from local tax bureau.

Independent Auditors' Report

To the Members of
Dr. Reddy's Venezuela, C.A..

We have audited the accompanying financial statements of **Dr. Reddy's Venezuela, C.A..**a company incorporated and administered outside India, which comprises the Balance sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income) for the year ended on that date annexed thereto, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The financial statements are prepared for the limited purpose of complying with the provisions of Section 136 of the Companies Act, 2013. The Company's Board of Directors is responsible, in accordance with the requirement of and only for the purpose of Section 136 of the Companies Act, 2013, for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended only to the extent applicable and relevant to a company incorporated outside India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of these financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

The Management of the Company is further responsible for ensuring that the financial statements, as far as possible, are in accordance with the requirement of Section 136 of the Companies Act, 2013.

Auditor's Responsibility

The audit is limited and only to express an opinion on the financial statements, prepared only to comply with the requirements and for the purpose of sec.136 of the Companies Act, 2013, whether they give a true and fair view of, as the case may be, state of affairs etc. It is not an audit in accordance with the provisions of the statutes of the country in which it was established and operated as may be applicable to the company.

Our responsibility is to express an opinion on these financial statements based on our audit carried out for the limited purpose of complying with Section 136. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India specified under Section 143(10) of the Act, only to the extent applicable and relevant to a company incorporated outside India.

This report is based on our examination of the accompanying financial statements and other relevant records and information considered necessary for the purposes of issuing this report and the information and explanations provided to us by the Management.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act, to the extent applicable and relevant to a company incorporated outside India, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2020;

(b) in the case of the Statement of Profit and Loss (including Other Comprehensive Income), of theLoss for the year ended on that date; and

(C) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

(d) in the case of Statement of Changes in Equity, of the Changes in Equity for the year ended on that date

For M/s A Ramachandra Rao & Co
Chartered Accountants
ICAI FRN 02857S

PSRVV Surya Rao
Partner
Membership No. 202367

Place: Hyderabad
Date: 18th May 2020

UDIN: 20202367AAABPQ9858

Dr. Reddy's Venezuela, C.A.
Balance Sheet
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non current assets			
Property, plant and equipment	2.1	50	50
Tax assets, net		-	-
Total non current assets		**50**	**50**
Current assets			
Financial assets			
Cash and cash equivalents	2.2	43	11
Loans	2.3	5	1,412
Other current assets	2.4	30	27
Total current assets		**78**	**1,450**
Total assets		**128**	**1,500**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.5	583	583
Other equity		(48,509)	(44,260)
Total equity		**(47,926)**	**(43,677)**
Non current liabilities			
Financial Liabilities			
Borrowings	2.6	7,654	6,722
Current liabilities			
Financial Liabilities			
Trade payables	2.7	40,309	38,436
Other current financial liabilities	2.8	20	3
Other current liabilities	2.9	70	15
Total Liabilities		**40,399**	**38,454**
Total equity and liabilities		**128**	**1,500**

Significant accounting policies 1

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Venezuela, C.A.**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Joga Rao KVSNHR
Finance Manager

Place: Hyderabad
Date: 18 May 2020

Dr. Reddy's Venezuela, C.A.
Statement of Profit and Loss
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Continuing operations			
Revenue from operations		-	-
Other Income	2.10	-	391
Total Income		**-**	**391**
Expenses			
Cost of materials consumed		-	-
Employee benefits expense	2.11	167	186
Finance Cost	2.12	203	222
Depreciation and amortisation expense	2.13	-	4
Other expenses	2.14	3,879	2,258
Total expense		**4,249**	**2,670**
Profit / (Loss) before tax		**(4,249)**	**(2,279)**
Income tax expense		-	-
Profit / (Loss) for the year		**(4,249)**	**(2,279)**
Earnings per share			
Basic - Par value Bs 0.0043 per share		(399.61)	(214.33)
Diluted - Par value Bs 0.0043 per share		(399.61)	(214.33)
Significant accounting policies	1		

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Venezuela, C.A.**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Joga Rao KVSNHR
Finance Manager

Place: Hyderabad
Date: 18 May 2020

Dr. Reddy's Venezuela, C.A.

Statement of Changes in Equity

(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

Total equity

Particulars	Share Capital		Reserves and Surplus	Total Equity
	Shares	Amount	Retained Earnings	
Balance as of 1 April 2018	**10,633**	**583**	**(41,981)**	**(41,398)**
Profit / (Loss) for the period	-	-	(2,279)	(2,279)
Balance as of 31 March 2019	**10,633**	**583**	**(44,260)**	**(43,677)**
Profit / (Loss) for the period	-	-	(4,249)	(4,249)
Balance as of 31 March 2020	**10,633**	**583**	**(48,509)**	**(47,926)**

As per our report of even date attached

and on behalf of the Board of Directors of **Dr. Reddy's Venezuela, C.A.**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

A Ramachandra Rao
Partner
Membership No. 9750

Joga Rao KVSNHR
Finance Manager

Place: Hyderabad
Date: 18 May 2020

Dr. Reddy's Venezuela, C.A.
Cash Flow Statement
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Operating activities		
(Loss) / Profit before taxation	(4,249)	(2,279)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	-	4
Profit on disposal of property, plant and equipment	-	(69)
Writeback of liability	-	(322)
Finance costs	203	222
Net foreign exchange differences	103	2,612
Operating cash flows before working capital changes	**(3,943)**	**168**
Working capital adjustments:		
Trade and other payables	1,870	-
Other assets & liabilities,net	1,479	(78)
	(594)	**90**
Income tax paid	-	-
Net cash flows from operating activities	**(594)**	**90**
Net cash flows used in investing activities		
Proceeds from sale of property, plant and equipment		69
Purchase of property, plant and equipment		-
	-	**69**
Net cash flows from/ (used in) financing activities		
Proceeds from long term borrowings,net	729	(222)
	729	**(222)**
Net increase / (decrease) in cash and cash equivalents	135	(63)
Cash and cash equivalents at the beginning of the year	11	75
Effect of foreign exchange loss on cash and cash equivalents	(103)	(1)
Cash and cash equivalents at the end of the year	**43**	**11**
Notes to the cash flow statement:		
Cash and cash equivalents at the end of the year	43	11
Cash and bank balances at the end of the year	**43**	**11**

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Venezuela, C.A.**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Joga Rao KVSNHR
Finance Manager

Place: Hyderabad
Date: 18 May 2020

Dr. Reddy's Venezuela, C.A.

Significant Accounting Policies & Notes to financial statements

(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

Note 1: Significant Accounting Policies & Notes to Accounts:

Description of the Company

Dr. Reddy's Venezuela, C.A. (" the Company") incorporated in Venezuela , is a 100% subsidiary of Dr. Reddy's Laboratories SA.

Basis of preparation of financial statements

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time. In August 2018, the official currency of Venezuela has been changed to Bolivar Soberano(Bs), which replaces the erstwhile currency (Venezuelan bolivar).

Use of estimates and judgments

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

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 and in any future periods affected.

Revenue

Sale of goods

Revenue is recognised when the control of the goods has been transferred to a third party, when the title passes to the customer, either upon shipment or upon receipt of goods by the customer and when the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product. Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

Services

Revenue from services rendered, which primarily relate to contract research, is recognised in the statement of profit and loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.

License fee

License fees primarily consist of income from the out-licensing of intellectual property, and other licensing and supply arrangements with various parties. Revenue from license fees is recognised when control transfers to the third party and the Company's performance obligations are satisfied. Some of these arrangements include certain performance obligations by the Company. Revenue from such arrangements is recognised in the period in which the Company completes all its performance obligations.

Interest income and dividend

Interest income primarily comprises of interest from term deposits with banks. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of financial statements.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

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

Financial liabilities

Financial liabilities are classified, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

Dr. Reddy's Venezuela, C.A.

Significant Accounting Policies & Notes to financial statements

(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

Income tax

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Inventories

Inventories consist of raw materials, stores and spares, work in progress and finished goods and are measured at the lower of cost and net realizable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work in progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the statement of profit and loss in the period in which they arise.

When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. 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. General and specific borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in the statement of profit and loss.

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.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

Depreciation

Depreciation is recognised in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. The depreciation expense is included in the costs of the functions using the asset. Land is not subject to depreciation.

Leasehold improvements are depreciated over the period of the lease agreement or the useful life, whichever is shorter.

Depreciation methods, useful lives and residual values are reviewed at each reporting date. The estimated useful lives are as follows:

Buildings	
- Factory and administrative buildings	20 - 30 years
- Ancillary structures	3 - 15 years
Plant and equipment	3 - 15 years
Furniture, fixtures and office equipment	3 - 10 years
Vehicles	4 - 5 years

Schedule II to the Companies Act, 2013 ("Schedule") prescribes the useful lives for various classes of tangible assets. For certain class of assets, based on the technical evaluation and assessment, the Company believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date and the cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

Dr. Reddy's Venezuela, C.A.

Significant Accounting Policies & Notes to financial statements

(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

Provisions, contingent liabilities and contingent assets

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as finance cost.

Restructuring

A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided.

Onerous contracts

A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

Reimbursement rights

Expected reimbursements for expenditures required to settle a provision are recognised only when receipt of such reimbursements is virtually certain. Such reimbursements are recognised as a separate asset in the statement of financial position, with a corresponding credit to the specific expense for which the provision has been made.

Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Employee benefits

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

Defined contribution plans

The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For this purpose, "short-term" means investments having maturity of three months or less from the date of investment. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Trade receivables

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

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially ate fair value and subsequently measured at amortised cost using the effective interest method.

Dr. Reddy's Venezuela, C.A.

Significant Accounting Policies & Notes to financial statements

(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

Note 1: Significant Accounting Policies & Notes to Accounts:

1.1 Going Concern

The accounts have been prepared on Going Concern basis, despite having accumulated losses and no operational income, as the company is supported by its parent company in its activities and financial affairs.

1.2 Related Party Transactions

a. The company has the following transactions with related parties :

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest paid/payable to holding company/other group companies:		
Dr. Reddy's Laboratories SA	203	222

b. The company has the following amounts due/from related parties:

Particulars	As at 31 March 2020	As at 31 March 2019
Due to holding company and other group companies(included in trade payables and borrowings):		
Dr. Reddy's Laboratories Limited	40,309	37,079
Dr. Reddy's Laboratories SA	7,654	6,722

1.3 Taxation

a. Current Taxes

The Company is not liable to pay any current taxes on account of current year losses, brought forward losses and unabsorbed depreciation.

b. Deferred Taxes

The deferred tax liability has not been provided during the year as there is no liability arising out of any timing difference and no deferred tax asset is recognised on carry forword losses as it is not probable that future taxable profit will be available against which these can be utilised

1.4 Provisions, Contingent Liabilities and Contingent Assets

Contingent liabilities and the crystallisation of these liabilities are dependent upon the outcome of court cases / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligation, development and raising of demand by concerned parties, respectively. The Company has made adequate provisions, wherever required, in compliance with Ind AS 37 prescribed by the ICAI. Those contingent liabilities have arisen in the normal course of business and may not crystallise on the Company and may not have any material impact on the revenue.

Dr. Reddy's Venezuela, C.A.

(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

Note 2: Notes to financial statements (continued)

2.1 : Property, plant and equipment

	Gross Block				Depreciation / Amortization				Net Block	
Particulars	**As at 01.04.2019**	**Additions**	**Disposals**	**As at 31.03.2020**	**As at 01.04.2019**	**For the year**	**Disposals**	**As at 31.03.2020**	**As at 31.03.2020**	**As at 31.03.2019**
Leasehold improvments				-				-	-	-
Office equipment and Furniture & Fixtures				-				-	-	-
Vehicles	58	-	-	58	8	-	-	8	50	50
Total	**58**	**-**	**-**	**58**	**8**	**-**	**-**	**8**	**50**	**50**
Previous year	**1,348**	**-**	**1,290**	**58**	**1,294**	**4**	**1,290**	**8**	**50**	**54**

Dr. Reddy's Venezuela, C.A.

Notes to Financial Statements

(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

Other Assets

Financial Assets

	As at 31 March 2020	As at 31 March 2019
2.2 : Cash and cash equivalents		
Balances with banks:		
- On current accounts	43	11
	43	**11**

	As at 31 March 2020	As at 31 March 2019
2.3 : Loans and Advances		
Other advances	5	1,412
	5	**1,412**

Other Assets	As at 31 March 2020	As at 31 March 2019
2.4 : Other current assets		
Prepaid expenses	30	26
Other current assets	-	1
	30	**27**

Dr. Reddy's Venezuela, C.A.

Notes to the Financial Statements

(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

2.5 : Share capital

	As at 31 March 2020	As at 31 March 2019
Issued equity capital		
10,633 (previous year : 10,633) shares of Bs 0.0043 each	583	583
Subscribed and fully paid-up		
10,633 (previous year : 10,633) shares of Bs 0.0043 each	583	583
	583	**583**

* No concept of authorised share capital in this company.

(a) **Reconciliation of the equity shares outstanding is set out below:**

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Number of shares outstanding at the beginning of the year	10,633	583	10,633	583
Shares issued during the year	-	-	-	-
Number of shares outstanding at the end of the year	**10,633**	**583**	**10,633**	**583**

(b) **Terms/rights attached to equity shares**

The company has only one class of equity shares having a par value of Bs 0.0043 per share. Each holder of equity shares is entitled to one vote per share.

