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Subsidiary Companies Financials 2020-21

Part-A

AURIGENE DISCOVERY TECHNOLOGIES (M) SDN BHD
Company No. 200701031764 (789791 K)
(Incorporated in Malaysia)

REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2021

I N D E X
* * * * * * *

TCMK ASSOCIATED
CHARTERED ACCOUNTANTS

CORPORATE INFORMATION

Domicile:	Malaysia
Legal form and place of incorporation:	Private Company incorporated in Malaysia under the Companies Act 1965 and limited by shares.
Registered office:	Wisma ADISS, Udarama Complex, No. 1-3A, 4th Floor, Jalan 1/64A, 50350 Kuala Lumpur.
Principal place of business:	Level 2, Research Management & Innovation Complex), University of Malaya, Lembah Pantai 50603 Kuala Lumpur.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021

The Directors have pleasure in submitting their report and the audited financial statements of the company for the year ended 31 March 2021.

PRINCIPAL ACTIVITY

The company is a Biotechnology company. The principal activities of the company are providing drugs and pharmaceutical discovery, research and development services. There has been no significant change in the nature of these activities during the year.

RESULTS

The results of the operation of the company for the year ended 31 March 2021 are as follows:-

	RM
Profit after taxation	103,351
Retained profit brought forward	635,629
Retained profit carried forward	738,980

DIVIDEND

Since the last financial year of the company, the Directors have not recommended or paid any dividend.

RESERVES AND PROVISIONS

There were no material transfers to or from reserves or provisions during the year.

DIRECTORS OF THE COMPANY

The directors of the Company in office at any time during the year and since the end of the year up to the date of this report are:

Palanivel a/l K.V. Sathasivam
Muralidhara Ramachandra
Brijesh Kumar Karnani

DIRECTORS' INTERESTS

According to the register of directors' shareholding under section 59 of the Companies Act 2016, the interests of directors in office at the end of the year in the ordinary shares of the Company and its related corporations during the year are as follows:

	Balance 01-4-2020	Bought Rights	Sold	Balance 31-3-2021
Palanivel a/l K.V. Sathasivam	1	-	-	1
Muralidhara Ramachandra	-	1	-	1

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021
(Cont'd)

DIRECTORS' BENEFITS

No Director of the company has received or become entitled to receive any benefit (other than benefits included in the aggregate amount of emoluments, received or due and receivable by the Directors as shown in Note 13 to the financial statements) by reason of a contract made by the company or 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.

Neither during nor at the end of the financial year was the company a party to any arrangements whose object is to enable the Directors to acquire benefits by means of the acquisition of shares in or debentures of the company or any other body corporate.

INDEMNIFYING DIRECTORS, OFFICERS OR AUDITORS

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

ISSUE OF SHARES

There were no other changes in the authorised, issued and paid-up capital of the Company during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

HOLDING COMPANY

The holding company is AURIGENE DISCOVERY TECHNOLOGIES LIMITED, a company incorporated in Bangalore, Republic of India.

DIRECTORATE

Rotation and retirement of Directors at the forthcoming Annual General Meeting will be in accordance with the Company's Articles of Association.

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021
(Cont'd)

OTHER STATUTORY INFORMATION

Before the financial statement of the Company was made out, the directors took reasonable steps to ascertain that:

(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 at their book values in the ordinary course of business have been written down to their estimated realisable values.

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 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 and 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 directors, 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

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 2021
(Cont'd)

AUDITORS

The auditors, TCMK ASSOCIATED, Chartered Accountants (M) have indicated their willingness to continue in office.

The auditors' remuneration is disclosed in note 13 to the financial statements.

On behalf of the Board of Directors,

………………………….......	…………………………………......
Palanivel a/l K.V. Sathasivam	Muralidhara Ramachandra

Dated:
Kuala Lumpur

STATEMENT BY THE DIRECTORS

Pursuant to Section 251 (2) of the Companies Act, 2016, we PALANIVEL A/L K.V. SATHASIVAM and MURALIDHARA RAMACHANDRA, being the Directors of AURIGENE DISCOVERY TECHNOLOGIES (M) SDN BHD hereby state that in the opinion of the Directors, the financial statements set out on the accompanying pages are drawn up in accordance with MFRSs and the provisions of the Companies Act, 2016 in Malaysia so as to give true and fair view of the financial position of the Company as at 31 March 2021 and of the financial performance and cash flow of the Company for the year ended on that date.

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

On behalf of the Board of Directors,

……………..………….......   ………………………….……

Palanivel a/l K.V. Sathasivam   Muralidhara Ramachandra

Dated :
Kuala Lumpur

STATUTORY DECLARATION

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

I, PALANIVEL A/L K.V. SATHASIVAM, I/C: 610813-07-5869, being a Director primarily responsible for the financial management of AURIGENE DISCOVERY TECHNOLOGIES (M) SDN BHD do solemnly and sincerely declare that to the best of my knowledge and belief, the financial statements set out set out on the accompanying pages are correct, and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declaration Act, 1960.

Subscribed and solemnly declared)

by the above named PALANIVEL)

A/L K.V. SATHASIVAM)

at Kuala Lumpur in the)

Federal Territory this day of)

Before me,

Commissioner for Oaths

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AURIGENE DISCOVERY TECHNOLOGIES (M) SDN BHD (Company No.: 789791-K)
(Incorporated in Malaysia)

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aurigene Discovery Technologies (M) Sdn Bhd, which comprise the statement of financial position as at 31 March 2021, 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 27.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2021,and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Private Entities Reporting Standard 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.

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 Directors' Report 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 Directors' Report and, in doing so, consider whether the Directors' Report 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 the Directors' Report, we are required to report that fact. We have nothing to report in this regard.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AURIGENE DISCOVERY TECHNOLOGIES (M) SDN BHD (Company No.: 789791-K)
(Incorporated in Malaysia)

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 Private Entities Reporting Standard 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.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgment 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF AURIGENE DISCOVERY TECHNOLOGIES (M) SDN BHD (Company No.: 789791-K)
(Incorporated in Malaysia)

- 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.

Report on Other Legal and Regulatory Requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

TCMK ASSOCIATED
Firm No: AF 0027
Chartered Accountants

M.KIRUPANANDAN
Auditor's No. 1306/01/21(J)
Partner

Dated :
Kuala Lumpur

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021 RM	2020 RM
ASSETS			
Non-Current Assets			
Plant and equipment	3	46,411	64,854
Current Assets			
Other receivables, deposits and prepayment	4	175,655	121,900
Trade receivables	5	1,008,177	392,703
Bank balances and deposits	6	1,098,412	1,728,851
Taxation receivable	7	1,662	658
		2,283,906	2,244,112
Total Assets		2,330,317	2,308,966
EQUITY AND LIABILITIES			
Equity			
Share capital	8	1,000,000	1,000,000
Other reserves	9	496,711	496,711
Retained earnings		738,980	635,629
Total Equity		2,235,691	2,132,340
Current Liabilities			
Trade payable	10	11,587	6,219
Other payables and accruals	11	83,039	170,407
		94,626	176,626
Total Liabilities		94,626	176,626
Total Equity and Liabilities		2,330,317	2,308,966

The notes on pages 14 to 27 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2021

	----- Non-Distributable -----		Distributable	
	Share Capital	Foreign Currency Exchange Reserves	Retained Earnings	Total
	RM	RM	RM	RM
As at 1 April 2019	1,000,000	496,711	521,106	2,017,817
Profit for the year	-	-	114,523	114,523
As at 31 March 2020	1,000,000	496,711	635,629	2,132,340
Profit for the year	-	-	103,351	103,351
As at 31 March 2021	1,000,000	496,711	738,980	2,235,691

The notes on pages 14 to 27 form an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021 RM	2020 RM
Revenue	12	1,378,757	1,501,681
Add: Other income		153,057	27,340
Less: Administrative expenses		(18,380)	(13,075)
Less: Operating expenses		(1,318,400)	(1,385,280)
Exchange loss		(83,415)	(9,581)
Profit before taxation	13	111,619	121,085
Less: Taxation	7	(8,268)	(6,562)
Total Comprehensive profit for the year		103,351	114,523

The notes on pages 14 to 27 form an integral part of these financial statements.

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2021

	2021 RM	2020 RM
Cash Flow From Operating Activities		
Profit before taxation	111,619	121,085
Add: Depreciation	18,443	57,144
Operating profit before working capital changes	130,062	178,229
Working Capital Changes		
Changes in other receivables deposits and prepayments	(53,755)	7,757
Changes in trade receivables	(615,474)	(31,492)
Changes in other payables and accruals	(87,368)	39,086
Changes in trade payables	5,368	6,219
Cash generated from operating activities	(621,167)	199,799
Add: Tax refund		
Less: Tax paid	(9,272)	(8,094)
Net cash flow (used in) /generated from operating activities	(630,439)	191,705
Cash Flow From Investing Activities		
Acquisition of plant and equipment	-	(19,000)
Cash flow used in investing activities	-	(19,000)
Net changes in Cash and Cash equivalents	(630,439)	172,705
Cash and Cash equivalent at beginning of the year	1,728,851	1,556,146
Cash and Cash equivalents at end of the year	1,098,412	1,728,851
Cash and Cash Equivalents at End of the year		
Cash and Bank Balances	1,098,412	1,728,851

The notes on pages 14 to 27 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021

1. GENERAL INFORMATION

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

The registered office of the company is located at Wisma ADISS Udarama Complex, 1-3A, 4th floor Jalan 1/64A, 50350 Kuala Lumpur.

The principal place of business of the company is located at Aras 2, Kompleks Pengurusan Penyelidikan & Inovasi (Level 2, Research Management & Innovation Complex), University of Malaya, Lembah Pantai 50603 Kuala Lumpur.

The company is a Biotechnology company. The principal activity of the company is providing drugs and pharmaceutical discovery, research and development services. There has been no significant change in the nature of these activities during the year.

The financial statements were authorised for issue by the Board of Directors in accordance with a resolution of the Directors on .

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

The financial statements are prepared under historical cost convention and modified to include other bases of valuation as disclosed in other sections under significant accounting policies, and in compliance with Malaysian Financial Reporting Standards (“MFRS”), International Financial Reporting Standards and the requirement of the Companies Act 2016 in Malaysia..

The financial statements are presented in Ringgit Malaysia.

2.2 Summary of Significant Accounting Policies

(a) Property, Plant and Equipment and Depreciation

All items of property, plant and equipment are initially recorded at cost. Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is de-recognised. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Projects-in-progress are not depreciated. Depreciation of other property, plant and equipment is provided for on a straight-line basis to write off the cost of each asset to its residual value over the estimated useful life at the following annual rates:

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021
(Cont'd)

	Rates (%)
Computers Hardware and Software	30-33
Other Plant and Equipment	12.5-15

The residual values, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is de-recognised upon disposal or when no future economic benefits are expected from its use or disposal. The differences between the net disposal proceeds, if any, and the net carrying amount is recognised in profit or loss.

(b) Impairment of Non-Financial Assets

The carrying amounts of assets, other than deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated to determine the amount of impairment loss.

For goodwill, intangible assets that have an indefinite useful life and intangible assets that are not yet available for use, the recoverable amount is estimated at each balance sheet date or more frequently when indicators of impairment are identified.

For the purpose of impairment testing of these assets, recoverable amount is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. If this is the case, recoverable amount is determined for the CGU to which the asset belongs to.

An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs to sell and its value-in-use. 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 assessment of the time-value money and the risks specific to the assets. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or group of units on a pro-rate basis.

An impairment loss is recognised in profit or loss in the period in which it arises, unless the asset is carried at revalued amount, in which case the impairment loss is accounted for as a revaluation decrease to the extent that the impairment loss does not exceed the amount held in the asset revaluation reserve for the same asset.

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2021
(Cont'd)

Impairment loss on goodwill is not reversed in a subsequent period. An impairment loss for an asset other than goodwill is reversed if, and only if, there has been a change in the estimate used to determine the asset's recoverable amount since the last impairment loss was recognised. The carrying amount of an asset other than goodwill is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of amortisation or depreciation) had no impairment loss been recognised for the asset in prior years. A reversal of impairment loss for an asset other than goodwill is recognised in profit or loss, unless the asset is carried at revalued amount, in which case, such reversal is treated as a revaluation increase.

(c) Financial Instruments

Financial instruments are recognised in the balance sheet when the Company has become a party to the contractual provisions of the instruments.

Financial instruments are classified as liabilities or equity in accordance with the substance of the contractual arrangement. Financial instruments are offset when Company has a legally enforceable right to offset and intends to settle either on a net basis or to realise the asset and settle the liability simultaneously.

(i) Cash and cash equivalents
For the purpose of the cash flow statements, cash and cash equivalents included cash on hand and at banks and short term deposits.

(ii) Receivables
Receivables are carried at anticipated realisable values. Bad debts are written off when identified. An estimate is made for doubtful debts on trade on trade debts which are six months or older, or when recoverability is considered doubtful.

(iii) Payables
Payables are stated at the fair value of the consideration to be paid in the future for goods and services received.

(iv) Borrowings
Borrowings are initially recognised at the fair value of the consideration receive less directly attributable transactions costs.

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2021
(Cont'd)

(d) Income Tax

Income tax on the profit or loss for the year comprises current and deferred tax. Current tax is the expected amount of income taxes payable in respect of the taxable profit for the year and is measured using the tax rates that have been enacted at the balance sheet date.

Deferred tax is provided for, using the liability method. In principle, deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised for all deductible temporary differences, and unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised. Deferred tax is not recognised if the temporary differences arise from goodwill or negative goodwill or from the initial recognition of an assets or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax is recognised as income or an expenses and included in the profit or loss for the year.

(e) Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will require to settle the obligation, and a reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage is recognised as finance cost.

(f) Employee Benefits

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences. Short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2021
(Cont'd)

(ii) Defined Contribution Plan
Defined contribution plans are post-employment benefit plans under which the Company pays fixed contributions into separate entities or funds and will have no legal or constructive obligation to pay further contributions if any of the funds do not hold sufficient assets to pay all employee benefits relating to employee services in the current and preceding financial years. Such contributions are recognised as an expense in the profit or loss as incurred. As required by law, companies in Malaysia make such contributions to the EPF.

(g) Foreign Currencies

(i) Functional and presentation currency
The individual financial statements of each entity in the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The financial statements are presented in Ringgit Malaysia, which is also the Company's functional currency.

(ii) Foreign currency transactions
In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded in the functional currencies using the exchange rates prevailing the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period.

(iii) Foreign Currencies
The Principal closing rate used in the translation of foreign currency is as follows:

	2021	2020
	RM	RM
1 United States Dollar (USD)	4.14632	4.32001

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2021
(Cont'd)

(h) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue from sales of goods is recognised upon the passage of title to the customers, which generally coincides with acceptance by and delivery to customers and revenue from services is recognised upon rendering of services. Interest Income is recognised on receipt basis, as and when the Bank credits the accounts.

(i) Contingencies
A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only the occurrence or non-occurrence of uncertain events(s) not wholly within the control of the Company. Contingent liabilities and assets are not recognised in the statements of financial position of the Company.

2.3 Adoption of revised FRSs, Amendments to FRSs and Interpretations

The significant accounting policies adopted are consistent with those of the audit financial statements for the period ended 31 March 2021.

During the financial year, the Company has adopted all the new and revised FRSs and Interpretations of FRSs that are relevant to its operations and effective for the current financial year. The adoption of these new and revised FRSs and Interpretations of FRSs does not result in changes to the Company's accounting policies and has no material effect on the amounts reported for the current financial year or prior years except as disclosed in this financial statements.

2.4 Significant Accounting Estimates

The preparation of financial statements in accordance with FRS requires the use of certain accounting estimates and exercise of judgment. Estimate and judgments are continually evaluated and are based on past experience, reasonable expectations of future events other factors.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates 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.

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2021
(Cont'd)

3. PLANT & EQUIPMENT

2021	----Cost----			-----Accumulated Depreciation----			Net Value
	Balance 01/4/20 RM	Add/ (Disp) RM	Balance 31/3/21 RM	Balance 01/4/20 RM	Current Dep. RM	Balance 31/3/21 RM	31/3/21 RM
Computer Hardware & Software	143,207	-	143,207	138,969	2,893	141,862	1,345
Electrical Equipment	29,525	-	29,525	28,425	300	28,725	800
Furniture & Fittings	248,016	-	248,016	245,488	2,041	247,529	487
Laboratory Instruments	1,386,281	-	1,386,281	1,332,614	9,976	1,342,590	43,691
Office Equipment	50,166	-	50,166	46,845	3,233	50,078	88
Total	1,857,195	-	1,857,195	1,792,341	18,443	1,810,784	46,411

2020	----Cost----			-----Accumulated Depreciation----			Net Value
	Balance 01/4/19 RM	Add/ (Disp) RM	Balance 31/3/20 RM	Balance 01/4/19 RM	Current Dep. RM	Balance 31/3/20 RM	31/3/20 RM
Computer Hardware & Software	143,207	-	143,207	134,991	3,978	138,969	4,238
Electrical Equipment	29,525	-	29,525	28,125	300	28,425	1,100
Furniture & Fittings	248,016	-	248,016	243,447	2,041	245,488	2,528
Laboratory Instruments	1,367,281	19,000	1,386,281	1,286,002	46,612	1,332,614	53,667
Office Equipment	50,166	-	50,166	42,632	4,213	46,845	3,321
Total	1,838,195	19,000	1,857,195	1,735,197	57,144	1,792,341	64,854

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2021
(Cont'd)

4. OTHER RECEIVABLES, DEPOSITS & PREPAYMENTS

	2021	2020
	RM	RM
Deposits	58,008	58,008
Interest receivable	7,674	-
Prepayments	-	35,184
Other advances	94,934	2,635
GST receivables	15,039	26,073
	175,655	121,900

5. TRADE RECEIVABLES

	2021	2020
	RM	RM
Aurigene Discovery Technologies Limited	1,008,177	392,703

Trade receivables amount consist of amount outstanding from Holding Company for the credit sales made to the holding company during the accounting year with 30- Days credit term.

6. CASH, BANK BALANCE AND DEPOSIT

	2021	2020
	RM	RM
Bank balances	348,412	728,851
Fixed deposits	750,000	1,000,000
	1,098,412	1,728,851

7. TAXATION

	2021	2020
	RM	RM
Balance b/f	(658)	874
Tax expenses	8,268	6,562
Tax paid	(9,272)	(8,094)
Balance c/f	(1,662)	(658)

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2021
(Cont'd)

A reconciliation of income tax expenses applicable to profit before taxation at the statutory income tax rate to income tax expenses at the effective income tax rate of the Company is as follows:-

	2021	2020
	RM	RM
Profit before Taxation	111,619	121,085
Taxation at Malaysian statutory tax rate	26,789	29,060
Effect of expenses not deductible for tax purpose	4,897	13,046
Effect of utilisation of current year's capital allowance	(1,828)	(4,324)
Tax savings from utilisation of tax exemption	(21,363)	(31,220)
Under provision from prior year tax expense	(227)	-
Tax expenses	8,268	6,562

The company has obtained BioNexus Status on 29.01.2008 which entitles for exemption from tax on 100% statutory income for a period of 10 consecutive years from the Year of Assessment 2012 being the first year the company derived statutory income from the bio-technology business.

Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items (stated in gross):-

	2021	2020
	RM	RM
Unutilised tax losses	(2,166,611)	(2,166,611)
Unabsorbed capital allowances	(1,056,874)	(1,056,874)
Total income tax expense	(3,223,485)	(3,223,485)

The deductible temporary differences, unutilised tax losses and unabsorbed capital allowances do not expire under current tax legislation. The unutilised tax losses and unabsorbed capital allowances are subject to the agreement by the Inland Revenue Board. Deferred tax asset have not been recognised in respect of these items because it is uncertain that future taxable profit after financial year 2022 will be available against which the Company can utilise the benefits therefrom.

8. SHARE CAPITAL

	Number of shares 2021	2020	Number of shares 2021	2020
	Units	RM	Units	RM
Issued & Fully Paid:				
As at 1 April/31 March	1,000,000	1,000,000	1,000,000	1,000,000

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2021
(Cont'd)

9. OTHER RESERVES

This non-distributable reserve represents net exchange gain from the advances made by the Holding Company.

10. TRADE PAYABLES

The normal trade credit terms granted by suppliers ranges from 30 to 90 days.

11. OTHER PAYABLES AND ACCRUALS

	2021 RM	2020 RM
Other Payables	58,741	160,507
Advance from customers	8,129	-
Accruals	16,169	9,900
	83,039	170,407

12. REVENUE

Revenue represents the contract service rendered for bio-technology research and development.

13. PROFIT BEFORE TAXATION

Profit before taxation has been determined after charging/ (crediting) amongst other items the following:-

	2021 RM	2020 RM
Auditors' remuneration	9,000	8,800
-Under provision in prior year	1,590	-
Depreciation	18,443	57,144
Exchange loss	83,415	9,581
Office rental	86,013	86,013
Other Income - Interest	(35,396)	(27,340)
Rental expense reversed	(117,661)	-

14. STAFF COSTS

	2021 RM	2020 RM
Salary and wages	674,736	748,520
EPF and SOCSO	86,380	102,600
Staff welfare	5,331	2,948
	766,447	854,068

NOTES TO THE FINANCIAL STATEMENTS- 31 MARCH 2021
(Cont'd)

15. RELATED PARTY TRANSACTIONS

Significant transactions during the financial year between the holding company and the Company on terms agreed between the parties are as follows:-

	2021 RM	2020 RM
Services to Holding Company	1,378,757	1,501,681

Details of holding company are as follows:-

Name	% of Shares Held
AURIGENE DISCOVERY TECHNOLOGIES LIMITED	99.9%

16. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has no formal risk management policies and guidelines, which set out its overall business strategies, its tolerance for risk and its general risk management philosophy. It has however established informal processes to monitor and control such risks on a timely and accurate manner. Such policies are monitored and undertaken by the directors.

Risk management is integral to the whole business of the Company. The management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

No derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient. The Company does not apply hedge accounting.

The key financial risks include foreign currency risk and liquidity risk. The following provide details regarding the Company's exposure to the risks and the objectives, policies and processes for the management of these risks.

16.1 Foreign currency risk

At the reporting date, there is no material foreign currency risk encounter by the company.

16.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds.

To manage liquidity risk, the Company monitors its net operating cash flows and maintains an adequate level of cash and cash equivalents and funding facilities from the bank. In assessing the funding facilities, the management reviews its working capital requirements regularly.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021
(Cont'd)

The table below summaries the maturity profile of the Company's financial liabilities at the balance sheet date based on contractual undiscounted payments.

	2021 RM	2020 RM
Trade payables	11,587	6,219
Other payables and accruals	83,039	170,407
	94,626	176,626

The corresponding Company's financial assets:-

	2021 RM	2020 RM
Other receivables, deposits and prepayment	175,655	121,900
Trade receivables	1,008,177	392,703
Bank balances and deposits	1,098,412	1,728,851
Taxation receivable	1,662	658
	2,283,906	2,244,112

17. CAPITAL MANAGEMENT

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy working ratios in order to support its business and maximise shareholder value.

The Company's working capital comprises of inventories, receivables and cash, payables (including amounts owing to holding company), accruals and provisions stated on the statement of financial position. The Company manages its working capital structure and makes adjustment to it, in light of changes in economic conditions. To maintain or adjust the working capital structure, the Company may adjust the dividend payment to shareholders. No changes were made in the objectives, policies or processes during the current financial year.

The Company manages capital by regularly monitoring its current and expected liquidity requirements. The Company is not obliged to meet capital requirements, both internally and externally imposed.

18. FINANCIAL INSTRUMENTS

Financial instruments are categorized as follows:-

(a) Trade and other receivables ("TOR")
(b) Fair value through profit or loss ("FVTPL")
    - Held for trading ("HFT"); and
(c) Financial liabilities measured at amortised cost ("FL")

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021
(Cont'd)

	Carrying amount RM	TOR RM	FVTPL – HFT RM	(FL) RM
2021				
Financial assets				
Trade and other receivables (net of GST claimable	1,168,793	1,168,793	-	-
Cash, bank balances and deposits	1,098,412	1,098,412	-	-
	2,267,205	2,267,205	-	-
Financial liabilities				
Trade and other payables	(94,626)	-		(94,626)
	(94,626)	-		(94,626)

	Carrying amount RM	TOR RM	FVTPL – HFT RM	(FL) RM
2020				
Financial assets				
Trade and other receivables (net of GST claimable	514,603	514,603	-	-
Cash and bank balances	1,728,851	1,728,851	-	-
	2,243,454	2,243,454	-	-
Financial liabilities				
Trade and other payables	(176,626)	-		(176,626)
	(176,626)	-		(176,626)

19. SUBSEQUENT EVENT

The World Health Organization declared the 2019 Novel Coronavirus infection (''COVID-19'') a pandemic on 11 March 2020. Following this development, the Government of Malaysia (''GOM'') issuing a Federal Government Gazette on 18 March 2020, imposing a Movement Control Order (''MCO'') effective from 18 March 2020 to 31 March 2020. Subsequently, the GOM announced further extensions of the MCO for an additional two (2) weeks on 25 March 2020, 10 April 2020, respectively until 12 May 2020. During this time, all offices and business premises have been ordered to be closed, but with certain exemptions. The Company's principle activity is not listed as one of the exempted sectors.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2021
(Cont'd)

On 1 May 2020, the GOM announced and imposed the Conditional Movement Control Order (''CMCO'') effective from 13 May 2020 until 9 June 2020. Most of the economic sectors and activities are allowed to operate while observing the business standard operation procedures. On 7 June 2020, the Recovery Movement Control (''RMCO'') was announced and imposed effective from 10 June 2020 until 31 August 2020. During the RMCO period, more restrictions are relaxed to allow public to carry out the daily activities while complying to the standard operating procedures. On 12 October 2020, the GOM announced and imposed the Conditional Movement Control Order (''CMCO'') effective from 14 October 2020 until 27 October 2020 for W.P. Kuala Lumpur, W.P. Putrajaya and Selangor and subsequently further extension from 27 October 2020 until 9 December 2020. Economic and industries activities are allowed to operate while observing the business standard operating procedures.

This onset of the Covid-19 pandemic has brought about a bleak outlook on the Malaysian economy. The Directors are however confident that this would have a minimal impact on the business of the Company.

. 20. COMPARATIVE FIGURES

Certain items have been reclassified to conform to the current year's presentation.

21.AUTHORISATION FOR ISSUE OF THE FINANCIAL STATEMENTS

The financial statements of the Company were authorised for issue by the Board of Directors on 23.04.2021.