(c) **Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of equity shares	% of equity shares	No. of equity shares	% of equity shares
Dr. Reddy's Laboratories SA	10,633	100%	10,633	100%

Financial Liabilities

	As at 31 March 2020	As at 31 March 2019
2.6 : Non-current Borrowings		
From other parties		
Long term borrowings from holding company and other group companies	7,654	6,722
	7,654	**6,722**

	As at 31 March 2020	As at 31 March 2019
2.7 : Trade Payables		
Payables to holding company and other group companies	40,309	37,079
Payables to others	-	1,357
	40,309	**38,436**

	As at 31 March 2020	As at 31 March 2019
2.8 : Other current financial liabilities		
Accrued expenses	20	3
Capital Creditors	-	-
	20	**3**

Other Liabilities

2.9 : Other Current Liabilities		
Advance from customers	46	-
Provision for staff benefit schemes	20	11
Salary & Bonus Payable	3	3
Due to statutory authorities	1	1
	70	**15**

Dr. Reddy's Venezuela, C.A.

Notes to the Financial Statements

(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
2.10 : Other income		
Miscellaneous income	-	322
us other income		
Foreign exchange gain,net	-	-
Profit on sale of property, plant and equipment	-	69
	-	**391**

	For the year ended 31 March 2020	For the year ended 31 March 2019
2.11 : Employee benefits expense		
Salaries, wages and bonus	95	92
Contribution to provident and other funds	72	94
Staff welfare expenses	-	-
	167	**186**

	For the year 31 March 2020	For the year ended 31 March 2019
2.12 : Finance costs		
Interest on borrowings from holding company and other group companies	203	222
	203	**222**

	For the year ended 31 March 2020	For the year ended 31 March 2019
2.13 : Depreciation and amortisation expense		
Depreciation of Property,plant and equipment	-	4
	-	**4**

	For the year ended 31 March 2020	For the year ended 31 March 2019
2.14 : Other expenses		
Legal and professional	16	6
Travelling and conveyance	-	7
Rent	3	13
Insurance	1	-
Other general expenses	2	68
Foreign exchange loss, net	3,857	2,164
	3,879	**2,258**

Independent Auditors' Report

To the Members of
Euro Bridge Consulting B.V.

We have audited the accompanying financial statements of **Euro Bridge Consulting B.V.**, a company incorporated and administered outside India, which comprises the Balance sheet as at 31 March 2020, the Statement of Profit and Loss (including Other Comprehensive Income) for the year ended on that date annexed thereto, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The financial statements are prepared for the limited purpose of complying with the provisions of Section 136 of the Companies Act, 2013. The Company's Board of Directors is responsible, in accordance with the requirement of and only for the purpose of Section 136 of the Companies Act, 2013, for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended only to the extent applicable and relevant to a company incorporated outside India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of these financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

The Management of the Company is further responsible for ensuring that the financial statements, as far as possible, are in accordance with the requirement of Section 136 of the Companies Act, 2013.

Auditor's Responsibility

The audit is limited and only to express an opinion on the financial statements, prepared only to comply with the requirements and for the purpose of sec.136 of the Companies Act, 2013, whether they give a true and fair view of, as the case may be, state of affairs etc. It is not an audit in accordance with the provisions of the statutes of the country in which it was established and operated as may be applicable to the company.

Our responsibility is to express an opinion on these financial statements based on our audit carried out for the limited purpose of complying with Section 136. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India specified under Section 143(10) of the Act, only to the extent applicable and relevant to a company incorporated outside India.

This report is based on our examination of the accompanying financial statements and other relevant records and information considered necessary for the purposes of issuing this report and the information and explanations provided to us by the Management.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act, to the extent applicable and relevant to a company incorporated outside India, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2020;

(b) in the case of the Statement of Profit and Loss (including Other Comprehensive Income), of the Loss for the year ended on that date; and

(C) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

(d) in the case of Statement of Changes in Equity, of the Changes in Equity for the year ended on that date

For M/s A Ramachandra Rao & Co
Chartered Accountants
ICAI FRN 02857S

PSRVV Surya Rao
Partner
Membership No. 202367

Place: Hyderabad
Date: 18th May 2020

UDIN: 20202367AAABPZ5349

Euro Bridge Consulting B.V.
Balance Sheet
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non Current assets			
Other Intangible assets	2.1	2,541,415	2,325,038
Financial assets			
Investments	2.2	-	-
		2,541,415	**2,325,038**
Current assets			
Financial assets			
Cash and cash equivalents	2.3	25,510	41,614
Other current assets	2.4	(0)	85
Total current assets		**25,510**	**41,699**
Total assets		**2,566,925**	**2,366,737**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.5	36,985	36,985
Other equity			
Retained earnings		(361,188)	(234,868)
Other reserves		474,691	458,776
Total equity		**150,488**	**260,893**
Non current liabilities			
Financial Liabilities			
Borrowings	2.6	2,165,478	1,931,560
		2,165,478	**1,931,560**
Current liabilities			
Financial Liabilities			
Trade payables	2.7	(313)	14
Other current financial liabilities	2.8	251,272	174,270
Total Liabilities		**250,959**	**174,284**
Total equity and liabilities		**2,566,925**	**2,366,737**
Significant accounting policies	1		

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Euro Bridge Consulting B.V.**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Rudolf Verrijk
Director

Roger Friedrichs
Director

Place: Hyderabad
Date: 18 May 2020

Euro Bridge Consulting B.V.

Statement of Profit and Loss

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Continuing operations			
Foreign exchange gain,net		-	
Total Income		**-**	**-**
Expenses			
Employee benefit expenses	2.9	1,271	2,843
Finance costs	2.10	106,708	101,846
Selling and other expenses	2.11	18,340	109,165
Total expense		**126,320**	**213,854**
Loss before tax		**(126,320)**	**(213,854)**
Income tax expense		-	-
Loss for the year		**(126,320)**	**(213,854)**
Earnings per share:			
Basic earnings per share of EURO 10 each		(2,247.68)	(3,805.23)
Diluted earnings per share of EURO 10 each		(2,247.68)	(3,805.23)
Significant accounting policies	1		

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Euro Bridge Consulting B.V.**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Rudolf Verrijk
Director

Roger Friedrichs
Director

Place: Hyderabad
Date: 18 May 2020

Euro Bridge Consulting B.V.

Statement of Changes in Equity

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Total equity

Particulars	Share Capital		Reserves and Surplus			Total Equity
	Shares	Amount	Share Premium	Retained Earnings	Foreign currency translation reserve	
Balance as of 1 April 2019	**56,200**	**36,985**	**474,574**	**(234,868)**	**-**	**260,893**
Foreign currency translation adjustments	-	-	-	-	117	117
Loss for the period	-	-	-	(126,320)	-	(126,320)
Balance as of 31 March 2020	**56,200**	**36,985**	**474,574**	**(361,188)**	**117**	**134,690**

Particulars	Share Capital		Reserves and Surplus			Total Equity
	Shares	Amount	Share Premium	Retained Earnings	Foreign currency translation reserve	
Balance as of 1 April 2018	**56,200**	**36,985**	**474,574**	**(21,014)**	**-**	**490,545**
Issue of equity shares	-	-	-	-	(15,798)	(15,798)
Loss for the period	-	-	-	(213,854)	-	(213,854)
Balance as of 31 March 2019	**56,200**	**36,985**	**474,574**	**(234,868)**	**(15,798)**	**260,893**

As per our report of even date attached

for and on behalf of the Board of Directors of **Euro Bridge Consulting B.V.**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Rudolf Verrijk
Director

Roger Friedrichs
Director

Place: Hyderabad
Date: 18 May 2020

Euro Bridge Consulting B.V.
Cash Flow Statement
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

	For the year ended 31 March 2020	For the year ended 31 March 2019
Operating activities		
Loss before taxation	(126,320)	(213,854)
Adjustments to reconcile profit before tax to net cash flows:		
Net foreign exchange differences	13,438	(96,887)
Finance costs	106,708	101,846
Loss on sale of investments	-	104,498
Operating cash flows before working capital changes	**(6,173)**	**36,762**
Working capital adjustments:		
Trade payables	(327)	(73)
Other assets and liabilities, net	77,351	179,137
	70,851	**74,667**
Income tax paid	-	-
Net cash flows from operating activities	**70,851**	**74,667**
Net cash flows used in investing activities		
Purchase of intangible assets	(216,377)	**(84,144)**
Sale of investments in subsidiaries		**47,554**
Net cash flows used in investing activities	**(216,377)**	**(36,590)**
Net cash flows from/ (used in) financing activities		
Proceeds from / (Repayment of) long term borrowings,net	127,362	2,006
	127,362	**2,006**
Net increase / (decrease) in cash and cash equivalents	(18,165)	40,083
Cash and cash equivalents at the beginning of the year	41,614	2,818
Effect of foreign exchange loss on cash and cash equivalents	2,061	(1,287)
Cash and cash equivalents at the end of the year	**25,510**	**41,614**
Notes to the cash flow statement:		
Cash and cash equivalents at the end of the year	25,510	41,614
Cash and bank balances at the end of the year	**25,510**	**41,614**

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Euro Bridge Consulting B.V.**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Rudolf Verrijk
Director

Roger Friedrichs
Director

Place: Hyderabad
Date: 18 May 2020

Euro Bridge Consulting B.V.
Significant Accounting Policies & Notes to financial statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies

1.1 Description of the Company
Euro Bridge Consulting B.V. (" the Company") incorporated in Netherlands , is a 100% subsidiary of Reddy Netherlands B.V. with effect from 28 March 2018 *(formerly 100% subsidiary of Dr. Reddy's Research & Development B.V.).*

1.2 Basis of preparation of financial statements
The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

1.3 Use of estimates and judgments
The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
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 and in any future periods affected.

1.4 Significant accounting policies
Current and non-current classification
All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of financial statements.
Assets:
An asset is classified as current when it satisfies any of the following criteria:
a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realised within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Liabilities:
A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

Foreign currency transactions
Transactions in foreign currencies are translated to the respective functional currencies of entities within the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the statement of profit and loss in the period in which they arise

When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date.

Revenue from contracts with customers
Sale of goods
Revenue is recognised when the control of the goods has been transferred to a third party, when the title passes to the customer, either upon shipment or upon receipt of goods by the customer and when the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product. Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.
Services Income
Revenue from services rendered, which primarily relate to contract research, is recognised in the statement of profit and loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.
License fee
License fees primarily consist of income from the out-licensing of intellectual property, and other licensing and supply arrangements with various parties. Revenue from license fees is recognised when control transfers to the third party and the Company's performance obligations are satisfied. Some of these arrangements include certain performance obligations by the Company. Revenue from such arrangements is recognised in the period in which the Company completes all its performance obligations.

Interest income and dividend
Interest income primarily comprises of interest from term deposits with banks. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Euro Bridge Consulting B.V.
Significant Accounting Policies & Notes to financial statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies
Income tax
Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:
• the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
• differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
• taxable temporary differences arising upon the initial recognition of goodwill.
Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Earnings per share
The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

Property, plant and equipment
Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. 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. General and specific borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.
When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in the statement of profit and loss.
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.
Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

Depreciation
Depreciation is recognised in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.
Leasehold improvements are depreciated over the period of the lease agreement or the useful life, whichever is shorter.
Depreciation methods, useful lives and residual values are reviewed at each reporting date and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* .
The estimated useful lives are as follows:

	Years
Buildings	
- Factory and administrative buildings	20 to 30
- Ancillary structures	3 to 15
Plant and machinery	3 to 15
Furniture, fixtures and office equipment	3 to 10
Vehicles	4 to 5

Schedule II to the Companies Act, 2013 ("Schedule") prescribes the useful lives for various classes of tangible assets. For certain class of assets, based on the technical evaluation and assessment, the Company believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule.
Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other non-current assets. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

Other intangible assets
Other intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.
Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.
Intangible assets relating to products in development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognised immediately in the statement of profit and loss.
Amortisation
Amortisation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortised from the date they are available for use.

Euro Bridge Consulting B.V.
Significant Accounting Policies & Notes to financial statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies
Inventories
Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process.
Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.
The factors that the Company considers in determining the allowance for slow moving, obsolete and other non-saleable inventory include estimated shelf life, planned product discontinuances, price changes, ageing of inventory and introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

Employee benefits
Short-term employee benefits
Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.
Defined contribution plans
The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

Provisions, contingent liabilities and contingent assets
A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.
Restructuring
A provision for restructuring is recognised when the Company has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided.
Onerous contracts
A provision for onerous contracts is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.
Reimbursement rights
Expected reimbursements for expenditures required to settle a provision are recognised only when receipt of such reimbursements is virtually certain. Such reimbursements are recognised as a separate asset in the balance sheet, with a corresponding credit to the specific expense for which the provision has been made.
Contingent liabilities
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.
Contingent assets
Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Financial instruments
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.
Financial assets
All financial assets are recognised at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Companny commits to purchase or sell the asset.
Investments in subsidiaries
Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries , the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.
Impairment of trade receivables
In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.
For this purpose, the Company follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. 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 date, right from its initial recognition.
As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.
Financial liabilities
Financial liabilities are classified,as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.
All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.
The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments

Cash and cash equivalents
Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For this purpose, "short-term" means investments having maturity of three months or less from the date of investment. Bank overdrafts that are repayable on demand and form an integral part of our cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

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

Trade and other payables
These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Euro Bridge Consulting B.V.