Lodged By:
ADISS CONSULTANTS SDN BHD
Wisma ADISS, Udarama Complex
No. 1-3A, Jalan 1/64A
50350 Kuala Lumpur
Tel: 03-40432576

DETAILED INCOME STATEMENT
FOR THE YEAR ENDED 31 MARCH 2021

	2021 RM	2020 RM
Revenue	1,378,757	1,501,681
Less: Administrative Expenses		
Auditors remuneration- current year	9,000	8,800
-Under provision in prior year	1,590	-
Audit disbursements	1,441	66
Secretarial fees and disbursement	4,163	3,109
Taxation fees	1,696	1,100
-Under provision in prior year	490	-
	(18,380)	(13,075)
Less: Operating Expenses		
Bank charges	238	2,221
Depreciation	18,443	57,144
EPF and SOCSO	86,380	102,600
Effluent treatment	3,087	2,763
Insurance	45,373	20,539
IT consumables	774	3,005
Laboratory consumables	303,407	279,151
Local conveyance	30,750	32,382
Medical expenses	1,139	4,723
Office maintenance	26,531	26,731
Office rental	86,013	86,013
Postage and courier charges	2,999	795
Printing and stationery	2,011	2,176
Rates and taxes	2,115	500
Repair and maintenance- Lab and others	23,327	8,124
Staff salaries and allowance	674,736	748,520
Staff welfare	5,331	2,948
Telephone and fax	5,596	4,495
Subscriptions paid	150	100
Business promotion	-	350
	(1,318,400)	(1,385,280)
Other Income		
Interest income	35,396	27,340
Rental expense reversed	117,661	-
	153,057	27,340
Exchange loss	(83,415)	(9,581)
Profit before taxation	111,619	121,085

This schedule does not form part of the statutory audited financial statements.

Independent Auditors' Report

To the Members of
Aurigene Discovery Technologies Inc.

We have audited the accompanying financial statements of **Aurigene Discovery Technologies Inc.**, a company incorporated and administered outside India, which comprises the Balance sheet as at 31 March 2021, 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 2021;

(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

S R V V Surya Rao Ponnada
Partner
Membership No. 202367
UDIN NO. 21202367AAABXR3154

Place: Hyderabad
Date: 11th May 2021

Aurigene Discovery Technologies Inc.
Balance Sheet
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Tax assets, net		-	-
		-	-
Current assets			
Cash and cash equivalents	2.1	-	574
		-	**574**
Total assets		-	**574**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.2	2,57,460	2,57,460
Other equity		(2,57,460)	(2,56,886)
		-	**574**
Total equity and liabilities		-	**574**

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 **Aurigene Discovery Technologies Inc.**

PSRVV Surya Rao
Partner
Membership No.: 202367

K Satish Reddy
Director

G V Prasad
Director

Place: Hyderabad
Date: 11 May 2021

Aurigene Discovery Technologies Inc.
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 2021	For the year ended 31 March 2020
Income			
Income		-	-
Total income		-	-
Expenses			
Selling and other expenses	2.3	552	189
Total expenses		**552**	**189**
Loss before tax		**(552)**	**(189)**
Tax expense			
Current tax		-	-
Deferred tax		-	-
Loss for the year		**(552)**	**(189)**
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		(22)	65
(ii) Income tax relating to items that will be reclassified to profit or loss			
Total comprehensive loss for the year		**(574)**	**(124)**
Earnings per share:			
Basic earnings per share of USD 1/- each		(0.11)	(0.04)
Diluted earnings per share of USD 1/- each		(0.11)	(0.04)

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 **Aurigene Discovery Technologies Inc.**

PSRVV Surya Rao
Partner
Membership No.: 202367

K Satish Reddy
Director

G V Prasad
Director

Place: Hyderabad
Date: 11 May 2021

Aurigene Discovery Technologies Inc.
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 2020	**2,57,460**	**(2,51,711)**	**(5,175)**	**574**
Foreign currency translation adjustments	-	-	(22)	(22)
Loss for the year	-	(552)	-	(552)
Balance as at 31 March 2021	**2,57,460**	**(2,52,263)**	**(5,197)**	**-**

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	**2,57,460**	**(2,51,522)**	**(5,240)**	**698**
Foreign currency translation adjustments	-	-	65	65
Loss for the year	-	(189)	-	(189)
Balance as at 31 March 2020	**2,57,460**	**(2,51,711)**	**(5,175)**	**574**

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
Aurigene Discovery Technologies Inc.

PSRVV Surya Rao
Partner
Membership No.: 202367

K Satish Reddy
Director

G V Prasad
Director

Place: Hyderabad
Date: 11 May 2021

Aurigene Discovery Technologies Inc.
Statement of Cash Flow
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flows from / (used in) operating activities		
Loss before tax	**(552)**	**(189)**
Adjustments:		
Foreign exchange loss / (gain), net	0	-
Changes in operating assets and liabilities:		
Other assets and liabilities, net	-	-
Cash generated from / (used in) operations	**(552)**	**(189)**
Income tax paid, net		-
Net cash from / (used in) operating activities	**(552)**	**(189)**
Cash flows from / (used in) investing activities		
Net cash from / (used in) investing activities	**-**	**-**
Cash flows from / (used in) financing activities		
Net cash from / (used in) financing activities	**-**	**-**
Net decrease in cash and cash equivalents	(552)	(189)
Effect of exchange rate changes on cash and cash equivalents	(22)	66
Cash and cash equivalents at the beginning of the year	574	698
Cash and cash equivalents at the end of the year	**(0)**	**574**

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 **Aurigene Discovery Technologies Inc.**

PSRVV Surya Rao
Partner
Membership No.: 202367

K Satish Reddy
Director

G V Prasad
Director

Place: Hyderabad
Date: 11 May 2021

Aurigene Discovery Technologies Inc.
(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
Aurigene Discovery Technologies Inc. (" the Company") incorporated in the United States of America , is a 100% subsidiary of Aurigene Discovery Technologies Limited.

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.

Aurigene Discovery Technologies Inc.
(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) 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.

g) 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.

h) 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.

Note 1 Description of the Company and significant accounting policies (continued)

i) 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.

j) 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.

k) 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

l) 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.

m) Trade receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using effective interest method, less provision for impairment.

n) 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.

Aurigene Discovery Technologies Inc.

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 2 Notes to the financial statements (continued)

2.1 Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Balances with banks:		
- In current accounts	-	574
	-	**574**

2.2 Share capital

	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
6,000,000 equity shares of USD 1/- each (31 March 2020: 6,000,000)	2,76,000	2,76,000
Issued equity capital		
5,215,000 equity shares of USD 1/- each (31 March 2020: 5,215,000)	2,57,460	2,57,460
Subscribed and fully paid-up		
5,215,000 equity shares of USD 1/- each (31 March 2020: 5,215,000)	2,57,460	2,57,460
	2,57,460	**2,57,460**

(a) **Reconciliation of the equity shares outstanding is set out below:**

Particulars	For the year ended 31 March 2021		For the year ended 31 March 2020	
	No. of equity shares	Amount	No. of equity shares	Amount
Number of shares outstanding at the beginning of the year	52,15,000	2,57,460	52,15,000	2,57,460
Add: Equity shares issued during the year	-	-	-	-
Number of shares outstanding at the end of the year	**52,15,000**	**2,57,460**	**52,15,000**	**2,57,460**

(b) **Terms / rights attached to the equity shares**

The Company has only one class of equity shares having a par value of USD 1 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 2021		As at 31 March 2020	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
Aurigene Discovery Technologies Limited	52,15,000	100.00	52,15,000	100.00

Aurigene Discovery Technologies Inc.

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 2 Notes to the financial statements (continued)

2.3 Selling and other expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
Legal and professional	-	189
Rates and taxes	552	-
	552	**189**

2.4 Going Concern

The accounts have been prepared on Going Concern basis, despite having accumulated losses, as the company is supported by its parent company in its activities and financial affairs.

2.5 Income taxes

a. Current Taxes

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

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.

2.6 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.

For A Ramachandra Rao & Co.
ICAI Firm registration number: 002857S
Chartered Accountants

for and on behalf of the Board of Directors of **Aurigene Discovery Technologies Inc.**

PSRVV Surya Rao
Partner
Membership No.: 202367

K Satish Reddy
Director

G V Prasad
Director

Place: Hyderabad
Date: 11 May 2021

AURIGENE
Accelerating Discovery

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Phone : +91 80 7102 5444 Fax : +91 80 2852 6285
E mail : info@aurigene.com Web : www.aurigene.com
CIN : U24239KA2001PLC029391

Board's Report

Dear Members,

Your Directors are pleased to present the 20th Board's Report of the Company for the year ended March 31, 2021.

Financial Highlights

The following table gives the financial highlights of the Company for the year ended March 31, 2021 as compared to previous financial year:

(Rs. in lacs)

Particulars	31-Mar-21	31-Mar-20
Revenue from contracts with customers	30,617	28,005
Other operating income	3	3
Other income	438	303
Finance Income	1,259	865
Total income	**32,317**	**29,176**
Earnings before interest, depreciation, amortization and tax (EBITDA)	17,570	13,272
Depreciation and amortization	840	1,101
Interest on Income Tax	0	3
Profit before tax (PBT)	**16,730**	**12,168**
Tax expense	4,223	3.054
Profit after tax	**12,507**	**9,114**
Add: Balance brought forward	21,192	12,078
Total Available for Appropriation	33,699	21,192
Appropriations:		
Dividend paid on equity shares in the year ended	-	-
Tax on dividend paid in the year ended	-	-
Balance carried forward to Balance Sheet	**33,699**	**21,192**

Company's Affairs

The Company's net revenue for the year was Rs. 30,617 lakhs, up 9% over the previous year. EBITDA increased by 32% to Rs. 17,570 lacs. PBT was Rs. 16,730 lakhs, an increase of 37% over the previous year.

Dividend

Your Directors do not recommend any dividend for the financial year ending 31 March 2021.

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.

Public Deposits

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013. Accordingly, no disclosure or reporting provision is required in respect of details relating to deposits.

Change in the Nature of Business, if Any

During the year, there was no change in the nature of business of the company or any of its subsidiaries.

Material Changes and Commitments Affecting the Financial Position of the Company

There were no material changes and commitments affecting the financial position of the Company.

Subsidiaries and Associates

The Company has three wholly owned subsidiaries as on 31 March 2021 – Aurigene Pharmaceutical Services Limited (India), Aurigene Discovery Technologies (Malaysia) SDN BHD., Malaysia and Aurigene Discovery Technologies Inc., USA.

The Company do not have any joint ventures or associates.

Pursuant to Section 129(3) of the Companies Act, 2013 and Rule 6 of the Companies (Accounts) Rules, 2014, where the Company has one or more subsidiaries or associate companies, it shall, in addition to its financial statements, prepare a consolidated financial statement of the company and of all subsidiaries and associates in the same form and manner as that of its own and also attach along with its financial statement, a separate statement containing the salient features of the financial statement of its subsidiaries and associates.

However, the Ministry of Corporate Affairs vide its circular dated July 27, 2016, has clarified that the provisions pertaining to manner of consolidation of accounts shall not be applicable to the companies which meet the following conditions:

a) All the members of the Company have been intimated in writing for not presenting the financial statements and the members do not object to the same;
b) It is not a listed company nor in the process of listing; and
c) The Company's ultimate holding company files the consolidated financial statements with the Registrar which are in compliance with the applicable accounting standards.

Dr. Reddy's Laboratories Limited (ultimate holding company) files consolidated financial statements with the Registrar of Companies in compliance with accounting standards, the Company is neither listed nor in the process of listing and all the members of the Company have intimated in writing that they do not have objection to the Company not presenting consolidated financial statements.

Therefore, the relevant provisions regarding manner of consolidation of accounts are not applicable to the Company and the Company complies with the said circular.

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 Board of Directors met five times during the year on May 11, 2020, July 28, 2020, October 26, 2020, January 27, 2021, and March 23, 2021.

Board of Directors and Key Managerial Personnel

Pursuant to provisions of Section 152 of the Companies Act, 2013, Mr. K Satish Reddy (DIN: 00129701), retires by rotation at the ensuing AGM and being eligible, seeks re-appointment. Your Directors recommend his re-appointment for approval at the ensuing AGM. The brief profile of Mr. Reddy forms a part of the statement annexed to the Notice convening the Annual General Meeting for reference of the shareholders.

During the year, Mr. Hariharnath Buggana (DIN: 00695002) and Dr. Bruce L A Carter (DIN: 02331774), independent directors, were reappointed for another term of five years under Section 149 of Companies Act, 2013 with effect from 16 July 2020.

Dr. Raymond De Vre who was appointed as an Additional Director during the year, tendered his resignation, due to his resignation as an employee of Dr. Reddy's Laboratories SA, a wholly owned subsidiary of Dr. Reddy's Laboratories Limited, Holding Company, with effect from March 31, 2021.

Apart from the above, there was no change in the composition of directors on the Board and Company's Key Managerial Personnel.

Declaration given by the Independent Directors

In accordance with Section 149(7) of the Companies Act, 2013, Mr. Hariharnath Buggana and Dr. Bruce L.A. Carter, Independent Directors have confirmed that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and is in compliance with the Rule 6(3) of the Companies (Appointment and Qualifications of Directors) Rules, 2014. Further, they have affirmed compliance to the code of conduct for independent directors as prescribed in Schedule IV of the Companies Act, 2013.

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.

Appointment of Directors and Remuneration Policy

The Nomination and Remuneration Committee of the Board assess candidates for the Board on a combination of parameters. These include experience, personal and professional stature, domain expertise, specific qualification for the position and his/her independence as defined in Section 149(6) of the Companies Act, 2013. The Committee then places the details of shortlisted candidates to the Board for consideration. If the Board approves, the person gets appointed as an Additional Director, subject to the approval of members in the Company's General Meeting.

In accordance with Section 178(3) of the Companies Act, 2013, the policy for remuneration to Directors, Key Management Personnel (KMPs), Senior Management and other employees is attached as **'Annexure – II'.**

Board Evaluation

The evaluation of the performance of the Board, its Committees and individual directors was undertaken during the year, on the basis of parameters pre-determined by the Nomination and Remuneration Committee.

For the Board evaluation, each director completed a questionnaire that involved peer evaluation and feedback on the processes of the board and its committees. The contribution and impact of individual members were evaluated on a number of parameters, such as level of engagement, independence of judgment, conflicts resolution and contributions to enhance the board's overall effectiveness. Peer ratings on certain parameters, positive attributes and improvement areas for each director were provided to them on a confidential basis.

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 2020-21 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;

5. adequate internal financial controls for the company to follow have been laid down and these are operating effectively; and

6. proper systems have been devised to ensure compliance with the provisions of all applicable laws and these systems were adequate and operating effectively.

Audit Committee

The Audit Committee comprises of Mr. Hariharnath Buggana (Independent Director) as Chairman, Dr. Bruce L.A. Carter (Independent Director) and Mr. Saumen Chakraborty as members of the Committee. The Audit Committee met five times during the year on May 7, 2020, July 21, 2020, October 19, 2020, January 21, 2021, and March 23, 2021.

The Board has accepted all recommendations made by the Audit Committee during the year.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee comprises of Mr. Hariharnath Buggana (Independent Director) as Chairman, Dr. Bruce L.A. Carter (Independent Director) and Mr. G V Prasad as members of the Committee. The Nomination and Remuneration Committee met four times during the year on May 7, 2020, July 28, 2020, October 26, 2020, and January 21, 2021.

The Board has accepted all recommendations made by the Nomination and Remuneration Committee during the year.

Corporate Social Responsibility

The Company's Corporate Social Responsibility (CSR) Committee constituted in terms of Section 135 of the Companies Act, 2013, comprises of Mr. Hariharnath Buggana (Independent Director) as Chairman, Mr. G V Prasad and Mr. Saumen Chakraborty as members of the Committee.

The CSR Committee met thrice during the year on May 11, 2020, July 21, 2020, and October 19, 2020.

The Board has accepted all recommendations made by the Corporate Social Responsibility Committee during the year.

The Company's CSR policy indicates the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013. During the year, the Company followed the guidelines of its CSR policy, while pursuing its social initiatives. Based on the recommendation of the CSR committee, the board has adopted a revised CSR policy that provides guiding principles for selection, implementation and monitoring of CSR activities and formulation of the annual action plan.

Details about the CSR policy is also available on Company's website and can be accessed at the weblink: http://www.aurigene.com/about-aurigene-biotech/csr-policy-drug-discovery-process/.

The Annual Report on CSR activities of the Company is attached as **'Annexure - III'** to this report.

Internal Auditor

The Chief Internal Auditor of Dr. Reddy's Laboratories Limited, Holding Company continues to the internal auditor of the Company and conducts the internal audit of various process of the Company. The Audit Committee periodically reviews the findings of the internal audit and monitors implementation of corrective actions suggested. The Board is also briefed on such matters thereafter.

Risk Management

Your Company has developed a risk management framework (commensurate with its size and business objectives) to identify, prioritise and mitigate the risks that could threaten the existence of the Company. As per the Risk Management Policy of the Company, key risks and progress on their mitigation are regularly presented and discussed at the Company's Board meeting.

Adequacy of Internal Financial Controls with reference to Financial Statements

The Company has in place adequate internal financial controls with reference to financial statements. These controls ensure the accuracy and completeness of the accounting records and preparation of reliable financial statements.

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) of the Companies Act, 2013 in Form AOC-2 is attached as **"Annexure IV"**. All such contracts or arrangements are in the interest of the company. The details of related party disclosures form part of the notes to the financial statements provided along with this Annual Report.

Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, M/s. R & A Associates, Company Secretaries, Hyderabad, (Certificate of Practice no. 2820 and Firm Registration no. 590) were appointed to conduct the Secretarial Audit of the Company for FY2021. The Secretarial Audit Report for FY2021 is attached as **"Annexure - V"** to this Report.

Based on the consent received from M/s. R & A Associates, Company Secretaries, Hyderabad and on the recommendations of the Audit Committee, the Board has approved their appointment as the secretarial auditor of the company for FY2022.

Statutory Auditors

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/ E300004) were appointed as statutory auditors of the company at the 15th AGM held on 15 July 2016, for a period of five years commencing from the conclusion of 15th AGM till the conclusion of the 20th AGM, subject to ratification by members every year, as may be applicable. However, the Ministry of Corporate Affairs (MCA) vide its notification dated 7 May 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 auditors by members at every subsequent AGM.

Consequently, M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, complete their first term as the statutory auditors of the company at the conclusion of the 20th AGM of the company.

Pursuant to section 139(2) of the Companies Act, 2013, the company can appoint an auditors firm for a second term of five consecutive years. Accordingly, M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, are proposed to be re-appointed as statutory auditors of the company for a second term of five consecutive years commencing from the conclusion of 20th AGM to be held in the year 2021 till the conclusion of the 25th AGM to be held in the year 2026.

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, have consented to the said re-appointment, and confirmed that their re-appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be re-appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014, as amended from time to time.

The audit committee and the board of directors recommend the re-appointment of M/s. S.R. Batliboi & Associates LLP, Chartered Accountants, as statutory auditors of the Company from the conclusion of the 20th AGM till the conclusion of 25th AGM to the members.

Cost Audit

The Company is not required to maintain cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 and accordingly the accounts and records are not made and maintained.

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 or by the Secretarial Auditor in the Secretarial Audit 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

There was no significant and material orders passed by the Courts/Regulators.

Particulars of Employees

Disclosures pertaining to remuneration and other details as required under section 197(12) of the Companies Act, 2013, read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as "**Annexure VI".**

In terms of section 197(12) of the Companies Act, 2013, read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of limits set out in said rules forms part of the annual report.

Conservation of energy, Technology Absorption, Foreign exchange earnings and outgo

The particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 relating to conservation of energy, research and development, technology absorption is given as under:

(A) Conservation of energy

(i) The steps taken or impact on conservation of energy:
The major energy conservation initiatives taken by the Company during the year are:

a) Installation of energy efficient blowers for Air Conditioning Unit in labs.
b) Descaling of Chiller and replacement of Chiller circulation pump to improve efficiency.
c) Introduced Variable Frequency Drive for Air Handling Unit in GMP lab and Animal house, to reduce power consumption.

(ii) Steps taken by Company for utilizing alternate sources of energy:
The Company has a rooftop solar energy system of 250KW. During the year, 221,103 units were generated from this and used by the Company in its operations.

(iii) The capital investment on energy conservation equipment: Nil

(B) Technology Absorption and Adoption:
No technology was imported by the Company during the year.

(C) Foreign exchange earnings and outgo:
The details of foreign exchange earnings and expenditure are as under:

(Rs. In Lacs)

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Earnings in foreign currency	30,543	26,744
Expenditure in foreign currency	3,278	1,935

Extract of the Annual Return

The annual return of the company, in terms of the provisions of Section 134(3)(a) of the Companies Act, 2013, is available on the company's website - ww.aurigene.com.

Disclosure on Sexual Harassment of Women at Workplace

The Company has an Internal Complaints Committee for providing a redressal mechanism of complaints pertaining to Sexual Harassment of Women at Workplace. There was no case of sexual harassment reported during the year under the review.

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, 2021
Place: Hyderabad

G V Prasad
Director
DIN: 00057433

K Satish Reddy
Director
DIN: 00129701

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

(Amount in Rs.)

Sl. No.	Particulars	Subsidiary 1	Subsidiary 2	Subsidiary 3
1.	Name of the subsidiary	Aurigene Pharmaceutical Services Limited, India	Aurigene Discovery Technologies (Malaysia) SDN BHD	Aurigene Discovery Technologies Inc., USA
2.	Reporting period for the subsidiary concerned	31-03-2021	31-03-2021	31-03-2021
3.	Date of incorporation/acquisition	16-09-2019	26-09-2007	29-04-2002
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Indian Rupee	Malaysian Ringgits (MYR) 17.6325	United States Dollar (USD) 73.11
5.	Share capital	400,500,000	17,632,500	381,268,650
6.	Reserves & surplus	-4,341,451,895	21,788,329	(381,268,650)
7.	Total assets	2,967,591,361	41,089,330	-
8.	Total liabilities	6,908,850,785	1,668,504	-
9.	Investments	-	-	-
10.	Turnover	1,913,920,654	24,310,933	-
11.	Profit/(Loss) before taxation	-179,165,764	3,438,954	(554,827)
12.	Provision for taxation	-620,986,647	145,786	-
13.	Profit/(Loss) after taxation	441,820,883	3,293,168	(554,827)
14.	Proposed dividend	-	-	-
15.	% of shareholding	100%	100%	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: NA

Name of associates/Joint Ventures	NA
1. Latest audited Balance Sheet Date	
2. Shares of Associate/Joint Ventures held by the company on the year end	
No.	
Amount of Investment in Associates/Joint Venture	
Extend of Holding%	
3. Description of how there is significant influence	
4. Reason why the associate/joint venture is not consolidated	
5. Net worth attributable to shareholding as per latest audited Balance Sheet	
6. Profit/Loss for the year	
i. Considered in Consolidation	
ii. Not Considered in Consolidation	

For and on behalf of the Board of Directors

Date: May 11, 2021
Place: Hyderabad

G V Prasad
Director
DIN: 00057433

Satish Reddy
Director
DIN: 00129701

Dr. Muralidhara Ramachandra
Chief Executive Officer

Brijesh Kumar Karnani
Chief Financial Officer

Sudipta V
Company Secretary

ANNEXURE - II

REMUNERATION POLICY

I. CONTEXT

The purpose of this Policy is to guide the Board in regard to:

a) Evaluate the performance of the members of the Board;
b) The remuneration of the Board, Key Managerial Personnel and other employees to reflect short and long term performance objectives; and
c) Overall compensation approach to retain and attract talent.

II. DEFINITIONS

"Board" means Board of Directors of the Company.

"Committee" means Nomination and Remuneration Committee of the Company as constituted or reconstituted by the Board, from time to time.

"Company" means Aurigene Discovery Technologies Limited.

"Director" means Directors of the Company.

"Employee" means any person, including officers who are in the permanent employment of the Company.

"Independent Director" shall mean a director referred to in Section 149 (6) of the Companies Act, 2013.

"Key Managerial Personnel" is as defined under the Companies Act, 2013 and means

a) the Chief Executive Officer or the Managing Director or the Manager [having ultimate controls over affairs of the company];
b) the Company Secretary;
c) the Whole-Time Director;
d) the Chief Financial Officer; and
e) such other officer as may be prescribed under the applicable statutory provisions/regulations from time to time.

"Senior Management" means personnel of the Company who are members of its core management team excluding Board of Directors. This would include all members of management one level below the executive directors, including all the functional heads.

III. APPLICABILITY

This policy is applicable to the following:

• Directors (Non-Executive and Independent)
• Key Managerial Personnel (KMPs)
• Senior Management Personnel
• Other Employees

IV. EVALUATION OF DIRECTORS

The Committee shall carry out performance evaluation of every Director annually, on such parameters as it may deem fit.

V. REMUNERATION OF DIRECTORS, KMPs AND OTHER EMPLOYEES

The Committee shall recommend to the Board for their approval, any remuneration to be paid the Directors. The Committee will separately review and approve the remuneration to be paid to KMPs.

The key principles for each of the positions are outlined below:

Directors -The Directors shall receive remuneration by way of sitting fees and reimbursement of expenses for attending meetings of Board or Committee thereof. In addition, the Directors shall be eligible to receive profit related commission, as may be approved by the shareholders of the Company. Independent Directors shall not be entitled to any stock options.

KMPs/Senior Management Personnel/Other Employees – The Remuneration to be paid to KMPs/Senior Management Personnel/Other Employees shall be based on the experience, qualification and expertise of the talent. The compensation will be the balance of fixed pay, variable pay and/or Performance Based Incentive Plans.

The Company may periodically review the compensation and benefits at all levels to ensure that the company remains competitive and is able to attract and retain desirable talent. The Committee may review the overall compensation approach for employees and suggest changes, if required.

VI. CONFIDENTIALITY

The members of the Nomination and Remuneration Committee may not disclose, in particular, the information contained in the confidential reports they receive or the contents of confidential discussions.

They shall also ensure that any employees appointed to support them likewise comply with this rule.

VII. REVIEW

This policy will be reviewed at appropriate time, as decided by the Committee. The utility and interpretation of this policy will be at the sole discretion of the Committee.