Significant Accounting Policies & Notes to financial statements

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies (continued)

1.5 Going Concern

The accounts have been prepared on Going Concern basis, despite incurring losses, as the company is supported by its parent company in its activities and financial affairs.

1.6 Related Party Transactions

a. The company has the following related party transactions:

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense to holding and other group companies		
Dr. Reddy's Research & Development B.V.	106,708	101,846

b. The company has the following amounts due from/to related parties :

Particulars	As at 31 March 2020	As at 31 March 2019
Due to holding company and other group companies(included in financial liabilities -borrowings and other current liabilities):		
Dr. Reddy's Research & Development B.V.	2,416,186	2,105,454

1.7 Taxation

a. Current Taxes

The Company is not liable to pay any current taxes on account of current year losses, brought forward losses and unabsorbed depreciation.

b. Deferred Taxes

The deferred tax liability has not been provided during the year as there is no liability arising out of any timing difference.

1.8 Provisions, Contingent Liabilities and Contingent Assets

Contingent liabilities and the crystallisation of these liabilities are dependent upon the outcome of court cases / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligation, development and raising of demand by concerned parties, respectively. The Company has made adequate provisions, wherever required, in compliance with Ind AS 37 prescribed by the ICAI. Those contingent liabilities have arisen in the normal course of business and may not crystallise on the Company and may not have any material impact on the revenue.

Euro Bridge Consulting B.V.
Notes to Financial Statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.1 : Other intangible assets

	Gross Block				Amortisation				Net Block	
Description	**As at 01.4.2019**	**Additions**	**Disposals**	**As at 31.03.2020**	**As at 01.4.2019**	**For the year**	**Disposals**	**As at 31.03.2020**	**As at 31.03.2020**	**As at 31.03.2019**
Product related intangibles	2,325,038	216,377	-	2,541,415	-	-	-	-	2,541,415	2,325,038
									-	-
Total intangible assets	**2,325,038**	**216,377**	**-**	**2,541,415**	**-**	**-**	**-**	**-**	**2,541,415**	**2,325,038**
Previous Year	-	2,325,039	-	2,325,039	-	-	-	-	2,325,039	-

Euro Bridge Consulting B.V.

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 2: Notes to the financial statements

Financial Assets

Investments carried at cost	**As at 31 March 2020**	**As at 31 March 2019**
2.2: Investments in subsidiary companies		
OOO DRS LLC	-	-
	-	-

2.3 : Cash and cash equivalents	**As at 31 March 2020**	**As at 31 March 2019**
Balances with banks:		
- On current accounts	25,510	41,614
Cash and cash equivalents	**25,510**	**41,614**

Other non-financial assets **2.4 : Other current assets**	**As at 31 March 2020**	**As at 31 March 2019**
Balances with statutory authorities	0	85
Other current assets	**0**	**85**

2.5 : Share capital	**As at 31 March 2020**	**As at 31 March 2019**
Authorised Share Capital		
100,000 (Previous year : 100,000) equity shares of Euro 10 each	55,863	55,863
Issued equity capital		
56,200 (Previous year : 56,200) equity shares of Euro 10 each	36,985	36,985
Subscribed and fully paid-up		
56,200 (Previous year : 56,200) equity shares of Euro 10 each	36,985	36,985
	36,985	**36,985**

(a) **Reconciliation of the equity shares outstanding is set out below:**

Particulars	**As at 31 March 2020**		**As at 31 March 2019**	
	No. of equity shares	**Amount**	**No. of equity shares**	**Amount**
Number of shares outstanding at the beginning of the year	56,200	36,985	56,200	36,985
Add:Shares issued during the year	-	-	-	-
Number of shares outstanding at the end of the year	**56,200**	**36,985**	**56,200**	**36,985**

(b) **Terms / rights attached to the equity shares**

The company has only one class of equity shares having a par value of Euro 10 per share. Each holder of equity shares is entitled to one vote per share.

(c) **Details of shareholders holding more than 5% shares in the Company**

Particulars	**As at 31 March 2020**		**As at 31 March 2019**	
	No. of equity shares held	**% holding in the class**	**No. of equity shares held**	**% holding in the class**
Dr. Reddy's Research & Development B.V.	-	-	56,200	100%
Reddy Netherlands B.V.	56,200	100%	-	-

Financial Liabilities

2.6 : Borrowings **Non-current Borrowings**	**As at 31 March 2020**	**As at 31 March 2019**
From other parties		
Long term borrowings from holding company and other group companies	2,165,478	1,931,560
	2,165,478	**1,931,560**

2.7 : Trade payables	**As at 31 March 2020**	**As at 31 March 2019**
Trade payables	(313)	14
	(313)	**14**

2.8 : Other financial liabilities	**As at 31 March 2020**	**As at 31 March 2019**
Other current financial liabilities		
Accrued expenses	564	376
Other liabilities payable to holding and other group companies	250,708	173,894
	251,272	**174,270**

2.9 : Employee benefit expenses	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Salaries, wages and bonus	1,271	2,843
	1,271	**2,843**

2.10 : Finance costs	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Interest on long term borrowings	106,708	101,846
	106,708	**101,846**

2.11 : Selling and other expenses	**For the year ended 31 March 2020**	**For the year ended 31 March 2019**
Legal and professional	42	4,475
Loss on sale of investments	-	104,498
Other general expenses	18,298	192
	18,340	**109,165**

Board's Report

Dear Members,

Your directors present the 20th Board's Report of the Company for the year ended 31 March 2020.

Financial Highlights

The following table gives the financial highlights of the Company for the financial year 2019-20 as compared to previous financial year:

(Rs. in thousands)

Particulars	31 March 2020	31 March 2019
Profit/(Loss) for the period after taxation	38	20
Balance brought forward	(14,139)	(14,159)
Balance carried forward to Balance Sheet	(14,101)	(14,139)

State of Company's Affairs

The Company holds land to carry out its activities. However, it did not carry out any operations during the year.

Change in the Nature of Business, if any

During the year, there was no change in the nature of business of the Company.

Dividend

Your directors do not recommend any dividend for the financial year ending 31 March 2020.

Transfer to reserves

No amount is proposed to be transferred to any reserves during the year under the review.

Share Capital

During the year under review, there was no change in the share capital of the Company.

Fixed Deposits

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013. Hence the relevant disclosure or reporting provisions are not applicable to the Company.

Material Changes and Commitments Affecting the Financial Position of the Company

No material changes and commitments affecting the financial position of the Company, has occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

Subsidiaries and Associates

The Company is a subsidiary of Dr. Reddy's Laboratories Limited. DRL Impex Limited is a wholly owned subsidiary of the Company.

Pursuant to Section 129(3) of the Companies Act, 2013 and Rule 6 of the Companies (Accounts) Rules, 2014, where a company has one or more subsidiaries or associate companies, it shall, in addition to financial statements, prepare a consolidated financial statement of the company and of all the subsidiaries and associate companies in the same form and manner as that of its own and in accordance with applicable accounting standards, which shall also be laid before the annual general meeting of the company along with the laying of its financial statement.

However the Ministry of Corporate Affairs vide its circulars dated July 27, 2016 has clarified that the provisions pertaining to manner of consolidation of accounts shall not be applicable if

a) the members have been intimated in writing for not presenting the financial statements and the members do not object to the same; and

b) ultimate holding company files the consolidated financial statements with the Registrar which are in compliance with the applicable accounting standards.

The Company has written to its members for its intention of not presenting the consolidated financial statements and no objects has been received. Further, the Company's holding company, i.e. Dr. Reddy's Laboratories Limited prepares and files the consolidated financial statements with the Registrar which are in compliance with the applicable accounting standards. Therefore, the relevant provisions regarding consolidation of accounts of its wholly owned subsidiaries are not applicable to the Company.

A statement containing the salient features of the financial statement of its subsidiaries in prescribed Form AOC-1 is attached as **"Annexure – I"** to the Board's Report.

Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to financial statements provided in this Annual Report.

Number of Board meetings

The Company's board met four times during the year: 15 May 2019, 26 July 2019, 30 October 2019 and 24 January 2020.

Board of Directors

During the year under review, Mr. Sujit Kumar Mahato (DIN: 07599067) was appointed as an Additional Director of the Company with effect from May 15, 2019. Mr. Sujit Kumar Mahato was further appointed as director with effect from July 15, 2019, liable to retire by rotation, at the 19th AGM of the Company. Mr. Satish Reddy (DIN: 00129701) resigned as a director of the Company w.e.f. May 15, 2019.

Pursuant to provisions of Section 152 of the Companies Act, 2013, Mr. G V Prasad (DIN: 00057433), retires by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The board recommends his re-appointment for approval at the ensuing Annual General Meeting.

The brief profile of Mr. G. V, Prasad is given in the notice convening 20th Annual General Meeting, for reference of shareholders.

The Company is not required to appoint any key managerial personnel under Section 203(1) of the Companies Act, 2013.

Further, the Company was not required to have independent directors during the year 2019-20. Hence, the declaration by independent directors under section 149(6) is not applicable.

Secretarial Standards

The directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meeting of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company. The Company has also voluntarily adopted the recommendatory Secretarial Standard-4 on 'Report of the Board of Directors' issued by the Institute of Company Secretaries of India.

Directors' Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, your directors state that:

1. applicable accounting standards have been followed in the preparation of the annual accounts;
2. accounting policies have been selected and applied consistently. Reasonable and prudent judgments and estimates were made, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2019-20 and of the profit of the Company for that period;
3. proper and sufficient care has been taken to maintain adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. annual accounts have been prepared on a going concern basis; and
5. proper systems have been devised to ensure compliance with the provisions of all applicable laws and these systems were adequate and operating effectively.

Corporate Social Responsibility

Since the Company did not reach the threshold limit of net worth or turnover or net profit, during the immediate preceding financial year as stated in Section 135(1) of the Companies Act, 2013, therefore, the Company was not required to constitute a Corporate Social Responsibility Committee. Hence, provisions with regard to CSR Committee, CSR policy and CSR spent/initiatives were not applicable to the Company during the year.

Risk Management and Adequacy of Internal Financial Controls with Reference to Financial Statements

The Company is guided by the holding company, Dr. Reddy's Laboratories Limited's (DRL) policies. Accordingly, the philosophies, policies or procedures relating to internal controls over Financial Accounting, Risk Management and Compliance of DRL are applicable to the Company as well. Identified key risks and internal control matters pertaining to your Company, if any, are reviewed by the DRL's Internal Audit and Risk Management teams.

Related Party Transactions

In accordance with Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contract or arrangement entered into by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as **"Annexure II".**

The details of related party disclosures form part of the notes to the financial statements provided in this Annual Report.

Statutory Auditors

M/s. A. Ramachandra Rao & Co., Chartered Accountants (Firm's Registration No. 002857S) were re-appointed as statutory auditors for a period of 5 years commencing from the conclusion of 19th AGM till the conclusion of the 24th AGM in terms of Section 139 of the Companies Act, 2013 and the rules made thereunder.

The Ministry of Corporate Affairs (MCA) vide its notification dated May 7, 2018, has omitted the requirement under the first proviso to section 139 of the Companies Act, 2013 and rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, regarding ratification of appointment of statutory auditor by shareholders at every AGM.

Consequently, M/s. A. Ramachandra Rao & Co., Chartered Accountants continue to be the statutory auditors of the Company till the conclusion of 24th AGM, as approved by the shareholders at the 19th AGM of the Company.

Board's response on auditor's qualification, reservation or adverse remark or disclaimer made

There are no qualifications, reservations or adverse remarks made by the statutory auditors in their report. During the year, there were no instances of frauds reported by auditors under section 143(12) of the Companies Act, 2013.

Significant and Material Orders passed by the Court/Regulators

During the year under review, there were no significant and/or material orders, passed by any Court or Regulators or Tribunal which may impact the going concern status or the Company's operations in future.

Particulars of Employees

None of the employees of the Company draw salary more than the amount as specified under the provisions of Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time. Hence the relevant provisions are not applicable.

Conservation of energy, Technology Absorption, Foreign exchange earnings and outgo

Since the Company did not have any operations during the year, the particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are not applicable.

Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Since the Company has no employees during the year, the Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was not constituted. However, the Company being a wholly-owned subsidiary of Dr. Reddy's Laboratories Limited (DRL), the Internal Complaints Committee of DRL would address any such complaint from time to time.

Maintenance of cost records

Since the Company did not have any operations, it was not required to maintain cost records as required under the provisions of Section 148(1) of the Companies Act, 2013.

Extract of the Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 are attached as **"Annexure III"** to this Report.

Acknowledgement

Your directors place on record their sincere appreciation for support and co-operation extended by all the concerned to the Company during the year.