For and on behalf of the Board of Directors

Date: May 11, 2021	**G V Prasad**	**Satish Reddy**
Place: Hyderabad	**Director**	**Director**
	DIN: 00057433	**DIN: 00129701**

ANNEXURE III

Annual Report on Corporate Social Responsibility (CSR)

1. Brief outline on CSR Policy of the Company.

   The CSR Policy as approved by the Board of Directors of the Company can be viewed at http://www.aurigene.com/about-aurigene-biotech/csr-policy-drug-discovery-process/

2. Composition of the CSR Committee.

Sl. No.	Name of Director	Designation / Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1	Mr. Hariharnath Buggana	Chairman, Independent Director	3	3
2	Mr. G V Prasad	Member	3	3
3	Mr. Saumen Chakraborty	Member	3	3

3. The above web-link can be traced for Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable (attach the report).

   Not applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any – check for passing of resolution for carry forward if any

Sl. No.	Financial Year	Amount available for set-off from preceding financial years (in Rs)	Amount required to be set-off for the financial year, if any (in Rs)
Nil			

6. Average net profit of the company as per section 135(5). Rs. 7,161 Lakhs

7. (a) Two percent of average net profit of the company as per section 135(5) – Rs.143.21 Lakhs

   (b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years. - Nil

(c) Amount required to be set off for the financial year, if any - Nil

(d) Total CSR obligation for the financial year (7a+7b-7c). Rs. 143.21 Lakhs

8. (a) CSR amount spent or unspent for the financial year:

Total Amount Spent for the Financial Year. (in Rs.)	**Amount Unspent (in Rs.)**				
	Total Amount transferred to Unspent CSR Account as per section 135(6).		**Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5).**		
	Amount.	**Date of transfer.**	**Name of the Fund**	**Amount.**	**Date of transfer.**
157.73 Lakhs	N.A	N.A	N.A	N.A	N.A

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	**(2)**	**(3)**	**(4)**	**(5)**		**(6)**	**(7)**	**(8)**	**(9)**	**(10)**	**(11)**	
Sl. No.	**Name of the Project.**	**Item from the list of activities in Schedule VII to the Act.**	**Local area (Yes/No).**	**Location of the project.**		**Project duration.**	**Amount allocated for the project (in Rs.).**	**Amount spent in the current financial Year (in Rs.).**	**Amount transferred to Unspent CSR Account for the project as per Section 135(6) (in Rs.).**	**Mode of Implementation - Direct (Yes/No).**	**Mode of Implementation - Through Implementing Agency**	
				State.	**District.**						**Name**	**CSR Registration number.**
Nil												

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(Amount in Lakhs)

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	**Name of the Project**	**Item from the list of activities in schedule VII to the Act.**	**Local area (Yes/ No).**	**Location of the project.**		**Amount spent for the project (in Rs.).**	**Mode of implementation - Direct (Yes/No).**	**Mode of implementation - Through implementing agency.**	
				State.	**District.**			**Name.**	**CSR registration number.**
1.	Distribution of 80 Samsung Smartphone Tablets to Students for Online Class	Improving the quality of education	Yes	Karnataka-Bangalore		10	No	Shree Ananthnagar Vidyaniketan School	NA
2.	Distribution of Ration & PPE Kits	Improving healthcare	Yes	Karnataka-Bangalore		5.01	No	ELCIA Trust	NA
3.	Purchase of Ambulance for Electronic City & Surrounding Area	Improving healthcare	Yes	Karnataka-Bangalore		9	No	ELCIA Trust	NA
4	Distribution of Samsung Smart Phones M01 to students for Online Education	Improving the quality of education	Yes	Karnataka-Bangalore		5.45	No	ELCIA Trust	NA
5	Mobile Health Unit services for tribal area for a period of 20 Weeks	Improving healthcare	Yes	Karnataka-Mysore		10	No	Swami Vivekananda Youth Movement	NA
6	COVID kit distribution to Police Department at Bangalore	Improving healthcare	Yes	Karnataka-Bangalore		5	No	Youth for Seva	NA
7	Extending scholarship to students under Vidyachetana scholarship program	Improving the quality of education	Yes	Karnataka-Bangalore		12.04	No	Youth for Seva	NA

8	National Bio Entrepreneurship Competition	Social Initiative	Yes	Karnataka-Bangalore	5	No	Centre for Cellular and Molecular	NA
9	Construction of Class Rooms	Improving the quality of education	No	Chikmagaluru, Karnataka	40	No	Sri Sadguru Vidya Samithi	NA
10	Extending Scholarship to school Students	Improving the quality of education	No	Tamilnadu, Chennai	1	No	Sri Pratyaksha Charitable Trust	NA
11	Providing an instrument for the lab	Improving healthcare	Yes	Karnataka-Bangalore	1.23	Yes	Kempegowda Institute of Medical Sciences, Bangalore	NA
12	Extending scholarship to economically weaker students to pursue education	Improving the quality of education	No	Telangana, Hyderabad	54	No	Dr. Reddy's Foundation	NA
	Total				**157.73**			

(d) Amount spent in Administrative Overheads - Nil

(e) Amount spent on Impact Assessment, if applicable - NA

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) – Rs. 157.73 Lakhs

(g) Excess amount for set off, if any

Sl. No.	**Particular**	**Amount (Rs. in lakhs)**
(i)	Two percent of average net profit of the company as per section 135(5)	143.21
(ii)	Total amount spent for the Financial Year	157.73
(iii)	Excess amount spent for the financial year [(ii)-(i)]	14.52
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Nil
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	14.52

(a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.).	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the Fund	Amount (in Rs).	Date of transfer.	
Nil							

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in Rs.).	Amount spent on the project in the reporting Financial Year (in Rs).	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed /Ongoing.
Nil								

9. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year - NA
(asset-wise details).
(a) Date of creation or acquisition of the capital asset(s).
(b) Amount of CSR spent for creation or acquisition of capital asset.
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).

10. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5).

Mr. Muralidhara Ramachandra **Chief Executive Officer**	**Mr. Hariharnath Bugganna** **Chairman CSR Committee**

Annexure- IV

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	Aurigene Pharmaceutical Services Limited, wholly owned subsidiary
(b)	Nature of contracts/arrangements/transactions	Slump sale of pharmaceutical services business
(c)	Duration of the contracts/arrangements/ transactions	One time
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Slump sale of 'Pharmaceuticals services division' of the Company for an amount of Rs. 48.29 crores effective June 1, 2020.
(e)	Justification for entering into such contracts or arrangements or transactions	The Company's big pharma customers have shared their concerns about the Company doing its own Discovery work leading to potential confidentiality concerns. Considering customer expectations and the potential future growth prospects, the restructuring of Aurigene is contemplated for slump sale of the Company's Pharmaceutical Services division, to ensure independence of both the line of activities.
(f)	Date(s) of approval by the Board	8 July 2019
(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	30 July 2019

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	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)	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, 2021
Place: Hyderabad

G V Prasad
Director
DIN: 00057433

Satish Reddy
Director
DIN: 00129701

Hyderabad I Gurgaon I Chennai I Mumbai I Amaravati

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FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To
The Members
AURIGENE DISCOVERY TECHNOLOGIES LIMITED
39/49(P), Kiadb Industrial Area, Electronics City, Phase II
Bangalore – 560100 Karnataka, India.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. Aurigene Discovery Technologies Limited** (herein after called the "Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2021 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by Company for the financial year ended on March 31, 2021 according to the provisions of:

i. The Companies Act, 2013 (the Act) and the rules made thereunder;
ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under (Not applicable to the Company during the Audit Period);
iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder (Not applicable to the Company during the Audit Period);
iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

RAGHU BABU
GUNTURU

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v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011(Not applicable to the Company during the Audit Period);
   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (Not applicable to the Company during the Audit Period);
   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (Not applicable to the Company during the Audit Period);
   d) The Securities and Exchange Board of India (Shared Based Employee Benefits)Regulations 2014 (Not applicable to the Company during the Audit Period);
   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the Audit Period);
   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client (Not applicable to the Company during the Audit Period);
   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(Not applicable to the Company during the Audit Period); and
   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (Not applicable to the Company during the Audit Period).

vi. We further report that the Company is engaged into research and development activity, drug discovery, development activities and licensing arrangements, as such there are no specific industry laws which are applicable to the Company.

We have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India;
ii. The Listing Agreements entered into by the Company with Stock Exchanges **(Not applicable to the Company during the Audit Period)**.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

RAGHU BABU GUNTURU

Digitally signed by RAGHU BABU GUNTURU

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Adequate notice is given to all the Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleast seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions at Board Meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors and Committee of the Board, as the case may be.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the Audit period the Company has no specific events/actions having a major bearing on the Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines and standards etc.

For R & A Associates

RAGHU BABU GUNTURU

G. Raghu Babu
Partner
FCS No: 4448, **CP No.** 2820
UDIN: F004448C000279316

Date: 11th May, 2021
Place: Hyderabad

[This report is to be read with our letter of even date, which is annexed as "Annexure – A" and forms an integral part of this report.]

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"Annexure – A"

To
The Members
AURIGENE DISCOVERY TECHNOLOGIES LIMITED,
39/49(P), Kiadb Industrial Area, Electronics City, Phase II
Bangalore – 560100 Karnataka, India.

Our report of even date is to be read along with this letter:

1. Maintenance of secretarial records is the responsibility of the management of M/s. Aurigene Discovery Technologies Limited ("the Company"). Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For R & A Associates

RAGHU
BABU
GUNTURU

G. Raghu Babu
Partner
FCS No: 4448, **CP No**. 2820

Date: 11th May, 2021
Place: Hyderabad

Annexure VI

Statement of Particulars of Remuneration of top 10 employees in terms of remuneration and Employees (Employed for full year) in receipt of Remuneration in Excess of 1.02 Crores lakhs per annum / Employed for part of the financial Year and drawing remuneraion of Rs. 8.5 Lakhs per month during FY2021

(Pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

Sl No.	Name of the Employee	Age	Designation	Percentage of Equity Shares held	Whether employee is relative of any director or manager	Gross Remuneration (in Rs. In lacs)	Qualification	Experience in Years	Date of Commencement of Employment	Particulars of Last Employment
1	Murali Ramachandra	60	CEO	0	No	342.33	PhD	32	February 14, 2005	Schering Plough Corporation, USA
2	Susanta Samajdar	50	Sr. Vice President - Drug Discovery	0	No	182.66	PhD	21	March 5, 2012	Jubilant Biosys
3	Sanjeev Giri	42	Vice President - Early Development	0	No	111.78	PhD	18	March 10, 2014	Jubilant Biosys
4	Veerendra Patil	43	Sr. Director - HR	0	No	84.59	MBA	17	February 18, 2011	GMR Energy Ltd.
5	Brijesh Kumar Karnani	41	Vice President - Finance	0	No	70.55	CA	17	February 19, 2020	Dr. Reddy's Laboratories Ltd
6	Subir Dubey	48	Vice President - Business Development	0	No	64.51	Executive Masters in International	26	November 05, 2019	Laxai Life Sciences Private Limited
7	Shekar Chelur	48	Sr. Director - Toxicology	0	No	63.30	M.Sc	22	February 18, 2004	Zydus Cadila
8	Thomas Antony	56	Director - Biochemistry	0	No	53.00	PhD	25	August 12, 2002	Department of Env. & Commun. Medicine USA and Germany
9	Kavitha Nellore	46	Director - Cell and Molecular Biology	0	No	49.27	PhD	17	November 15, 2004	The Pennsylvania State Univ
10	Dinesh Chikkanna	49	Director - Medicinal Chemistry	0	No	38.43	PhD	18	February 1, 2007	GVK Biosciences Pvt Ltd

Notes:

1) All the above employments are non-contractual.

2) None of the above employees are related to any Director or manager of the Company.

3) None of the above employees, by himself/herself or along with his/her spouse and dependent children holds 2% or more of the equity shares of the Company.

For and on behalf of the Board

Date: May 11, 2021
Place: Hyderabad

G V Prasad
Director
DIN: 00057433

Satish Reddy
Director
DIN: 00129701

AURIGENE
Accelerating Discovery

Aurigene Discovery Technologies Limited
39-40, KIADB Industrial Area, Electronic City Phase II, Hosur Road, Bangalore 560 100, India
Phone : +91 80 7102 5444 Fax : +91 80 2852 6285
E mail : info@aurigene.com Web : www.aurigene.com
CIN : U24239KA2001PLC029391

NOTICE

Notice is hereby given that the 20th Annual General Meeting of the shareholders of the Company will be held on Friday, July 16, 2021 at 11.00 a.m. (IST) at the Dr. Reddy's Corporate Office situated at 8-2-337, Road No.3, Banjara Hills, Hyderabad – 500034 to transact the following businesses:

ORDINARY BUSINESSES:

1. To consider and adopt the Audited Financial Statements of the Company for the financial year ended March 31, 2021 and the Reports of the Board of Directors and the Auditors thereon.

2. To appoint a Director in place of Mr. K. Satish Reddy (DIN: 00129701), who retires by rotation, and being eligible, seeks re-appointment.

3. To re-appoint the Statutory Auditors, M/s. S.R. Batliboi & Associates LLP., Chartered Accountants (Firm's Registration No. 101049W/E300004) and fix their remuneration.

   To consider and, if thought fit, to pass with or without modification, the following resolution as an Ordinary Resolution:

   "**RESOLVED THAT** pursuant to the provisions of Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, as may be applicable, M/s. S.R. Batliboi & Associates LLP., Chartered Accountants (Firm Registration No. 101049W/E300004), who have offered themselves for re-appointment and have confirmed their eligibility in terms of the provisions of Section 141 of the Companies Act, 2013, and Rule 4 of the Companies (Audit and Auditors) Rules, 2014, be and are hereby re-appointed as statutory auditors of the Company to hold office from the conclusion of the 20th Annual General Meeting (AGM) till the conclusion of the 25th AGM at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company."

NOTES:

1. The statement pursuant to Secretarial Standard on General Meetings (SS-2), wherever applicable, is annexed hereto.

2. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument of proxy in order to be effective, must be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the meeting.**

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company, at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.

5. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

6. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

7. In terms of the requirements of the Secretarial Standards -2 on "General Meetings" issued by the Institute of the Company Secretaries of India and approved & notified by the Central Government, Route Map for the location of the aforesaid meeting is enclosed.

8. In accordance with General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 202, General Circular No. 20/2020 dated May 5, 2020 and General Circular no. 02/2021 dated 13 January 2021issued by the Ministry of Corporate Affairs, the members may contact the Company if they wish to attend this Annual General Meeting through video conference. The Company will accordingly make the relevant arrangements.

Date: May 11, 2021
Place: Hyderabad

By order of the Board of Directors

Regd. Office:
39-40(P), KIADB Industrial Area, Electronic City,
Phase II, Hosur Road, Banglore -560 100, India

Sudipta V
Company Secretary
Membership No: A23013

ANNEXURE TO NOTICE OF AGM

ITEM NO. 2

Statement provided under Secretarial Standards on General Meetings (SS-2).

Mr. Satish Reddy (aged 54 years) is the Chairman of Dr. Reddy's Laboratories Limited (Dr. Reddy's), the holding Company of Aurigene Discovery Technologies Limited. He graduated in Chemical Engineering from Osmania University, India, in 1988 and went on to receive an M.S. in Medical Chemistry from Purdue University, USA, in 1990.

He is also a Director on the Boards of: Dr. Reddy's Laboratories Limited, Araku Originals Private Limited, Greenpark Hotels and Resorts Limited, Stamlo Industries Limited, Dr. Reddy's Holdings Limited, Araku Originals Limited, Cipro Estates Private Limited, KAR Therapeutics & Estates Private Limited, Quin Estates Private Limited, Satish Reddy Estates Private Limited, Dr. Reddy's Trust Services Private Limited, Dr. Reddy's Institute of Life Sciences, and Dr. Reddy's Bio-Sciences Limited , a wholly owned subsidiary of Dr. Reddy's Laboratories Limited (Holding Company). He is also a Director on the Boards of Dr. Reddy's Laboratories (UK) Limited, Reddy Netherlands B.V., Aurigene Discovery Technologies Inc., USA, Dr. Reddy's Laboratories Louisiana LLC, Dr. Reddy's New Zealand Limited, Lacock Holdings Ltd (Lacock), Cyprus, KAR Holdings (Singapore) Private Limited, Singapore, and KARUES Therapeutics (Singapore) Private Limited, Singapore. He is also a Trustee in APS Trust, Dr. Reddy's Foundation, and Naandi Foundation.

The Company has received intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014, from Mr. Reddy to the effect that he is not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013.

He is also a Chairman of Banking and Authorisations committee and member of Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of Dr. Reddy's Laboratories Limited (Holding Company).

He has attended all the five meetings of the Board held during the financial year 2020-21.

Mr. Satish Reddy holds one equity share in the Company as a nominee shareholder of Dr. Reddy's Laboratories Limited (Holding Company).

None of the Directors/ Key Managerial Personnel of the Company and their relatives other than Mr. Satish Reddy and his relatives are concerned or interested the resolution as set out in item no. 2.

The Board recommends the resolution set forth in item no. 2 of the notice for approval of the members.

ITEM NO: 3

The shareholders at the 15th Annual General Meeting held in 15 July 2016, approved the appointment of M/s. S.R. Batliboi & Associates LLP., Chartered Accountants (Firm's Registration No. 101049W/E300004), as Statutory Auditors of the Company, to hold office from the conclusion of 15th AGM till the conclusion of the 20th AGM, subject to ratification by members every year, as may be applicable. in terms of Section 139, 142 and other applicable provisions of the Companies Act, 2013 and the rules made thereunder. Accordingly, the Statutory Auditors complete their first term at the ensuing AGM of the Company.

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants are proposed to be re-appointed as statutory auditors of the Company for a second term of five consecutive years commencing from the conclusion of 20th AGM till the conclusion of the 25th AGM at such remuneration and out of pocket expenses, as may be decided by the Board of Directors of the Company.

Further, M/s. S.R. Batliboi & Associates LLP, Chartered Accountants have consented to the said appointment and confirmed that their appointment if made, would be within the limits specified under Section 141(3)(g) of the Act. They have further confirmed that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

None of the Directors/ Key Managerial Personnel of the Company and their relatives are concerned or interested the resolution as set out in item no. 3.

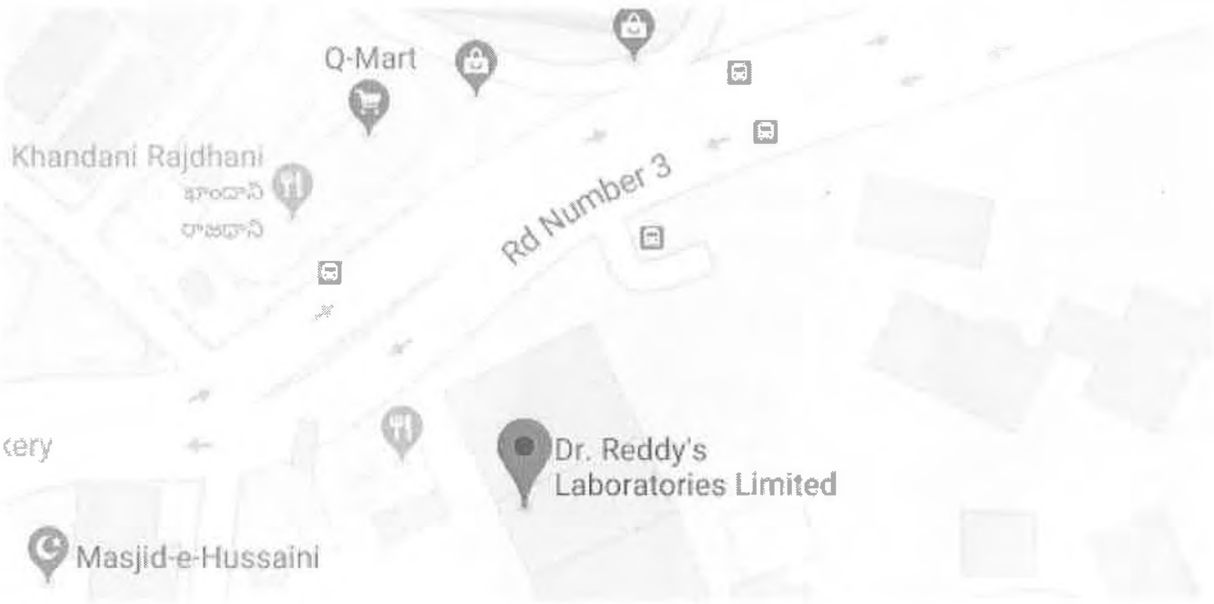
The Board recommends the resolution set forth in item no. 3 for approval of the members.

Date: May 11, 2021
Place: Hyderabad

By order of the Board of Directors

Regd. Office:
39-40(P), KIADB Industrial Area, Electronic City,
Phase II, Hosur Road, Banglore -560 100, India

Sudipta V
Company Secretary
Membership No: A23013



S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru - 560 001, India
Tel : +91 80 6648 9000

INDEPENDENT AUDITOR'S REPORT

To the Members of Aurigene Discovery Technologies Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Aurigene Discovery Technologies Limited ("the Company"), which comprise the Balance sheet as at March 31, 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the standalone 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 financial statements give the information required by the Companies Act, 2013, as amended ("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, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing (SAs), as specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Standalone 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 standalone financial statements under the provisions of the Act 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 audit opinion on the standalone financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors report but does not include the standalone financial statements and our auditor's report thereon.

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

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the standalone 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.

S.R. Batliboi & Associates LLP Bengaluru

Responsibility of those charged with governance for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone 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 standalone 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

S.R. Batliboi & Associates LLP
Bengaluru

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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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.

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 of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

S.R. Batliboi & Associates LLP
Bengaluru

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

(f) With respect to the adequacy of the internal financial controls with reference to these standalone financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

(h) 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, as amended in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 24 to the standalone financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Jaluka
Partner
Membership Number: 063251

UDIN: 21063251AAAAAJ9751
Place of Signature: Bengaluru
Date: May 11, 2021

S.R. Batliboi & Associates LLP
Bengaluru

Annexure 1 to the Independent Auditor's Report of even date on the standalone Financial Statements of Aurigene Discovery Technologies Limited

Re: Aurigene Discovery Technologies Limited ("the Company")

i) a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

c) According to the information and explanations given by the management and audit procedures performed by us, the title deeds of immovable properties included in property, plant and equipment are held in the name of the Company.

ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. There was no inventory lying with third parties.

iii) a) The Company has granted loan to one subsidiary covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). In our opinion and according to the information and explanations given to us, the terms and conditions of the grant of such loan is not prejudicial to the Company's interest.

b) The Company has granted loan to a subsidiary covered in the register maintained under section 189 of the Act. The schedule of repayment of principal and payment of interest has been stipulated for the loans granted and the receipts of interest is regular. Principle is not due for repayment as at year end.

c) There are no amounts of loans granted to companies, firms or other parties listed in the register maintained under section 189 of the Act which are overdue for more than ninety days.

iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Act in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under Section 148(1) of the Act, for the products/services of the Company.

vii) a) Undisputed statutory dues including provident fund, income-tax, duty of customs, goods and service tax, cess and other statutory dues have generally been regularly

S.R. Batliboi & Associates LLP Bengaluru

deposited with the appropriate authorities though there has been a slight delay in a few cases of provident fund and income-tax dues. The provisions relating to employees' state insurance are not applicable to the Company.

b) According to the information and explanations given to us and audit procedures performed by us, no undisputed amounts payable in respect of provident fund, income-tax, duty of customs, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of the dues	Amount of demand (Rs in lakhs)	Amount paid under protest (Rs in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income tax	1,113	194.32	AY 2013 -18	Commissioner of Income Tax (Appeals)-1, Bangalore
Finance Act, 1994	Service tax	57.94	4.35	FY 2003-04	CESTAT, Bangalore
Karnataka Value Added Tax Act, 2003	VAT	7.53	-	AY 2015-16	Commissioner of Commercial Taxes Karnataka

Viii) The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or to government or dues to debenture holders during the year.

ix) According to the information and explanations given by the management and audit procedures performed by us, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.

x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the standalone financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid / provided in

S.R. Batliboi & Associates LLP Bengaluru

accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

xiii) According to the information and explanations given by the management and audit procedures performed by us, transactions with the related parties are in compliance with section 177 and 188 of Act where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.

xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

xv) According to the information and explanations given by the management and audit procedures performed by us, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Act.

xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Jaluka
Partner
Membership Number: 063251

S.R. Batliboi & Associates LLP Bengaluru

UDIN: 21063251AAAAAJ9751
Place of Signature: Bengaluru
Date: May 11, 2021

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AURIGENE DISCOVERY TECHNOLOGIES LIMITED LIMTED

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 with reference to standalone financial statements of Aurigene Discovery Technologies Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone 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 ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these standalone financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these standalone financial statements 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 with reference to these standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone financial statements included obtaining an understanding of internal financial controls with reference to these standalone financial statements, 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 standalone 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 with reference to these standalone financial statements.

S.R. Batliboi & Associates LLP Bengaluru

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

Meaning of Internal Financial Controls With Reference to these Standalone Financial Statements

A company's internal financial controls with reference to standalone financial statements 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 controls with reference to standalone financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Standalone Financial Statements

Because of the inherent limitations of internal financial controls with reference to standalone financial statements, 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 with reference to standalone financial statements to future periods are subject to the risk that the internal financial control with reference to standalone financial statements 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, adequate internal financial controls with reference to standalone financial statements and such internal financial controls with reference to standalone financial statements were operating effectively as at March 31, 2021, 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 issued by the ICAI.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Amit Jaluka
Partner
Membership Number: 063251

S.R. Batliboi & Associates LLP Bengaluru

UDIN: 21063251AAAAAJ9751
Place of Signature: Bengaluru
Date: May 11, 2021

Aurigene Discovery Technologies Limited
Standalone Balance Sheet as at March 31, 2021
All amounts in Indian Rupees lacs, except share data and where otherwise stated

Particulars	**Note**	**As at March 31, 2021**	**As at March 31, 2020**
Assets			
Non-current assets			
Property, plant and equipment	3	5,758	6,518
Capital work in progress		171	477
Financial assets			
Investments	4	49,395	3,072
Other financial assets	5	16,060	46
Current tax assets (net)		240	192
Other assets	6	121	256
		71,745	**10,561**
Current assets			
Inventories	7	97	143
Financial assets			
Investments	4	7,222	21,335
Trade receivables	8	697	5,080
Cash and bank balances			
a) Cash and Cash equivalents	9(a)	897	826
b) Other bank balances	9(b)	2,375	170
Other financial assets	5	1,396	121
Other assets	6	1,780	1,399
		14,464	**29,074**
Total assets		**86,209**	**39,635**
Equity and liabilities			
Equity			
Equity share capital	10	9,054	9,054
Other equity			
Share premium		288	288
General reserve		321	321
Capital redemption reserve		1,475	1,475
Capital reserve		18	18
Retained earnings		33,699	21,192
Other reserves		15,316	(24,088)
Total equity		**60,171**	**8,260**
Non-current liabilities			
Deferred tax liabilities (net)	34	2,776	46
Other liabilities	11	10,639	16,559
		13,415	**16,605**
Current liabilities			
Financial Liabilities			
Trade payables			
total outstanding dues of micro enterprises and small enterprises	12	19	5
total outstanding dues of creditors other than micro enterprises and small enterprises		1,901	1,182
Other financial liabilities	13	190	645
Other liabilities	11	10,117	12,529
Provisions	14	283	338
Current tax liabilities (net)		113	71
		12,623	**14,770**
Total liabilities		**26,038**	**31,375**
Total equity and liabilities		**86,209**	**39,635**
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

For and on behalf of the Board of Directors of
Aurigene Discovery Technologies Limited

Amit Jaluka
Partner
Membership no.: 063251

Place: Bangalore
Date : May 11, 2021

G.V. Prasad
Director: 00057433

Place: Hyderabad
Date : May 11, 2021

Satish Reddy
Director: 00129701

Place: Hyderabad
Date : May 11, 2021

Muralidhara Ramachandra
Chief Executive Officer

Place: Bangalore
Date : May 11, 2021

Brijesh Kumar Karnani
Chief Financial Officer

Place: Hyderabad
Date : May 11, 2021

Sudipta V
Company Secretary M.No: A23013

Place: Hyderabad
Date : May 11, 2021

Aurigene Discovery Technologies Limited
Standalone Statement of profit and loss for the year ended March 31, 2021
All amounts in Indian Rupees lacs, except share data and where otherwise stated

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from contracts with customers	15	30,617	28,005
Other operating income		3	3
Other income	16	438	303
Finance income	17	1,259	865
Total income		**32,317**	**29,176**
Expenses			
Employee benefits expense	18	5,131	7,220
Depreciation and amortization expense	3	840	1,101
Other expenses	19	9,616	8,684
Finance costs	20	-	3
Total expense		**15,587**	**17,008**
Profit before tax		**16,730**	**12,168**
(1) Current tax	34	4,404	3,080
(2) Adjustment of tax relating to earlier periods	34	23	17
(3) Deferred tax	34	(204)	(43)
Income tax expense		**4,223**	**3,054**
Profit for the year		**12,507**	**9,114**
Other comprehensive income			
Items that are not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains/ (losses) on defined benefit plans	29	16	52
Income tax effect		(4)	(0)
		12	**52**
Net gain/ (loss) on fair values through other comprehensive income for equity shares		42,323	(4,611)
Income tax effect		(2,931)	-
		39,392	**(4,611)**
Other comprehensive income for the year, net of tax		**39,404**	**(4,559)**
Total comprehensive income for the year, net of tax		**51,911**	**4,555**
Earnings per share			
Basic, computed on the basis of profit from operations attributable to equity shareholders	32	13.81	10.07
Diluted, computed on the basis of profit from operations attributable to equity shareholders	32	13.81	10.07
Summary of significant accounting policies	2.1		
The accompanying notes are an integral part of the financial statements.			