For and on behalf of the Board of Directors

Date: May 11, 2020
Place: Hyderabad

Sujit Kumar Mahato
Director
DIN: 07599067

M V Narasimham
Director
DIN: 02677423

Annexure-I

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Rs. in thousands)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	DRL Impex Limited
2.	Date since when the subsidiary was acquired	14.09.2016
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
5.	Share capital	Rs. 760,000
6.	Reserves & surplus	Rs. (761,863)
7.	Total assets	Rs. 10,952
8.	Total Liabilities	Rs. 10,952
9.	Investments	-
10.	Turnover	-
11.	Profit before taxation	Rs. (61)
12.	Provision for taxation	-
13.	Profit after taxation	Rs. (61)
14.	Proposed Dividend	-
15.	Extent of shareholding (in %)	100%

There was no subsidiary which is yet to commence the operations. Further, none of the subsidiary have been liquidated or sold during the year.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: NIL

For and on behalf of the Board of Directors

Date: May 11, 2020
Place: Hyderabad

Sujit Kumar Mahato
Director
DIN: 07599067

M V Narasimham
Director
DIN: 02677423

Annexure- II

FORM NO. AOC – 2
(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis:**

(a)	Name(s) of the related party and nature of relationship	**Not Applicable**
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts/arrangements/ transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	Date(s) of approval by the Board	
(g)	Amount paid as advances, if any	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

(a)	Names(s) of the related party and nature of relationship	**None**
(b)	Nature of contracts/arrangements/ transactions	
(c)	Duration of the contracts/arrangements transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Date(s) of approval by the Board, if any	
(f)	Amount paid as advances, if any	

For and on behalf of the Board of Directors

Date: May 11, 2020
Place: Hyderabad

Sujit Kumar Mahato
Director
DIN: 07599067

M V Narasimham
Director
DIN: 02677423

ANNEXURE - III

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31 March, 2020
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

Sl. No.	Particulars	Details
i)	CIN	U72200TG2000PTC034473
ii)	Registration Date	May 22, 2000
iii)	Name of the Company	Idea2Enterprises (India) Private Limited
iv)	Category/Sub-Category of the Company	Limited by Shares
v)	Address of the Registered office and contact details	8-2-337, Road no. 3, Banjara Hills, Hyderabad – 500 034
vi)	Whether listed company Yes/No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are given below:

Sr. no.	Name and Description of main products/services	NIC Code of the product/ service	% to total turnover of the company
NA			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. no.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held*	Applicable Section
1	Dr. Reddy's Laboratories Limited	8-2-337, Road no. 3, Banjara Hills, Hyderabad-500 034	L85195TG1984PLC004507	Holding	99.996	2(46)
2	DRL Impex Limited	8-2-337, Road no. 3, Banjara Hills, Hyderabad-500 034	U65990TG1986PLC006695	Subsidiary	100	2(87)(ii)

* Represents aggregate % of shares held by the Company.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s).	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	2,499,826	2,499,826	100	0	2,499,826	2,499,826	100	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1)	0	**2,499,826**	**2,499,826**	100	0	**2,499,826**	**2,499,826**	100	0
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	0	0	0	0	0	0	0	0	0

Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**0**	**2,499,826**	**2,499,826**	**100**	**0**	**2,499,826**	**2,499,826**	**100**	**0**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual funds/UTI	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s).	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Non-Institutions									
a) Bodies Corp	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)									
c-i) Trust	0	0	0	0	0	0	0	0	0
c-ii) Clearing Member	0	0	0	0	0	0	0	0	0
c-iii) NRIs	0	0	0	0	0	0	0	0	0
c-iv) Foreign Nationals	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**2,499,826**	**2,499,826 (*)**	**100**	**0**	**2,499,826**	**2,499,826 (*)**	**100**	**0**

(*) Out of 2,499,826 equity shares, 10 equity share held by Mr. K Satish Reddy as nominee shareholder on behalf of Dr. Reddy's Laboratories Limited, Holding Company and 100 shares are held by Dr. Reddy's Bio-Sciences Limited (Wholly owned subsidiary of Dr. Reddy's Laboratories Limited)

ii) Shareholding of Promoters

Sr. no.	**Category of Shareholders**	**No. of shares held at the beginning of the year**			**No. of shares held at the end of the year**			**% change during the year**
		No. of Shares	**% of total shares of the company**	**% of Shares Pledged / encumbered to total shares***	**No. of Shares**	**% of total shares of the company**	**% of Shares Pledged / encumbered to total shares***	
1	Dr. Reddy's Laboratories Limited	2,499,726	99.996	0	2,499,726	99.996	0	0.00
2	Dr. Reddy's Bio Sciences Limited	100	0.004	0	100	0.004	0	0.00
		2,499,826	**100**	**0**	**2,499,826**	**100**	**0**	**0**

iii) Change in Promoters' Shareholding

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	**% of total shares of the company**	**No. of Shares**	**% of total shares of the company**
At the beginning of the year	**2,499,826**	100	**2,499,826**	100
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	No Change			
At the End of the year	**2,499,826**	**100**	**2,499,826**	**100**

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Name	**Shareholding at the beginning of the year**		**Shareholding at the end of the year**	
	No. of shares	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
NIL				

v) Shareholding of Directors and Key Managerial personnel

Sr. no.	**Name**	**Date**	**Shareholding at the beginning of the year**		**Increase / (Decrease) in Shareholding, if any**	**Reason**	**Cumulative Shareholding during the year**	
			No. of Shares (*)	**% of total shares of the company**			**No. of Shares**	**% of total shares of the company**
A. DIRECTORS								
1	Mr. G V Prasad	01.04.2019	0	0	0	0	0	0
		31.03.2020	0	0	0	0	0	0
2	Mr. Satish Reddy[(1)*]	01.04.2019	10	0	0	0	10	0
		15.05.2019	10	0	0	0	10	0
3	Mr. Sujit Kumar Mahato[(2)]	15.05.2019	0	0	0	0	0	0
		31.03.2020	0	0	0	0	0	0
4	Mr. M V Narasimham	01.04.2019	0	0	0	0	0	0
		31.03.2020	0	0	0	0	0	0
B. KEY MANAGEMENT PERSONNEL (KMPs)								
Nil								

* Held as Nominee shareholder of Dr. Reddy's Laboratories Limited, Holding Company.
(1) Resigned w.e.f. 15 May 2019.
(2)Appointed w.e.f. 15 May 2019.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment –

(Rs. in thousands)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (April 1, 2019)				
i) Principal Amount	-	3,600	-	3,600
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	3,600	**-**	3,600
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	**-**	**-**	-	**-**
Indebtedness at the end of the financial year (March 31, 2020)				
i) Principal Amount	-	3,600	-	3,600
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	3,600	**-**	3,600

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration of Managing Director, Whole-time Director and/or Manager – Not applicable

B) Remuneration of other directors – No remuneration was paid to directors.

C) Remuneration of Key Managerial Personnel other than MD/WTD/Manager – Not applicable

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES – There were no penalties/punishments/compounding of offences during the year.

For and on behalf of the Board of Directors

Date: May 11, 2020
Place: Hyderabad

Sujit Kumar Mahato
Director
DIN: 07599067

M V Narasimham
Director
DIN: 02677423

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Tel: 040-27633677
E-mail: admin@arrandco.org

To
Members
Idea2 Enterprises (India) Private Limited

Report on the Audit of Standalone Ind AS Financial Statements

Opinion

We have audited the standalone Ind AS financial statements of **Idea2 Enterprises (India) Private Limited ("the Company)"),** which comprise the Balance sheet as at 31st March 2020, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

A. Ramachandra Rao & Co. HYDERABAD Chartered Accountants

A. Ramachandra Rao & Co.
Chartered Accountants

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Khairtabad, Hyderabad- 500 004.

Tel: 040-27633677
E-mail: admin@arrandco.org

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards of Auditing (SAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3) (i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A. Ramachandra Rao & Co.
Chartered Accountants

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order,2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4of the Order.

2. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account

e) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133of the Act.

e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section164(2) of the Act.

f) As required under clause (i), a separate report on the internal financial controls is annexed in Annexure-B herewith.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position

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Chartered Accountants

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund.

Place : Hyderabad
Date: 11/05/2020

For M/s A Ramachandra Rao & Co
Chartered Accountants
ICAI FRN 002857S

P S R V V Surya Rao
Partner
Membership No. 202367
UDIN NO: 20202367AAADEG5270

A. Ramachandra Rao & Co.
Chartered Accountants

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ANNEXURE TO THE AUDITORS' REPORT
(Idea2 Enterprises (India) Private Limited)
(Of even date referred to in Para 1 of our Report)

(i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

b) All the Fixed Assets have not been physically verified by the management during the year but there is a regular program of verification which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets and, to the best of our knowledge, no material discrepancies were noticed on such verification;

c) Based on the information given to us, the title deeds of the properties are held in the name of the Company.

(ii) As explained and information given to us, the company does not have any inventory and hence para 3(ii) of the Order is not applicable to the Company for the period under audit.

(iii) Based on the information provided to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 hence, in our opinion, the Clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) are not applicable to the Company for the year.

(iv) Based on the information provided to us, the Company has not given any loan, guarantee, nor provided any security in connection with a loan and not acquired any security during the year and hence, in our opinion, the clause 3(iv) is not applicable to the Company during the year.

(v) Based on the information provided to us, the Company has not accepted any deposits during the year and hence, in our opinion, the Clause 3(v) is not applicable to the Company for the year.

(vi) Based on the explanations given to us, the Company is not required to maintain cost Records under Section 148 of the Companies Act, 2013 and hence the clause 3(vi) of the order is not applicable to the Company for the period under audit.

(vii) (a) According to the records of the Company, the Company is regular in depositing the undisputed statutory dues, to the extent applicable, including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess with the appropriate authorities;

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Duty of Customs, Duty of Excise, Value added tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable

(b) According to the information and explanations given to us, there are no dues of VAT, income tax, customs duty, excise duty, service tax, cess to be deposited on account of any dispute and hence, clause 3(vii)(b) of the Order is not applicable to the Company during the year.

A. Ramachandra Rao & Co. HYDERABAD Chartered Accountants

A. Ramachandra Rao & Co.
Chartered Accountants

(viii) Based on the information provided and explanation given to us, the Company has not taken any loans from Banks / Financial Institutions / Government / due to Debenture Holders and hence clause 3(viii) of the Order is not applicable to the Company for the period under audit.

(ix) According to the information and explanations given to us, the Company has not raised any monies by way of IPO / further public offer not has taken any term loans and hence clause 3(ix) of the Order is not applicable to the Company for the period under audit.

(x) In our opinion and according to the information provided and explanations offered to us, no fraud on or by the Company has been noticed or reported during the year.

(xi) In our opinion, the provisions of section 197 read with Schedule V to the Companies Act,2013 the Company has not paid any managerial remuneration during the year and hence clause 3(xi) of the Order is not applicable to the Company for the period under audit.

(xii) Based on the explanations given to us, in our opinion, the Company is not a Nidhi Company as per section 406 of the Companies Act, 2013 and hence clause 3(xii) is not applicable to the Company.

(xiii) Based on the information provided and explanation given to us, in our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;

(xiv) The Company has not made any preferential allotment of shares during the year and during the year under review and hence, clause 3(xiv) is not applicable to the Company during the year.

(xv) As per the information given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year under review and so, clause 3(xv) is not applicable to the Company during the year.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and so, clause (xvi) is not applicable to this Company.