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Amit Jaluka
Partner
Membership no.: 063251

Place: Bangalore
Date : May 11, 2021

For and on behalf of the Board of Directors of
Aurigene Discovery Technologies Limited

G.V. Prasad
Director: 00057433

Place: Hyderabad
Date : May 11, 2021

Satish Reddy
Director: 00129701

Place: Hyderabad
Date : May 11, 2021

Muralidhara Ramachandra
Chief Executive Officer

Place: Bangalore
Date : May 11, 2021

Brijesh Kumar Karnani
Chief Financial Officer

Place: Hyderabad
Date : May 11, 2021

Sudipta V
Company Secretary M.No: A23013

Place: Hyderabad
Date : May 11, 2021

Aurigene Discovery Technologies Limited
Standalone Statement of changes in equity for the year ended March 31, 2021
All amounts in Indian Rupees lacs, except share data and where otherwise stated

Particulars	Equity share capital	Reserves and Surplus					Items of OCI (other reserves)		Total equity
		Share premium (1)	General Reserve (2)	Capital redemption reserve (3)	Capital reserve (4)	Retained earnings	Equity instruments through OCI	Actuarial gains/ (losses)	
As at April 1, 2019	**9,054**	**288**	**321**	**1,475**	**18**	**12,078**	**(19,464)**	**(65)**	**3,705**
Profit for the year	-	-	-	-	-	9,114	-	-	9,114
Remeasurement of net defined benefit liability, net of tax	-	-	-	-	-	-	-	52	52
Equity instruments through OCI, net of tax	-	-	-	-	-	-	(4,611)	-	(4,611)
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**9,114**	**(4,611)**	**52**	**4,555**
As at March 31, 2020	**9,054**	**288**	**321**	**1,475**	**18**	**21,192**	**(24,075)**	**(13)**	**8,260**
Profit for the year	-	-	-	-	-	12,507	-	-	12,507
Remeasurement of net defined benefit liability, net of tax	-	-	-	-	-	-	-	12	12
Equity instruments through OCI, net of tax	-	-	-	-	-	-	39,392	-	39,392
Total comprehensive income	**-**	**-**	**-**	**-**	**-**	**12,507**	**39,392**	**12**	**51,911**
As at March 31, 2021	**9,054**	**288**	**321**	**1,475**	**18**	**33,699**	**15,317**	**(1)**	**60,171**

(1). Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of Section 52 of the Companies Act, 2013.

(2). The general reserve is a free reserve which is used from time to time to transfer profi ts from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassifi ed subsequently to statement of profit and loss.

(3). As per Companies Act, 2013, capital redemption reserve is created when company purchases its own shares out of free reserves or securities premium. A sum equal to the nominal value of the shares so purchased is transferred to capital redemption reserve. The reserve is utilised in accordance with the provisions of Section 69 of the Companies Act, 2013.

(4). The Company recognises profit or loss on purchase, sale, issue or cancellation of the Company's own equity instruments to capital reserve.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Amit Jaluka
Partner
Membership no.: 063251

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Sudipta V
Company Secretary M.No: A23013

Place: Hyderabad
Date : May 11, 2021

Aurigene Discovery Technologies Limited
Standalone Cash flow statement for the year ended March 31, 2021
All amounts in Indian Rupees lacs, except share data and where otherwise stated

Particulars	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Cash flows from operating activities			
Profit before tax		16,730	12,168
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation on property, plant and equipment		840	1,101
Unrealised foreign currency (gain)/ loss		32	(47)
Loss on disposal of property, plant and equipment		1	19
Finance income (including fair value changes)		(1,259)	(865)
Finance expense (including fair value changes)		-	3
Operating cash flow before working capital changes		**16,344**	**12,379**
Working capital adjustments:			
(Increase) / decrease in inventories		47	(34)
(Increase) / decrease in trade receivables and unbilled revenue		3,409	(1,976)
(Increase) / decrease in financial assets and other assets		(666)	(148)
Increase / (decrease) in trade payables		743	1
Increase / (decrease) in other liabilities		(8,332)	6,907
Increase / (decrease) in provisions		(40)	(408)
		11,505	**16,721**
Income tax paid (net)		(4,433)	(3,016)
Net cash flows generated by/ (used in) operating activities (A)		**7,072**	**13,705**
Cash flows from investing activities			
Proceeds from sale of property, plant and equipment		1,785	6
Purchase of property, plant and equipment		(1,895)	(861)
Purchase of mutual funds		(17,350)	(29,695)
Proceeds from sale of mutual funds		31,744	17,448
Interest income received		920	11
Investment in term deposits having original maturity of more than 3 months		(2,205)	-
Investment made in subsidiary		(4,000)	(5)
Loan given to subsidiary		(16,000)	-
Net cash flows generated by/ (used in) investing activities (B)		**(7,001)**	**(13,096)**
Net increase in cash and cash equivalents (A+B)		**71**	**609**
Net foreign exchange difference		0	1
Cash and cash equivalents at the beginning of the year		826	216
Cash and cash equivalents at year end	9(a)	**897**	**826**

Summary of significant accounting policies 2.1
The accompanying notes are an integral part of the financial statements.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Amit Jaluka
Partner
Membership no.: 063251

Place: Bangalore
Date : May 11, 2021

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Sudipta V
Company Secretary M.No: A23013

Place: Hyderabad
Date : May 11, 2021

1. Corporate information

Aurigene Discovery Technologies Limited ('Aurigene' or 'the Company') was incorporated as a Private Limited Company on August 10, 2001. Subsequently, on November 13, 2001, the Company was converted into a Public Limited Company. The Company is promoted by Dr. Reddy's Laboratories Limited ('DRL') and is a wholly owned subsidiary of DRL. The main business activity of the Company is to undertake research relating to drug discovery for its customers, long term collaboration with customers for drug discovery and licensing of intellectual property rights. The Company commenced its commercial operations from April 1, 2003.

The Standalone financial statements are approved for issue by the Company's Board of Directors on May 11, 2021.

2. Significant accounting policies

2.1. Basis of preparation of Standalone financial statements

These Standalone financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values and the provisions of the Companies Act, 2013 (`Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 as amended.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Refer 2.3 below for implementation of new accounting pronouncements.

The Standalone financial statements are presented in Indian rupees, which is the functional currency of the Company, and all values are rounded to the nearest lacs (INR 00,000), except when otherwise indicated. '0' in the Standalone financial statements represents rounding off of number whereas '-' represents absolute number as nil.

Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

2.2. Use of estimate

The preparation of the standalone financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the Standalone financial statements and reported amounts of revenues and expenses during the year. Application of accounting policies that require critical accounting estimates involving complex and subjective judgments and use of assumptions in these Standalone financial statements have been disclosed in note 43.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the Standalone financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the standalone financial statement.

2.3. New Standards adopted by the Company.

a. Ind AS 116, "Leases"

On March 30,2019, the Ministry of Corporate Affairs (MCA) notified Ind AS 116, Leases as part of the Companies (Indian Accounting Standards (Ind AS)) Amendment Rules, 2019. Ind AS 116 replaces existing standard on leases i.e. Ind AS 17, Leases with effect from accounting periods beginning on or after April 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.

Upon adoption of the new standard, a portion of the annual operating lease costs, which was previously fully recognized as a rental / lease 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.

Impact of the implementation of Ind AS 116 on the Company:

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 statements 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 Ind AS 17, "Leases" and the contracts assessed using the guidance available under Appendix – C to Ind AS 17, "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").

As all the leases have a term of less than 12 months for the Company, there is no impact of the new accounting standard on the Company on April 1, 2019.

Adoption of the new standard had no impact upon leases for which the Company is a lessor.

b. Appendix C, Uncertainty over Income Tax Treatments, to Ind AS 12, Income Taxes

On March 30, 2019, the Ministry of Corporate Affairs (MCA) made certain amendments to Ind AS 12, Income taxes by including Appendix C, Uncertainty over Income Tax Treatments. This appendix clarifies how the recognition and measurement requirements of Ind AS 12 are applied where there is uncertainty over income tax treatments.

Appendix C explains how to recognise 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 amendment provides specific guidance in several areas where previously Ind AS 12 was silent. Appendix C 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 has applied the amendment from April 1, 2019, and the adoption of amendments to Ind AS 12 in the form of Appendix C did not have any material impact on its standalone financial statements.

2.4. Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule III to the Companies Act, 2013.

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.

2.5. Foreign currencies

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions.

Foreign-currency denominated monetary assets and liabilities are translated into the functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in the statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

2.6. Revenue from contracts with customers

The Company derives its revenue mainly from research services relating to drug discovery for its customers, collaboration with customers for drug discovery and licensing. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

Service income

Revenue from services rendered, which primarily relate to contract research, is recognized as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognized as revenue over the expected period over which the related services are expected to be performed.

Sale of goods

Revenue is recognized when control of the goods has been transferred to a customer. This is usually when the title passes to the customer, either on shipment or on receipt of goods by the customer. At that point, 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.
Product sales represent net invoice value less estimated rebates and returns, which are considered to be key estimates. Revenue from the sale of goods includes relevant taxes and is measured at the fair value of the consideration received or receivable, net of returns, sales tax and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

Out licensing arrangements, milestone payments and royalties

Revenues include amounts derived from product out-licensing agreements. These arrangements typically consist of an initial up-front payment on inception of the license and subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. In cases where the transaction has two or more components, the Company accounts for the delivered item (for example, the transfer of title to the intangible asset) as a separate unit of accounting and record revenue on delivery of that component, provided that the Company can make a reasonable estimate of the fair value of the undelivered component. Otherwise, non-refundable up-front license fees received in connection with product out-licensing agreements are deferred and recognized over the period in which the Company has pending performance obligations. Milestone payments which are contingent on achieving certain clinical milestones are recognized as revenues on achievement of such milestones over the performance period depending on the terms of the contract. Royalty income earned through a license is recognized when the underlying sales have occurred.

2.7. Interest income

Interest income is recognised using the effective interest method. Effective interest 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 net carrying amount of the financial asset. Interest income is included in finance income in the statement of profit and loss.

2.8. 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 the statement of profit and loss.

2.9. Income tax

Income tax expense comprises current and deferred income tax. Income tax expense is recognized in net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognized for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Standalone financial statements . 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.

Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be reversed. The effect of changes in tax rates on deferred tax assets and liabilities is recognized in the statement of profit and loss in the period that includes the enactment or the substantive enactment date.

A deferred tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. Deferred income taxes are not provided on the undistributed earnings of subsidiaries where it is expected that the earnings of the subsidiary will not be distributed in the foreseeable future. The Company recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, except to the extent that both of the following conditions are satisfied:

a) When the Company is able to control the timing of the reversal of the temporary difference; and
b) it is probable that the temporary difference will not reverse in the foreseeable future.

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.

2.10. Research and development

Expenditures on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognized in the statement of profit and loss 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 statement of profit and loss as incurred.

2.11. 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. Cost of self-constructed assets includes 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.

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 in the statement of profit and loss.

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 statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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 statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Land is not depreciated.
Depreciation methods, useful lives and residual values are reviewed at each reporting date. The estimated useful lives are as follows:

Asset Description	**Useful life**
Buildings	30 years
Laboratory equipment	8 years
Electrical equipment	8 years
Plant and machinery	8 years
Computers	3 years
Office equipment	5 - 8 years
Furniture and fixtures	8 years
Vehicles	5 years
Technical know-how	3 years

In terms of proviso to clause 3(i) of Part A of Schedule II to the Companies Act, 2013 (the Act), the Company based on its technical evaluation concluded that its existing useful life determined hitherto is appropriate and accordingly has decided to retain the same adopted for various categories of fixed assets, which in certain cases, differ from those prescribed in Schedule II to the Companies Act, 2013.