Place : Hyderabad
Date: 11/05/2020

For M/s A Ramachandra Rao & Co
Chartered Accountants
ICAI FRN 002857S

P S R V V Surya Rao
Partner
Membership No. 202367

A. Ramachandra Rao & Co.
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ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF Idea2 Enterprises (India) Private Limited
[Re : Clause 2(f) of the independent auditors report]

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

We have audited the internal financial controls over financial reporting of Idea2 Enterprises (India) Private Limited, as of March 31, 2020 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

A. Ramachandra Rao & Co. HYDERABAD Chartered Accountants

A. Ramachandra Rao & Co.
Chartered Accountants

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place : Hyderabad
Date: 11/05/2020

For M/s A Ramachandra Rao & Co
Chartered Accountants
ICAI FRN 002857S

P S R V V Surya Rao
Partner
Membership No. 202367

UDIN: 20202367AAABEG5240

Idea2enterprises (India) Private Limited
Balance Sheet
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	1,449,989	1,449,989
Financial assets			
Investments	2.2	88,237	88,237
Other financial assets	2.4	1,000	950
Tax assets (net)	2.5	35	35
		1,539,261	**1,539,211**
Current assets			
Financial assets			
Cash and cash equivalents	2.3	38	53
Other financial assets	2.4	17	14
		55	**67**
Total assets		**1,539,316**	**1,539,278**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.6	24,998	24,998
Other equity		1,510,703	1,510,665
		1,535,701	**1,535,663**
Liabilities			
Current liabilities			
Financial liabilities			
Other financial liabilities	2.7	3,615	3,615
		3,615	**3,615**
Total equity and liabilities		**1,539,316**	**1,539,278**

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

As per our report of even date attached

for A. Ramachandra Rao & Co.
Chartered Accountants
ICAI Firm registration number: 002857S

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

for and on behalf of the Board of Directors of
Idea2enterprises (India) Private Limited
CIN: U72200TG2000PTC034473

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2020

Idea2enterprises (India) Private Limited
Statement of Profit and Loss
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations		-	-
Other income	2.8	61	42
Total income		**61**	**42**
Expenses			
Other expenses	2.9	18	17
Total expenses		**18**	**17**
Profit/(Loss) before tax		**43**	**25**
Tax expense			
Current tax		5	5
Deferred tax		-	-
Profit/(Loss) for the year		**38**	**20**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss		-	-
Total other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		**38**	**20**
Earnings per share:	2.10		
Basic earnings per share of Rs. 10/- each		0.02	0.01
Diluted earnings per share of Rs. 10/- each		0.02	0.01

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

As per our report of even date attached

for A. Ramachandra Rao & Co.
Chartered Accountants
ICAI Firm registration number: 002857S

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

A. Ramachandra Rao & Co. HYDERABAD ICAI Firm Reg. No. 002857S Chartered Accountants

for and on behalf of the Board of Directors of
Idea2enterprises (India) Private Limited
CIN: U72200TG2000PTC034473

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2020

Idea2enterprises (India) Private Limited
Statement of Cash Flows
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flows from/(used in) operating activities		
Profit before taxation	43	25
Adjustments:		
Interest income	(61)	(42)
Changes in operating assets and liabilities:		
Decrease in other liabilities	-	(44)
Cash used in for operations	**(18)**	**(61)**
Income taxes paid, net	(4)	(13)
Net cash used in operating activities	**(22)**	**(74)**
Cash flows from/(used in) investing activities		
Investment in fixed deposit	(50)	(950)
Interest income received	58	28
Net cash from/(used in) investing activities	**8**	**(922)**
Cash flows from/(used in) financing activities		
Net cash from/(used in) financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	(15)	(996)
Cash and cash equivalents at the beginning of the year (Refer note 2.3)	53	1,049
Cash and cash equivalents at the end of the year (Refer note 2.3)	**38**	**53**

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

As per our report of even date attached

for A. Ramachandra Rao & Co.
Chartered Accountants
ICAI Firm registration number: 002857S

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

A. Ramachandra Rao & Co. HYDERABAD ICAI FRN 002857S Chartered Accountants

for and on behalf of the Board of Directors of
Idea2enterprises (India) Private Limited
CIN: U72200TG2000PTC034473

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2020

Idea2enterprises (India) Private Limited
Statement of changes in equity
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Equity share capital		Other components of equity					Total equity
			Reserves and surplus			Other comprehensive income/(loss)	Total other equity	
	No.of Shares	Amount	Securities premium	Revaluation reserve	Retained earnings			
Balance as at 1 April 2018	**2,499,826**	**24,998**	**87,840**	**1,436,964**	**(14,159)**	**-**	**1,510,645**	**1,535,643**
Profit for the year	-	-	-	-	20	-	20	20
Balance as of 31 March 2019	**2,499,826**	**24,998**	**87,840**	**1,436,964**	**(14,139)**	**-**	**1,510,665**	**1,535,663**
Balance as at 1 April 2019	**2,499,826**	**24,998**	**87,840**	**1,436,964**	**(14,139)**	**-**	**1,510,665**	**1,535,663**
Profit for the year	-	-	-	-	38	-	38	38
Balance as of 31 March 2020	**2,499,826**	**24,998**	**87,840**	**1,436,964**	**(14,101)**	**-**	**1,510,703**	**1,535,701**

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

As per our report of even date attached

for A. Ramachandra Rao & Co.
Chartered Accountants
ICAI Firm registration number: 002857S

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

for and on behalf of the Board of Directors of
Idea2enterprises (India) Private Limited
CIN: U72200TG2000PTC034473

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimhaar Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2020

1.1 Description of the Company

The financial statements comprise of Idea2enterprises (India) Private Limited ("the Company") for the year ended 31 March 2020. The company is a private company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located in Hyderabad, Telangana, India.

1.2 Basis of preparation of financial statements

a) **Statement of compliance**

The financial statements of the Company as at and for the year ended 31 March 2020 have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31 March 2020. These financial statements were authorised for issuance by the Company's Board of Directors on 11 May 2020.

b) **Basis of measurement**

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:

- financial assets are measured either at fair value or at amortised cost depending on the classification;
- long-term borrowings, except obligations under finance leases, are measured at amortised cost using the effective interest rate method;
- assets held for sale are measured at fair value less costs to sell

c) **Functional and presentation currency**

These financial statements are presented in Indian rupees, which is the functional currency of the company. All financial information presented in Indian rupees has been rounded to the nearest thousands.

d) **Use of estimates and judgements**

The preparation of financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

e) **Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of Financial Statements.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within twelve months after the reporting date; or

d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets and liabilities include the current portion of non-current assets and liabilities respectively. All other assets and liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

1.3 Significant accounting policies

a) **Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- Debt instruments at amortised cost;
- Debt instruments at fair value through other comprehensive income (FVTOCI);
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL); and
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost

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

a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows; and

b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the statement of profit and loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and

b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit and loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the statement of profit and loss. Interest earned while holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Equity investments

All equity investments within the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to the statement of profit and loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity. Equity investments designated as FVTOCI are not subject to impairment assessment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit and loss.

Investments in subsidiaries and joint venture:

Investments in subsidiaries and joint venture are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries and joint venture, the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of trade receivables and other financial assets

In accordance with Ind AS 109, the Company applies the expected credit loss (ECL) model for measurement and recognition of impairment loss on trade receivables or any contractual right to receive cash or another financial asset.

For this purpose, the Company follows a 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of this 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 date, right from its initial recognition.

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

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts and derivative financial instruments.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value. For this purpose, "short-term" means investments having original maturities of three months or less from the date of investment. Bank overdrafts that are repayable on demand form an integral part of the Company's cash management and are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

b) **Property, plant and equipment**

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. 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. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in the statement of profit and loss.

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.

Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

Depreciation

Depreciation is recognised in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

Schedule II to the Companies Act, 2013 ("Schedule") prescribes the useful lives for various classes of tangible assets. For certain class of assets, based on the technical evaluation and assessment, the Company believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date and the cost of property, plant and equipment not ready to use before such date are disclosed as such under other non-current assets. Assets not ready for use are not depreciated but are tested for impairment.

c) **Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, an impairment test is performed each year at 31 March.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generate cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The goodwill acquired in a business combination is, for the purpose of impairment testing, allocated to cash-generating units that are expected to benefit from the synergies of the combination.

An impairment loss is recognised in the statement of profit and loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

d) **Provisions**

A provision is recognised in the statement of profit and loss if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

e) **Contingent liabilities and contingent assets**

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

f) **Revenue**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind AS

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

g) **Other income and finance cost**

Other income consists of interest income on funds invested, dividend income and gains on the disposal of assets. Interest income is recognised in the statement of profit and loss as it accrues, using the effective interest method. Dividend income is recognised in the statement of profit and loss on the date that the Company's right to receive payment is established. The associated cash flows are classified as investing activities in the statement of cash flows. Finance expenses consist of interest expense on loans and borrowings.

Borrowing costs are recognised in the statement of profit and loss using the effective interest method. The associated cash flows are classified as financing activities in the statement of cash flows.

h) **Income tax**

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

• temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;

• temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and

• taxable temporary differences arising upon the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that the future taxable profits will allow the deferred tax assets to be recovered.

Any deferred tax asset or liability arising from deductible or taxable temporary differences in respect of unrealised inter-company profit or loss on inventories held by the Company in different tax jurisdictions is recognised using the tax rate of the jurisdiction in which such inventories are held.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

i) **Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

Idea2enterprises (India) Private Limited

Notes to the Financial Statements

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.1 Property, plant and equipment

Particulars	Land	Total
Gross carrying value		
Balance as at 1 April 2018	1,449,989	1,449,989
Additions	-	-
Disposals	-	-
Balance as at 31 March 2019	**1,449,989**	**1,449,989**
Balance as at 1 April 2019	1,449,989	1,449,989
Additions	-	-
Disposals	-	-
Balance as at 31 March 2020	**1,449,989**	**1,449,989**
Accumulated Depreciation		
Balance as at 1 April 2018	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2019	-	-
Balance as at 1 April 2019	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2020	-	-
Net carrying value		
As at 31 March 2019	1,449,989	1,449,989
As at 31 March 2020	1,449,989	1,449,989

Financial assets

2.2 Investments

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Investment carried at cost (Unquoted)		
In subsidiary		
76,000,000 (31 March 2019: 76,000,000) equity shares of Rs. 10 each in DRL Impex Limited	88,237	88,237
Total non-current investments	**88,237**	**88,237**

2.3 Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks		
In current accounts	38	53
Cash and cash equivalents	**38**	**53**

2.4 Other financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Non-current		
Investment carried at amortised cost (Unquoted)		
Deposit with bank	1,000	950
	1,000	**950**
Current		
Considered good, unsecured		
Interest accured but not due on bank deposit	17	14
	17	**14**

Idea2enterprises (India) Private Limited

Notes to the Financial Statements

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.5 Tax asset

Particulars	As at 31 March 2020	As at 31 March 2019
Advance tax	9	9
TDS receivable	31	31
Less: Income Taxes Payable	(5)	(5)
	35	**35**

2.6 Share capital

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised share capital		
2,500,000 equity shares of Rs. 10/- each (31 March 2019: 2,500,000)	25,000	25,000
Issued equity capital		
2,499,826 equity shares of Rs. 10/- each (31 March 2019: 2,499,826)	24,998	24,998
Subscribed and fully paid-up		
2,499,826 equity shares of Rs. 10/- each fully paid-up (31 March 2019: 2,499,826)	24,998	24,998
	24,998	**24,998**

(a) Reconciliation of the equity shares outstanding is set out below:

Particulars	For the year ended 31 March 2020		For the year ended 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares/share capital	2,499,826	24,998	2,499,826	24,998
Add: Shares issued during the year	-	-	-	-
Closing number of equity shares/share capital	**2,499,826**	**24,998**	**2,499,826**	**24,998**

(b) Terms / rights attached to the equity shares

The company has only one class of equity share having a par value of Rs.10/- per share . Each holder of equity share is entitled to one vote per share.

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Dr. Reddy's Laboratories Limtied (including shares held by nominees)	2,499,726	100.00%	2,499,726	100%
Dr. Reddy's Bio-Sciences Limited	100	0.00%	100	0.00%

Financial liabilities

2.7 Other financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Current		
Accrued expenses		
Due to related party - holding company	3,600	3,600
Due to other than related party	15	15
	3,615	**3,615**

Idea2enterprises (India) Private Limited

Notes to the Financial Statements

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.8 Other income

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest income on fixed deposits	61	42
	61	**42**

2.9 Other expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Rates and taxes	2	-
Auditors' remuneration (Audit fee)	15	15
Bank charges	1	2
	18	**17**

2.10 Earnings Per Share

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit for the year	38	20
Weighted average number of equity shares		
outstanding during the year - Basic	2,499,826	2,499,826
outstanding during the year - Diluted	2,499,826	2,499,826
Earnings Per Share:		
Basic (face value of Rs.10/-)	0.02	0.01
Diluted (face value of Rs.10/-)	0.02	0.01

2.11 Related Parties

A. List of related parties:

Name of the party	Nature of relationship
Dr. Reddy's Laboratories Limited	Holding Company
Dr. Reddy's Bio-Sciences Limited	Fellow subsidiary
DRL Impex Limited	Subsidiary

B. Particulars of related parties transactions:

There are no transactions with related party during the current and previous financial year.

C.The Company has the following amounts due to related parties:

	For the year ended 31 March 2020	For the year ended 31 March 2019
Dr. Reddy's Laboratories Limited		
Other current liabilities	3,600	3,600

2.12 Employee benefits

Ind AS 19 is not applicable to the company during the year as there are no employees .

2.13 Segment Reporting

In terms of Ind AS 108 relating to "segment reporting", the company operates only in one segment and hence the requirements under the standard are not applicable to the company.

2.14 Details of dues to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Act, 2006

Based on the information available with the Company, there are no vendors who are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006", as at March 31, 2020 and March 31, 2019.

2.15 Impairment of Assets

In the opinion of the management, there is no impairment of its assets as on 31 March 2020 requiring recognition in terms of Ind AS 36.

2.16 Financial Instruments

The carrying value and fair value of financial instruments as at 31 March 2020 and 31 March 2019 were as follows:

	Carrying Values		Fair Values		Hierarchy
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	
Financial assets					
At amortised cost					
Cash and cash equivalents	38	53	38	53	Level-3
Other financial assets	1,017	964	1,017	964	Level-3
Carried at cost					
Investment	88,237	88,237	88,237	88,237	Level 3
Total	**89,292**	**89,254**	**89,292**	**89,254**	
Financial liabilities					
At amortised cost					
Other financial liabilities	3,615	3,615	3,615	3,615	Level-3
Total	**3,615**	**3,615**	**3,615**	**3,615**	

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 carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

2.17 Financial Risk Management

The Company's activities expose to liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors is responsible for overseeing the Company's risk assessment and management policies and processes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Management monitors rolling forecasts of the Company's cash flow position and ensures that the Company is able to meet its financial obligations at all times including contingencies with the support from holding company.

Idea2enterprises (India) Private Limited
Notes to the Financial Statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.18 Capital management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages it's capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using gearing ratio, which is total debt divided by total capital plus debt. The capital gearing ratio as on 31 March 2020 and 31 March 2019.

Particulars	As at 31 March 2020	As at 31 March 2019
Other financial liabilities	3,615	3,615
Total debts	**3,615**	**3,615**
Equity	24,998	24,998
Other Equity	1,510,703	1,510,665
Total Capital	**1,535,701**	**1,535,663**
Capital and debt	**1,539,316**	**1,539,278**
Gearing ratio (%)	0.23%	0.23%

2.19 Subsequent events

There are no significant events that occurred after the balance sheet date.

As per our report of even date attached

for A. Ramachandra Rao & Co.
Chartered Accountants
ICAI Firm registration number: 002867S

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

A. Ramachandra Rao & Co. HYDERABAD ICAI FRN 002867S Chartered Accountants

for and on behalf of the Board of Directors of
Idea2enterprises (India) Private Limited
CIN: U72200TG2000PTC034473

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2020

Board's Report

Dear Members,

Your directors are pleased to present the 29th Board's Report of the Company for the year ended 31 March 2020.

Financial Highlights

The following table gives the financial highlights of the Company for the financial year 2019-20 as compared to previous financial year:

(Rs. in Thousands)

Particulars	31 March 2020	31 March 2019
Total Revenue	1361	1611
Profit Before Tax	1331	1399
Profit After Tax	1070	984

Company's Affairs

The Company's net revenue for the year was Rs. 13.61 lakhs as against Rs 16.11 lakhs in the previous year. The profit before tax (PBT) was Rs. 13.32 lakhs as against Rs. 13.99 lakhs in the previous year. The profit for the year increased to Rs. 12.49 lakhs compared to Rs. 9.84 lakhs in the previous year.

Change in the Nature of Business, if any

During the year, there was no change in the nature of business of the Company.

Dividend

Your directors do not recommend any dividend for the financial year ending 31 March 2020.

Transfer to reserves

The Company has transferred an amount of Rs. 2,13,969/- amounting to twenty per cent of net profit of FY 2019-20 to Reserve Fund pursuant to Section 45-IC of Reserve Bank of India Act, 1934.

Share Capital

During the year under review, there was no change in the share capital of the Company.

Fixed Deposits

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013. Hence the relevant disclosure or reporting provisions are not applicable to the Company.

Material Changes and Commitments Affecting the Financial Position of the Company

No material change and commitments affecting the financial position of the Company, has occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

Particulars of Loans, Guarantees or Investments

The Company has not made any loans, guarantees and investments under section 186 of the Companies Act. 2013 during the year under review.

Subsidiaries and Associates

The Company does not have any subsidiary, joint venture or associate company.

Number of Board meetings

The Company's board met five times during the year: 8 April 2019, 15 May 2019, 26 July 2019, 30 October 2019 and 24 January 2020.

Board of Directors and Key Managerial Personnel

Pursuant to provisions of Section 152 of the Companies Act, 2013, Mr. Sandeep Poddar (DIN: 07806719), retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, seeks re-appointment. The board recommends his re-appointment for approval at the ensuing AGM.

The brief profile of Mr. Sandeep Poddar is given in the notice convening 29th AGM, for reference of shareholders.

The Company is not required to appoint any key managerial personnel under Section 203(1) of the Companies Act, 2013.

Further, the Company was not required to have independent directors during the year 2019-20. Hence, the declaration by independent directors under Section 149(6) is not applicable.

Secretarial Standards

The directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meeting of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company. The Company has also voluntarily adopted the recommendatory

Secretarial Standard-4 on 'Report of the Board of Directors' issued by the Institute of Company Secretaries of India.

Directors' Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, your directors state that:

1. applicable accounting standards have been followed in the preparation of the annual accounts;
2. accounting policies have been selected and applied consistently. Reasonable and prudent judgments and estimates were made, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2019-20 and of the profit of the Company for that period;
3. proper and sufficient care has been taken to maintain adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. annual accounts have been prepared on a going concern basis; and
5. proper systems have been devised to ensure compliance with the provisions of all applicable laws and these systems were adequate and operating effectively.

Corporate Social Responsibility

Since the Company did not reach the threshold limit of net worth or turnover or net profit, during the immediate preceding financial year as stated in Section 135(1) of the Companies Act, 2013, therefore, the Company was not required to constitute a Corporate Social Responsibility Committee. Hence, provisions with regard to CSR Committee, CSR policy and CSR spent/initiatives were not applicable to the Company during the year.

Risk Management and Adequacy of Internal Financial Controls with Reference to Financial Statements

The Company is guided by the holding company, Dr. Reddy's Laboratories Limited's (DRL) policies. Accordingly, the philosophies, policies or procedures relating to internal controls over Financial Accounting, Risk Management and Compliance of DRL are made applicable to the Company as well. Identified key risks and internal control matters pertaining to your Company, if any, are reviewed by the DRL's Internal Audit and Risk Management teams.

Statutory Auditors

M/s. A. Ramachandra Rao & Co., Chartered Accountants (Firm's Registration No. 002857S) were re-appointed as statutory auditors for a period of 5 years commencing from the conclusion of 28th AGM till the conclusion of the 33rd AGM in terms of Section 139 of the Companies Act, 2013 and the rules made thereunder.

The Ministry of Corporate Affairs (MCA) vide its notification dated May 7, 2018, has omitted the requirement under the first proviso to section 139 of the Companies Act, 2013 and rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, regarding ratification of appointment of statutory auditor by shareholders at every AGM.

Consequently, M/s. A. Ramachandra Rao & Co., Chartered Accountants continue to be the statutory auditors of the Company till the conclusion of 33rd AGM, as approved by the shareholders at the 28th AGM of the Company.

Board's response on auditor's qualification, reservation or adverse remark or disclaimer made

There are no qualifications, reservations or adverse remarks made by the statutory auditors in their report. During the year, there were no instances of frauds reported by auditors under section 143(12) of the Companies Act, 2013.

Particulars of Employees

None of the employees of the Company draws salary more than the amount as specified under the provisions of Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time. Hence the relevant provisions are not applicable.

Related Party Transactions

During the year under review, the Company has not entered into contract or arrangement falling under the ambit of Section 188 of the Companies Act, 2013. Hence disclosure of particulars of contracts or arrangements with related parties in Form AOC-2 is not applicable.

Significant and Material Orders passed by the Court/Regulators

None

Conservation of energy, Technology Absorption, Foreign exchange earnings and outgo

Since the Company did not have any operations during the year, the particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are not applicable.

Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Since the Company has no employees during the year, the internal complaints committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was not constituted. However, the Company being a wholly-owned subsidiary of Dr.

Reddy's Laboratories Limited (DRL), the internal complaints committee of DRL would address any such complaint from time to time.

Maintenance of cost records

Since the Company is not engaged in the production of the goods or providing services, it was not required to maintain cost records as required under the provisions of Section 148(1) of the Companies Act, 2013.

Extract of the Annual Return

The details forming part of the extract of the annual return in Form MGT-9 are attached as **"Annexure I"** to this Report.

Acknowledgement

Your directors place on record their sincere appreciation for support and co-operation extended by all the concerned to the Company during the year.

For and on behalf of the Board of Directors

Date: May 11, 2020
Place: Hyderabad

Sujit Kumar Mahato
Director
DIN: 07599067

Kiran Yanamandra
Director
DIN: 07762357

ANNEXURE I

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31 March, 2020
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

Sl. No.	Particulars	Details
i)	CIN	U06519TG1991PTC126383
ii)	Registration Date	August 6, 1991
iii)	Name of the Company	Imperial Credit Private Limited
iv)	Category/Sub-Category of the Company	Private Company / Limited by Shares
v)	Address of the Registered office and contact details	8-2-337, Road no. 3, Banjara Hills, Hyderabad – 500 034
vi)	Whether listed company Yes/No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are given below:

Sr. no.	Name and Description of main products/services	NIC Code of the product/ service	% to total turnover of the company
1	Financial and Insurance Services	K65	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. no.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held*	Applicable Section
1	Dr. Reddy's Laboratories Limited	8-2-337, Road No: 3, Banjara Hills, Hyderabad – 500034	L85195TG1984PLC004507	Holding	100	2(46)

* Represents aggregate % of shares held by the Company.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s).	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	123,000	123,000	100	0	123,000	123,000	100	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1)	0	123,000	123,000	100	0	123,000	123,000	100	0
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**0**	**123,000**	**123,000**	**100**	**0**	**123,000**	**123,000**	**100**	**0**
B. PUBLIC SHAREHOLDING									
(1) Institutions									

a) Mutual funds/UTI	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s).	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Non-Institutions									
a) Bodies Corp	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)									
c-i) Trust	0	0	0	0	0	0	0	0	0
c-ii) Clearing Member	0	0	0	0	0	0	0	0	0
c-iii) NRIs	0	0	0	0	0	0	0	0	0
c-iv) Foreign Nationals	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**123,000**	**123,000***	**100**	**0**	**123,000**	**123,000***	**100**	**-**

(*) Out of 123,000 equity shares, 10 equity shares are held by one individual as nominee shareholder on behalf of Dr. Reddy's Laboratories Limited, Holding Company.

ii) Shareholding of Promoters

Sr. no.	**Name of Shareholders**	**No. of shares held at the beginning of the year**			**No. of shares held at the end of the year**			**% change during the year**
		No. of Shares	**% of total shares of the company**	**% of Shares Pledged / encumbered to total shares***	**No. of Shares**	**% of total shares of the company**	**% of Shares Pledged / encumbered to total shares**	
1	Dr. Reddy's Laboratories Limited*	**123,000**	**100%**	-	**123,000**	**100%**	-	Nil

(*) Out of 123,000 equity shares, 10 equity shares are held by 1 individual as nominee shareholder on behalf of Dr. Reddy's Laboratories Limited, Holding Company.

iii) Change in Promoters' Shareholding

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	**% of total shares of the company**	**No. of Shares**	**% of total shares of the company**
At the beginning of the year	**123,000**	**100%**	**123,000**	**100%**
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	No Change			
At the End of the year	**123,000**	**100%**	**123,000**	**100%**

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Name	**Shareholding at the beginning of the year**		**Shareholding at the end of the year**	
	No. of shares	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
NIL				

v) Shareholding of Directors and Key Managerial personnel

Sr. no.	**Name**	**Date**	**Shareholding at the beginning of the year**		**Increase / (Decrease) in Shareholding, if any**	**Reason**	**Cumulative Shareholding during the year**	
			No. of Shares (*)	**% of total shares of the company**			**No. of Shares**	**% of total shares of the company**
A. DIRECTORS								
1	Sujit Kumar	01.04.2019	0	0	0	-	0	0
		31.03.2020	0	0	0	-	0	0
2	Sandeep Poddar	01.04.2019	0	0	0	-	0	0
		31.03.2020	0	0	0	-	0	0
3	Kiran Yanamandra (as nominee of Dr. Reddy's Laboratories Limited)	01.04.2019	10	0	0	-	10	0
		31.03.2020	10	0	0	-	10	0
B. KEY MANAGEMENT PERSONNEL (KMPs) – Nil								

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment - NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) Remuneration of Managing Director, Whole-time Director and/or Manager – Not applicable

B) Remuneration of other directors – No remuneration was paid to directors.

C) Remuneration of Key Managerial Personnel other than MD/WTD/Manager – NA

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES – There were no penalties/punishments/compounding of offences during the year.

For and on behalf of the Board of Directors

Date: May 11, 2020
Place: Hyderabad

Sujit Kumar Mahato
Director
DIN: 07599067

Kiran Yanamandra
Director
DIN: 07762357

A. Ramachandra Rao & Co.
Chartered Accountants

3rd Floor, D.No. 6-2-975
Flat No. 302, A-Block, Kushal Towers
Khairtabad, Hyderabad- 500 004.

Tel: 040-27633677
E-mail: admin@arrandco.org

To
Members
IMPERIAL CREDIT PRIVATE LIMITED

Report on the Audit of Standalone Ind AS Financial Statements

Opinion

We have audited the standalone Ind AS financial statements of IMPERIAL CREDIT PRIVATE LIMITED **("the Company)"),** which comprise the Balance sheet as at 31st March 2020, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, its profit its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report

Management's Responsibility for the Standalone Ind AS Financial Statements

A. Ramachandra Rao & Co. HYDERABAD Chartered Accountants

A. Ramachandra Rao & Co.
Chartered Accountants

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Standards of Auditing (SAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

A. Ramachandra Rao & Co. HYDERABAD Chartered Accountants

Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to

- continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2020, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

A. Ramachandra Rao & Co.
Chartered Accountants

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order,2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4of the Order.

2. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account

e) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133of the Act.

e) On the basis of the written representations received from the directors as on 31st March 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2020 from being appointed as a director in terms of Section164(2) of the Act.

f) As the Company is exempted from the reporting requirements under Section 143(3)(i) in terms of Notification issued dated 13th June 2017, a separate report on the internal financial controls is not required to be made.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund.

Place : Hyderabad
Date: 11/05/2020

For M/s A Ramachandra Rao & Co
Chartered Accountants
ICAI FRN : 002857S

P S R V V Surya Rao
Partner
Membership No. 202367

A. Ramachandra Rao & Co. HYDERABAD Chartered Accountants

UDIN:20202367AAABH17328

A. Ramachandra Rao & Co.
Chartered Accountants

3rd Floor, D.No. 6-2-975
Flat No. 302, A-Block, Kushal Towers
Khairtabad, Hyderabad- 500 004.

Tel: 040-27633677
E-mail: admin@arrandco.org

ANNEXURE TO THE AUDITORS' REPORT
IMPERIAL CREDIT PRIVATE LIMITED
(*Of even date referred to in Para 1 of our Report*)

(i) Based on the information provided and explanations offered to us, the Company does not have any fixed assets and hence para 3(i) of the Order is not applicable to the Company for the year under report.

(ii) In our opinion, as the company is an investment company, sub-clause (ii) of the order is not applicable to the company.

(iii) Based on the information and explanations provided to us, the company has not granted any loans, whether secured or unsecured, to the companies, firms or other parties covered in the Register maintained u/s Sec. 189 of the Companies Act, 2013 during the year. Hence sub clauses (a), (b) and (c) of clause 3(iii) of the order are not applicable to the company for the year.

(iv) Based on the information provided to us, the Company has not given any loan, guarantee, nor provided any security in connection with a loan and not acquired any security during the year and hence, in our opinion, the clause 3(iv) is not applicable to the Company during the year.

(v) Based on the information provided to us, the Company has not accepted any deposits during the year and hence, in our opinion, the Clause 3(v) is not applicable to the Company for the year.

(vi) Based on the explanations given to us, the Company is not required to maintain cost Records under Section 148 of the Companies Act, 2013 and hence the clause 3(vi) of the order is not applicable to the Company for the period under audit.

(vii) Based on the information provided to us, the Company is a non-banking financial company and had obtained a certificate of registration from the Reserve bank of India. Further

a. The Board of Directors of the company has passed a resolution for non-acceptance of any public deposits;

b. The company has not accepted any deposits from the public during the year; and

c. The prudential norms relating to income recognition, accounting standards, asset classification and provision for bad and doubtful debts are not applicable to it as it has not advanced any loans;

(viii) Based on the explanations given to us, the Company is not required to maintain any cost records and accounts as specified by the Central Government under Section 148 of the Companies Act, 2013.

Ramachandra Rao & Co. HYDERABAD Chartered Accountants

A. Ramachandra Rao & Co.
Chartered Accountants

(vii) (a) According to the records of the company, the company is regular in depositing the undisputed statutory dues including employees' state insurance, income-tax, sales-tax,

wealth tax, service tax, cess with the appropriate authorities and there are no outstanding statutory dues on the last day of the financial year for a period of more than six months from the date they became payable;

(b) According to the information provided and explanations offered to us, the company does not have any statutory dues which were not disputed on account of any dispute;

(viii) According to the information provided and explanations offered to us, the Company has not taken any loans or borrowings from any financial institution, Bank, Government or dues to debenture holders and hence clause 3(viii) of the Order is not applicable to the Company for the year under report;

(ix) According to the information provided and explanations offered to us, the Company has not raised any funds by Initial Public Officer or further public offer and hence clause 3(ix) of the Order is not applicable to the Company for the year under report;

(x) According to the information provided and explanations offered to us, no fraud by the Company on any fraud on the Company by its officers, employees have been noticed during the year under report;

(xi) According to the information provided and explanations offered to us, the Company has not paid any managerial remuneration during the year under report and hence Clause 3(xi) of the Order is not applicable to the Company for the year under report;

(xii) According to the information provided and explanations offered to us, the Company is not a Nidhi Company and hence clause 3(xii) of the Order is not applicable to the Company for the year under report;

(xiii) According to the information provided and explanations offered to us, all the transactions with the related parties are in compliance with Section 177 and 180 of the Companies Act, 2013 and such transactions have been adequately disclosed in the Financial Statements as required by the applicable Accounting Standards;

A. Ramachandra Rao & Co. HYDERABAD Chartered Accountants

A. Ramachandra Rao & Co.
Chartered Accountants

(xiv) According to the information provided and explanations offered to us, the Company has not made any preferential allotment or private placement of shares and hence clause 3(xiv) of the Order is not applicable to the Company for the year under report;

(xv) According to the information provided and explanations offered to us, the Company has not entered into any cash transactions with the Directors or persons connected with them and hence clause 3(xv) of the Order is not applicable to the Company for the year under report;

(xvi) According to the information provided and explanations offered to us, the Company has obtained registration under Section 45IA of the Reserve Bank of India Act, 1934.

Place : Hyderabad
Date: 11/05/2020

For M/s A Ramachandra Rao & Co
Chartered Accountants
ICAI FRN : 002857S

P S R V V Surya Rao
Partner
Membership No. 202367

UDIN: 20202367AAAAGB7328

A. Ramachandra Rao & Co.
Chartered Accountants

3rd Floor, D.No. 6-2-975
Flat No. 302, A-Block, Kushal Towers
Khairtabad, Hyderabad- 500 004.

Tel: 040-27633677
E-mail: admin@arrandco.org

Annex-1

Format of Statutory Auditors' Certificate (SAC)

We have examined the books of accounts and other records of **IMPERIAL CREDIT PRIVATE LIMITED** for the Financial Year ending **March 31, 2020** . On the basis of the information submitted to us, we certify the following:

Sl.	Particulars	Details
1	Name of the company	IMPERIAL CREDIT PRIVATE LIMITED
2	Certificate of Registration No.	B.05.06193 DATED 17TH FEBRUARY 2004
3	Registered office Address	8-2-337, BANJARA HILLS, ROAD NO. 3, HYDERABAD - 500 034.
4	Corporate office Address	8-2-337, BANJARA HILLS, ROAD NO. 3, HYDERABAD - 500 034.
5	The company has been classified by RBI as : (Investment Company/Loan Company/AFC/NBFC-MFI/ NBFC- Factor/ IFC/ IDF-NBFC)	NON BANKING FINANCIAL INSTITUTION WITHOUT ACCEPTING DEPOSITS
6	Net Owned Fund (in Rs.'000) (Calculation of the same is given in the Annex)	24,044 (Share capital 12,300 plus Reserves and Surplus 11,744)
7	Total Assets (in Rs.'000)	24,208
8	Asset-Income pattern: (in terms of RBI Press Release 1998-99/1269 dated April 8, 1999) a) % of Financial Assets to Total Assets b) % of Financial Income to Gross Income (NBFC-Factor / NBFC-MFI / AFC / IFC may also report separately below)	 100% 100%
9	Whether the company was holding any Public Deposits, as on March 31, 2020 If Yes, the amount in Rs.'000	No Not applicable
10	Has the company transferred a sum not less than 20% of its Net Profit for the year to Reserve Fund? (in terms of Sec 45-IC of the RBI Act, 1934).	Yes
11	Has the company received any FDI? If Yes, did the company comply with the minimum capitalization norms for the FDI?	No
12	If the company is classified as an NBFC-Factor; a) % of Factoring Assets to Total Assets b) % of Factoring Income to Gross Income	No Not applicable Not applicable

A. Ramachandra Rao & Co.
Chartered Accountants

Sl.	Particulars	Details
13	If the company is classified as an NBFC-MFI; % of Qualifying Assets to Net Assets (refer to Notification DNBS.PD.No.234 CGM (US) 2011 dated December 02, 2011)	No Not applicable Not applicable
14	If the company is classified as an AFC; a) % of Advances given for creation of physical/real assets supporting economic activity to Total Assets b) % of income generated out of these assets to Total Income	No Not applicable Not applicable
15	If the company is classified as an NBFC-IFC % of Infrastructure Loans to Total Assets	No Not applicable
16	Has there been any takeover/acquisition of control/ change in shareholding/ Management during the year which required prior approval from RBI? (please refer to Master Directions issued by DNBR i) Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions ; and ii) Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions.)	No Not applicable

In terms of Chapter II of the Master Direction- Non Banking financial Companies Auditor's Report (Reserve bank) Directions, 2016, a separate report to the Board of Directors of the company has been prepared.

I have read and understood Chapter III of the Master Direction- Non Banking financial Companies Auditor's Report (Reserve bank) Directions, 2016.

HYDERABAD
DATED: 28.05.2020

For M/s A Ramachandra Rao & Co
Chartered Accountants
Firm Registration No. 002857S

P S R V V SURYA RAO
Partner
Membership No. 202367

UDIN: 20202367AAABIB7990

A. Ramachandra Rao & Co. HYDERABAD Chartered Accountants

A. Ramachandra Rao & Co.
Chartered Accountants

ANNEXURE TO STUTORY AUDITORS' CERTIFICATE FOR FY 2019-20

	Capital Funds - Tier I	Rs.'000
1	Paid up Equity Capital	12,300
2	Pref. shares to be compulsorily converted into equity	-
3	Free Reserves:	
	a. General Reserve	-
	b. Share Premium	7,348
	c. Capital Reserves	-
	d. Debenture Redemption Reserve	-
	e. Capital Redemption Reserve	-
	f. Credit Balance in P&L Account	3,521
	g. Other free reserves	-
4	Special Reserves-Statutory Reserve	875
	Total of 1 to 4	24,044
5	Less: i. Accumulated balance of loss	-
	ii. Deferred Revenue Expenditure	-
	ii. Deferred Tax Assets (Net)	-
	iii. Other intangible Assets	-
	Owned Fund	24,044
6	Investment in shares of (i) Companies in the same group	-
	(ii) Subsidiaries	-
	(iii) Wholly Owned Subsidiaries	-
	(iv) Other NBFCs	-
7	Book value of debentures, bonds outstanding loans and advances, bills purchased and is counted (including H.P. and lease finance) made to, and (i) Companies in the same group	-
	(ii) Subsidiaries	-
	(iii) Wholly Owned Subsidiaries/Joint Ventures Abroad	-
8	Total of 6 and 7	-
9	Amount in item 8 in excess of 10% of Owned Fund	-
10	**Net Owned Fund**	24,044

HYDERABAD
DATED: 28.05.2020

For M/s A Ramachandra Rao & Co
Chartered Accountants
Firm Registration No. 0028575

P S R V V SURYA RAO
Partner
Membership No. 202367

UDIN: 20202367AAABIB7990

A. Ramachandra Rao & Co. HYDERABAD FRN 0028575 Chartered Accountants

A. Ramachandra Rao & Co.
Chartered Accountants

3rd Floor, D.No. 6-2-975
Flat No. 302, A-Block, Kushal Towers
Khairtabad, Hyderabad- 500 004.

Tel: 040-27633677
E-mail: admin@arrandco.org

To
The Board of Directors,
IMPERIAL CREDIT PRIVATE LIMITED

We have audited the Balance Sheet of **Imperial Credit Private Limited** as at 31st March 2020, the Profit and Loss Account for the year ended on that date and a Statement of Cash Flow for the year ended thereto. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the Auditing Standards generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As required by the Non-Banking Financial Companies Auditor's Report (Reserve bank of India) 1998 as amended from time to time, we hereby report, with reference to paras 3 and 4 of the said directions in respect of the matters to be included in our audit report, that:

1. The company has applied for registration as provided in section 45IA of the Reserve Bank of India Act, 1934 and it has received the requisite certificate of registration;

2. In terms of its asset/income pattern, the company is entitled to continue to hold CoR issued by the Bank as on 31st March 2020 for the subsequent year.

3. The Company is meeting the required net owned fund requirement as laid down in Master Direction - Non-Banking Financial Company – Non-Systemically Important Non-Deposit taking Company (Reserve Bank) Directions, 2016

4. In our opinion the company has not accepted any public deposits and hence the matters included in para 3(B) are not applicable to the company;

5. The Board of Directors has passed a resolution for non-acceptance of any public deposits;

6. The company has not accepted the public deposits during the relevant year;

7. The company has complied with the prudential norms relating to income recognition, accounting standards, asset classification and provisioning for bad and doubtful debts to the extent applicable;

A. Ramachandra Rao & Co. Chartered Accountants HYDERABAD

A. Ramachandra Rao & Co.
Chartered Accountants

8. In our opinion the matters included in para 4(D) are not applicable to the company as it has not invested not less than 90% of its assets in the securities of its group/holding/subsidiary companies as long-term investments;

Place: Hyderabad
Date: 28.05.2020

For M/s A.Ramachandra Rao & Co
Chartered Accountants
ICAI FRN: 002857S

S.R.V.V.Surya Rao Ponnada
Partner
M. No-202367

UDIN: **20202367AAABIC6589**

A. Ramachandra Rao & Co. HYDERABAD FRN 002857S Chartered Accountants

Imperial Credit Private Limited
Balance Sheet
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Financial assets			
Cash and cash equivalents	2.1	206	59
Investments	2.2	24,002	23,042
		24,208	**23,101**
Non Financial assets			
Deferred tax asset, net	2.3	-	-
		-	-
Total assets		**24,208**	**23,101**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Other financial liabilities	2.4	15	15
		15	**15**
Non Financial liabilities			
Liabilities for current tax	2.5	45	36
Deferred tax liabilities	2.6	104	76
		149	**112**
Equity			
Equity share capital	2.7	12,300	12,300
Other equity		11,744	10,674
		24,044	**22,974**
Total liabilities and equity		**24,208**	**23,101**

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

As per our report of even date attached

for A. Ramachandra Rao & Co.
Chartered Accountants
ICAI Firm registration number: 002857S

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

for and on behalf of the Board of Directors of
Imperial Credit Private Limited
CIN: U06519TG1991PTC126383

Kiran Yanamandra
Director
DIN : 0007762357

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2020

Imperial Credit Private Limited
Statement of Profit and Loss
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Revenue from operations			
Net gain on fair value changes	2.8	1,361	1,611
Total Revenue from operations		**1,361**	**1,611**
Expenses			
Other expenses	2.9	30	212
Total expenses		**30**	**212**
Profit/(Loss) before tax		**1,331**	**1,399**
Tax expense			
Current tax		232	269
Deferred tax		29	145
Profit/(Loss) for the year		**1,070**	**984**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss		-	-
Total other comprehensive income/(loss) for the year, net of tax		-	-
Total comprehensive income/(loss) for the year		**1,070**	**984**
Earnings per share:	2.10		
Basic earnings per share of Rs. 100/- each		8.70	8.00
Diluted earnings per share of Rs. 100/- each		8.70	8.00

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

As per our report of even date attached

for A. Ramachandra Rao & Co.
Chartered Accountants
ICAI Firm registration number: 002857S

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

for and on behalf of the Board of Directors of
Imperial Credit Private Limited
CIN: U06519TG1991PTC126383

Kiran Yanamandra
Director
DIN : 0007762357

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2020

Imperial Credit Private Limited
Statement of Cash Flows
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flows from/(used in) operating activities		
Profit before taxation	1,331	1,399
Adjustments:		
Profit on sale of mutual funds	(1,842)	(16)
Fair value changes unrealised	481	(1,595)
Changes in operating assets and liabilities:		
Decrease in other liabilities	-	(5)
Cash used in operations	**(30)**	**(217)**
Income taxes paid, net	(225)	(273)
Net cash used in operating activities	**(255)**	**(491)**
Cash flows from/(used in) investing activities		
Proceeds from sale of investments (net)	400	300
Purchase of investments	-	-
Net cash from investing activities	**400**	**300**
Cash flows from/(used in) financing activities		
Net cash used in financing activities	-	-
Net decrease in cash and cash equivalents	145	(191)
Cash and cash equivalents at the beginning of the year (Refer note 2.1)	59	250
Cash and cash equivalents at the end of the year (Refer note 2.1)	**204**	**59**

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

As per our report of even date attached

for A. Ramachandra Rao & Co.
Chartered Accountants
ICAI Firm registration number: 002857S

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

for and on behalf of the Board of Directors of
Imperial Credit Private Limited
CIN: U06519TG1991PTC126383

Kiran Yanamandra
Director
DIN : 0007762357

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2020

Imperial Credit Private Limited
Statement of changes in equity
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Equity share capital		Other components of equity					Total equity
			Securities premium	Reserves and surplus		Other comprehensive income/(loss)	Total other equity	
	No.of Shares	Amount		Other reserve*	Retained earnings			
Balance as at 1 April 2018	**123,000**	**12,300**	**7,348**	**465**	**1,878**	**-**	**9,690**	**21,990**
Profit for the year	-	-	-	-	984	-	984	**984**
Add/(Less): Transferred from surplus in the Statement of Profit and Loss	-	-	-	197	(197)	-	-	-
Balance as of 31 March 2019	**123,000**	**12,300**	**7,348**	**661**	**2,665**	**-**	**10,674**	**22,974**
Balance as at 1 April 2019	**123,000**	**12,300**	**7,348**	**661**	**2,665**	**-**	**10,674**	**22,974**
Profit for the year	-	-	-	-	1,070	-	1,070	**1,070**
Add/(Less): Transferred from surplus in the Statement of Profit and Loss	-	-		214	(214)	-	-	-
Balance as of 31 March 2020	**123,000**	**12,300**	**7,348**	**875**	**3,521**	**-**	**11,744**	**24,044**

**Reserve u/s 45-IC of Reserve Bank of India Act, 1934*

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

As per our report of even date attached

for A. Ramachandra Rao & Co.
Chartered Accountants
ICAI Firm registration number: 002857S

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

for and on behalf of the Board of Directors of
Imperial Credit Private Limited
CIN: U06519TG1991PTC126383

Kiran Yanamandra
Director
DIN : 0007762357

Sujit Kumar Mahato
Director
DIN : 0007599067

Date: 11-May-2020

1.1 Description of the Company

The financial statements comprise of Imperial Credit Private Limited ("the Company") for the year ended 31 March 2020. The company is a private company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located in Hyderabad, Telangana, India. The Company is in the business of non-banking financial company registered with Reserve Bank of India.

1.2 Basis of preparation of financial statements

a) **Statement of compliance**

The financial statements of the Company as at and for the year ended 31 March 2020 have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31 March 2020. These financial statements were authorised for issuance by the Company's Board of Directors on 11 May 2020.

b) **Basis of preparation**

The financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, other financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value. Further the carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

c) **Functional and presentation currency**

These financial statements are presented in Indian rupees, which is the functional currency of the company. All financial information presented in Indian rupees has been rounded to the nearest thousands.

1.3 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:

- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

1.4 Significant accounting policies

a) **Recognition of income and expenses**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind AS

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

b) **Financial instruments**

Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customers' account. The Company recognises debt securities, deposits and borrowings when funds reach the Company.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value , except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- FVOCI
- FVTPL

A. At Amortised Cost

The Company measures Bank balances, Loans, Trade receivables and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

Business model assessment

The Company determines its business model at the level that best reflects how it manages Companys of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

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The SPPI test

As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Financial assets or financial liabilities held for trading

The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

B. At FVOCI

Debt instruments are measured at FVOCI when both of the following conditions are met:
- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

These instruments largely comprise long-term strategic investments made by the Company.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The ECL calculation for Debt instruments at FVOCI is explained in Note 4.6.3. Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments at FVOCI

The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

C. Financial assets and financial liabilities at fair value through profit or loss (FVTPL)

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

Or

The liabilities are part of a Company of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

Or

Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

Derecognition of financial assets and liabilities

A. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty

If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

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B. Derecognition of financial assets other than due to substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:
The Company has transferred its contractual rights to receive cash flows from the financial asset
Or
It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:
- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.

The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:
-The Company has transferred substantially all the risks and rewards of the asset
Or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset
The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires. Where an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference between the carrying value of the original financial liability and the consideration paid is recognised in profit or loss.

c) **Determination of fair value**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments – Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments – Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments – Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Company's financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (FVA). Therefore, the Company applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments. The Company estimates the value of its own credit from market observable data, such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debts on itself.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

d) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and shortterm deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

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e) **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

f) **Contingent liabilities and contingent assets**

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognised in the financial statements. A contingent asset is disclosed where an inflow of economic benefits is probable. Contingent assets are assessed continually and, if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

g) **Income tax**

Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising upon the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that the future taxable profits will allow the deferred tax assets to be recovered.

Any deferred tax asset or liability arising from deductible or taxable temporary differences in respect of unrealised inter-company profit or loss on inventories held by the Company in different tax jurisdictions is recognised using the tax rate of the jurisdiction in which such inventories are held.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

h) **Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

1.5 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

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Financial assets

2.1 Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Balances with banks		
In current accounts	206	59
Cash and cash equivalents	**206**	**59**

2.2 Investments

Particulars	As at 31 March 2020	As at 31 March 2019
Current		
Investments at Fair value through profit & loss account		
Investment in mutual funds - unquoted	24,002	23,042
Total current investments	**24,002**	**23,042**

Non Financial assets

2.3 Deferred tax asset

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax asset		
	-	-

Financial liabilities

2.4 Other financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Current		
Accrued expenses	15	15
	15	**15**

Non Financial liabilities

2.5 Tax liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Current tax liability	45	36
	45	**36**

2.6 Deferred tax liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Deferred tax liabilities	104	76
	104	**76**

2.7 Share capital

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised share capital		
150,000 equity shares of Rs. 100/- each (31 March 2019: 150,000)	15,000	15,000
Issued equity capital		
123,000 equity shares of Rs. 100/- each fully paid-up (31 March 2019: 123,000)	12,300	12,300
Subscribed and fully paid-up		
123,000 equity shares of Rs. 100/- each fully paid-up (31 March 2019: 123,000)	12,300	12,300
	12,300	**12,300**

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(a) Reconciliation of the equity shares outstanding is set out below:

Particulars	For the year ended 31 March 2020		For the year ended 31 March 2019	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares/share capital	123,000	12,300	123,000	12,300
Less: Redeemed during the year	-	-	-	-
Closing number of equity shares/share capital	**123,000**	**12,300**	**123,000**	**12,300**

(b) Terms / rights attached to the equity shares

The company has only one class of equity share having a par value of Rs.100/- per share . Each holder of equity share is entitled to one vote per share.

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Dr. Reddy's Laboratories Limtied (including shares held by nominees)	123,000	100%	123,000	100%

(d) No shares have been reserved for issue under option and contracts/commitments for the sale of shares /disinvestment as at the Balance Sheet date.

(e) No Shares have been allotted by way of Bonus share or pursuant to contracts or has been bought back by the Company during the period of five years preceding the date at which the Balance Sheet is prepared.

(f) No Convertible Securities have been issued by the Company during the year.

(g) No calls are unpaid by any Director and Officer of the Company during the year.

2.8 Net gain on fair value changes

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Fair value gain/(loss) on financial instruments through profit or loss		
On mutual funds		
Realised - profit on sale	1,842	16
Unrealised - fair value changes	(481)	1,595
	1,361	**1,611**

2.9 Other expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Legal and professional	12	148
Rates and taxes	3	25
Auditors' remuneration (Audit fee)	15	15
Bank charges	-	0
Other general expenses	-	25
	30	**212**

2.10 Earnings Per Share

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit for the year	1,070	984
Weighted average number of equity shares		
outstanding during the year - Basic	123,000	123,000
outstanding during the year - Diluted	123,000	123,000
Earnings Per Share:		
Basic (face value of Rs.100/-)	8.70	8.00
Diluted (face value of Rs.100/-)	8.70	8.00

2.11 Related Parties

A. List of related parties:

Name of the party	Nature of relationship
Dr. Reddy's Laboratories Limited	Holding Company

B. Particulars of related parties transactions:
There are no transactions with related party during the current and previous financial year.

C.The Company has nil dues from/to related parties:
There are no dues payable or receivable from related party at the end of current and previous financial year.

2.12 Employee benefits

Ind AS 19 is not applicable to the company during the year as there are no employees .

2.13 Segment Reporting

In terms of Ind AS 108 relating to "segment reporting", the company operates only in one segment and hence the requirements under the standard are not applicable to the company.

2.14 Details of dues to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Act, 2006

Based on the information available with the Company, there are no vendors who are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006", as at March 31, 2020 and March 31, 2019.

2.15 Financial Instruments

The carrying value and fair value of financial instruments as at 31 March 2020 and 31 March 2019 were as follows:

	Carrying Values		Fair Values		Hierarchy
	31 March 2020	31 March 2019	31 March 2020	31 March 2019	
Financial assets					
At amortised cost					
Cash and cash equivalents	206	59	206	59	Level 3
At FVTPL					
Investments	24,002	23,042	24,002	23,042	Level 1
Total	**24,208**	**23,101**	**24,208**	**23,101**	
Financial liabilities					
At amortised cost					
Other financial liabilities	15	15	15	15	Level 3
Total	**15**	**15**	**15**	**15**	

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

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2.16 Financial Risk Management

The Company's activities expose to market risk and liquidity risk. The Company's primary risk management focus is to minimise potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors is responsible for overseeing the Company's risk assessment and management policies and processes.

a. Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments. The Company is exposed to market risk primarily related to market value of its investments.

b. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Management monitors rolling forecasts of the Company's cash flow position and ensures that the Company is able to meet its financial obligations at all times including contingencies.

2.17 Capital management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages it's capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using gearing ratio, which is total debt divided by total capital plus debt. The capital gearing ratio as on 31 March 2020 and 31 March 2019.

Particulars	As at 31 March 2020	As at 31 March 2019
Other financial liabilities	15	15
Total debts	**15**	**15**
Equity	12,300	12,300
Other Equity	11,744	10,674
Total Capital	**24,044**	**22,974**
Capital and debt	**24,059**	**22,989**
Gearing ratio (%)	0.06%	0.07%

2.18 Subsequent events

There are no significant events that occurred after the balance sheet date.

As per our report of even date attached

for A. Ramachandra Rao & Co.
Chartered Accountants
ICAI Firm registration number: 002857S

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

for and on behalf of the Board of Directors of
Imperial Credit Private Limited
CIN: U06519TG1991PTC126383

Kiran Yanamandra
Director
DIN : 0007762357

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2020