Cost of property, plant and equipment not ready to use as of the reporting date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

2.12. Inventories

Inventories primarily consist of laboratory consumables and work-in-progress and are measured at lower of cost and net realisable value. Cost is based on the weighted average method. Cost includes expenditures incurred in acquiring, production or converting the inventories and other costs incurred in bringing them to their existing location and condition. 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 and obsolete inventory include estimated shelf life and ageing of inventory. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

2.13. Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section 2.14 Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.14. Impairment of non-financial assets

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (CGU) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company’s CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year. To estimate cash flow projections beyond periods covered by the most recent budgets/forecasts, the Company extrapolates cash flow projections in the budget using a steady or declining growth rate for subsequent years, unless an increasing rate can be justified. In any case, this growth rate does not exceed the long-term average growth rate for the products, industries, or country or countries in which the Company operates, or for the market in which the asset is used.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss, except for properties previously revalued with the revaluation surplus taken to OCI. For such properties, the impairment is recognised in OCI up to the amount of any previous revaluation surplus.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit and loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

2.15. Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) attributable to ordinary equity holders of the Company by weighted average number of equity 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.

2.16. 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.

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.

Defined benefit plans
The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined

benefit obligation is determined by discounting the estimated future cash outflows using interest rates based on the prevailing market yields on Indian Government securities. The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the statement of profit and loss. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits

Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Other long-term employee benefits

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

Compensated absences

The Company provides for encashment of compensated absences payable to employees at the end of each financial year. The employees can also carry forward a portion of the unutilized compensated absences and utilize it in the subsequent year or receive cash compensation on termination of employment in the subsequent year. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.

2.17. Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reasonably, 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.

Onerous contracts

A provision for onerous contracts is recognized 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 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.

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 Standalone 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.

2.18. Cash and cash equivalent

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

2.19. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flow from regular revenue generating, investing and financing activities of the company is segregated.
Deposits with original maturity of greater than 3 months from the date of creation of the deposits are not considered as cash equivalents for the purpose of cash flow statement.

2.20. Dividends

Final dividends on shares are recorded as a liability on the date of approval by the shareholders.

2.21. 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.

a) **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

i) 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.

ii) Financial assets at fair value through other comprehensive income

All equity investments in scope of Ind AS 109 are measured at fair value. For all 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.

iii) Investments in subsidiaries

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 recognized in the statement of profit and loss.

Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109.

Impairment of financial assets

The Company recognizes loss allowances using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in profit or loss.

b) 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 or payables, 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 primarily include trade and other payables.

Subsequent measurement

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

i) Financial liabilities at fair value through profit or loss

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

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

ii) Trade and other payables

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate the fair value due to the short maturity of these instruments.

Derecognition

A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

2.22. **Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The 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.

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, maximizing the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

For assets and liabilities that are recognised in the Standalone 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.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained.

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Aurigene Discovery Technologies Limited
Notes to the standalone financial statements for the year ended March 31, 2021
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3) Property, plant and equipment

Particulars	Freehold land	Buildings	Laboratory equipment	Electrical equipment	Plant & machinery	Computers & software	Furniture & Fixture	Vehicles	Office Equipment	Total
Gross block										
As at April 1, 2019	**530**	**3,538**	**11,183**	**2,072**	**222**	**1,096**	**871**	**110**	**262**	**19,884**
Additions	-	-	653	31	2	36	3	12.00	7	744
Disposals	-	(9)	(757)	(88)	(59)	(68)	(6)	(14)	(49)	(1,050)
As at March 31, 2020	**530**	**3,529**	**11,079**	**2,015**	**165**	**1,064**	**868**	**108**	**220**	**19,578**
Additions	-	51	1,443	78	-	269	14	-	11	1,866
Disposals (refer note 45)	-	-	(5,500)	(157)	(56)	(282)	(136)	(48)	(35)	(6,214)
As at March 31, 2021	**530**	**3,580**	**7,022**	**1,936**	**109**	**1,051**	**746**	**60**	**196**	**15,230**
Accumulated Depreciation										
As at April 1, 2019	**-**	**1,472**	**7,814**	**1,609**	**201**	**841**	**733**	**69**	**245**	**12,984**
Depreciation charge for the year	-	117	688	93	5	143	28	14	13	1,101
Disposals	-	-	(742)	(88)	(58)	(69)	(6)	(13)	(49)	(1,025)
As at March 31, 2020	**-**	**1,589**	**7,760**	**1,614**	**148**	**915**	**755**	**70**	**209**	**13,060**
Depreciation charge for the year	-	118	475	81	2	120	18	11	15	840
Disposals (refer note 45)	-	-	(3,833)	(119)	(56)	(255)	(94)	(40)	(31)	(4,428)
As at March 31, 2021	**-**	**1,707**	**4,402**	**1,576**	**94**	**780**	**679**	**41**	**193**	**9,472**
Net block										
As at April 1, 2019	**530**	**2,066**	**3,369**	**463**	**21**	**255**	**138**	**41**	**17**	**6,900**
As at March 31, 2020	**530**	**1,940**	**3,319**	**401**	**17**	**149**	**113**	**38**	**11**	**6,518**
As at March 31, 2021	**530**	**1,873**	**2,620**	**360**	**15**	**271**	**67**	**19**	**3**	**5,758**

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4) Investments

Particulars	As at March 31, 2021	As at March 31, 2020
Non-current		
Equity instruments of subsidiaries (unquoted, at cost)	6,626	2,626
Less: Provision for diminution in value of investment in subsidiaries	(2,465)	(2,465)
Equity instruments of others (quoted, at fair value through OCI)	45,234	2,911
	49,395	**3,072**
Current		
Units of mutual funds (unquoted, at fair value through profit and loss) (refer note 28)	7,222	21,335
	7,222	**21,335**
	56,617	**24,407**
Investments in subsidiaries (carried at cost)		
Unquoted equity shares of subsidiary companies		
5,215,000 (March 31, 2020 : 5,215,000) common stock of USD 1 each, fully paid up, of Aurigene Discovery Technologies Inc., U.S.A., representing 100% ownership interest and voting rights	2,465	2,465
1,000,000 (March 31, 2020 : 1,000,000) common stock of Malaysian Ringgits 1 each, fully paid up, of Aurigene Discovery Technologies Sdn Bhd, Malaysia, representing 100% ownership interest and voting rights	156	156
40,050,000 (March 31, 2020 : 50,000) equity shares of Rs. 10 each, fully paid up of Aurigene Pharmaceutical Services Limited, representing 100% ownership interest and voting rights	4,005	5
Total investments in subsidiaries	**6,626**	**2,626**
Less: Provision for diminution in value of investments	(2,465)	(2,465)
Net investments in subsidiaries	**4,161**	**161**
Investments in equity instruments of others (at fair value through OCI)		
5,465,693 (March 31, 2020 : 5,465,693) common stock of USD 0.01 each (March 31, 2020 : USD 0.01), fully paid up, of Curis Inc., USA, listed on the NASDAQ (refer Note 35)	45,234	2,911
	45,234	**2,911**
Aggregate book value of quoted investments	45,234	2,911
Aggregate market value of quoted investments	45,234	2,911
Aggregate value of unquoted investments	13,848	23,961
Aggregate amount of impairment in value of investments in unquoted investments	(2,465)	(2,465)

5) Other financial assets

Particulars	As at March 31, 2021	As at March 31, 2020
Non current		
(Unsecured, considered good)		
Security deposits	60	46
Loans to related parties (refer note 37)*	16,000	-
	16,060	**46**

* On June 01, 2020, the Company provided a term loan of Rs. 16,000 to Aurigene Pharmaceutical Service Limited, a wholly owned subsidiary, for a tenure of five years at an interest rate of 6.77% per annum. Principal is due at maturity and there is no penalty for early repayment.

Particulars	As at March 31, 2021	As at March 31, 2020
Current		
(Unsecured, considered good)		
Contract assets (refer note 15)	968	39
Due from related parties (refer note 37)	368	79
Interest accrued but not due	58	1
Loans and advances to employees	2	2
	1,396	**121**
	17,456	**167**

Aurigene Discovery Technologies Limited
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6) Other assets

Particulars	As at March 31, 2021	As at March 31, 2020
Non current		
(Unsecured, considered good)		
Balances with statutory authorities	4	5
Capital advances	117	234
Other receivables (refer note 37)	-	17
	121	**256**
Current		
(Unsecured, considered good)		
Advance to suppliers	413	108
Prepaid expenses	148	170
Balances with statutory authorities	1,219	1,081
Other receivables	-	40
	1,780	**1,399**
	1,901	**1,655**

7) Inventories (at cost or net realisable value which ever is lower)

Particulars	As at March 31, 2021	As at March 31, 2020
Consumables (includes Goods in transit of Rs.30 (March 31, 2020: Rs.42)	106	158
Less: Provisions	(9)	(15)
	97	**143**

8) Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	682	5,027
Receivables from related parties (refer note 37) *	15	53
	697	**5,080**
Break-up for security details:		
Unsecured, considered good	697	5,080
	697	**5,080**

* Dues from related parties represents receivables from companies in which Director(s) of the Company are Directors.

Trade receivables are non-interest bearing and are generally on credit terms of 30 to 90 days (refer note 40)

9) Cash and bank balances

Particulars	As at March 31, 2021	As at March 31, 2020
a) Cash and Cash equivalents		
– In current accounts	32	423
– On exchange earner's foreign current (EEFC) account	865	403
Cash in hand	0	0
	897	**826**
b) Other bank balances (due to mature within 12 month of the reporting date)*	2,375	170
	3,272	**996**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Balances with banks:		
– In current accounts	32	423
– On exchange earner's foreign current (EEFC) account	865	403
Cash on hand	0	0
	897	**826**

* Includes deposit of Rs. 2,375 (March 31,2020: Rs. 170) under lien against certain facilities from bank. As at March 31, 2021 and March 31, 2020, the Company had not drawn any amount against these facilities.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements, and earn interest at the respective short-term deposit rates.

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10) Share capital

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Authorised shares		
95,000,000 (March 31,2020 : 95,000,000) equity shares of Rs. 10 each	9,500	9,500
45,000,000 (March 31,2020 : 45,000,000) 8% cumulative redeemable preference shares of Rs. 10 each	4,500	4,500
	14,000	**14,000**
Issued, subscribed and fully paid-up shares		
90,544,104 (March 31,2020 : 90,544,104) equity shares of Rs. 10 each, fully paid up	9,054	9,054
	9,054	**9,054**

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

	March 31, 2021		**March 31, 2020**	
	No. of shares	**Amount**	**No. of shares**	**Amount**
Equity shares				
At the beginning of the year	90,544,104	9,054	90,544,104	9,054
Add: Issued during the year	-	-	-	-
Outstanding at the end of the year	**90,544,104**	**9,054**	**90,544,104**	**9,054**

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to shareholder's approval at the ensuing Annual General Meeting. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up capital of the Company. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(c) Shares held by holding/ultimate holding company and/ or their subsidiaries/ associates

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Dr. Reddy's Laboratories Limited (Holding company) *		
90,544,089 (March 31, 2020: 90,544,089), fully paid up equity shares of Rs. 10/- each	9,054	9,054

* Apart from the above, 15 (March 31, 2020: 15) fully paid up equity shares of Rs 10/- each are held by the nominees of Dr. Reddy's Laboratories Limited (Holding company)

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

Name of shareholder	**March 31, 2021**		**March 31, 2020**	
	No. of shares	**% holding**	**No. of shares**	**% holding**
Equity shares				
Dr. Reddy's Laboratories Limited (Holding company)	90,544,089	99.99%	90,544,089	99.99%

(e) During the five year period ended on March 31, 2021, no shares were issued for consideration other than cash or as bonus shares (March 31,2020:Nil)

(f) During the five-year period ended on March 31, 2021, no shares have been bought back. (March 31,2020:Nil)

(g) No shares have been reserved for issue under options, contracts, commitments for sale of shares or divestment including the terms and the amounts.

Aurigene Discovery Technologies Limited
Notes to the standalone financial statements for the year ended March 31, 2021
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11) Other liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Non current		
Contract liability (refer note 15)	10,639	16,559
	10,639	**16,559**
Current		
Accrued compensation	812	750
Statutory dues payable	143	155
Contract liability (refer note 15)	9,162	11,624
	10,117	**12,529**
Total other liabilities	**20,756**	**29,088**

12) Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Due to related parties (refer Note 37)	383	234
Due to other than related parties	1,537	953
	1,920	**1,187**
Total outstanding dues of micro enterprises and small enterprises; (refer note 33)	19	5
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,901	1,182
	1,920	**1,187**

Trade payables are non-interest bearing and are normally settled on 45-90 day term.

13) Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Creditors for capital goods	190	645
	190	**645**

14) Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
Employee benefit liabilities		
Gratuity (refer note 29)	121	76
Compensated absences (refer note 31)	162	262
	283	**338**

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All amounts in Indian Rupees lacs, except share data and where otherwise stated

15) Revenue from contracts with customers

Disaggregated revenue information

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Income from research services (refer note 27)	2,449	11,547
Discovery and collaboration (refer note 27)	10,591	7,896
Licensing (refer note 27)	17,577	8,562
	30,617	**28,005**

From 1 July 2017 onwards the excise duty and most indirect taxes in India have been replaced Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in revenue from contracts with customers.

Analysis of revenues by geography (refer note 27)

Information about major customers

Revenues from two customers of the Company were Rs 18,614 and Rs 6,043 representing approximately 61% and 20%, respectively, of the Company's total revenues for the year ended March 31, 2021.

Revenues from two customers of the Company were Rs 6,280 and Rs 5,765 representing approximately 22% and 21%, respectively, of the Company's total revenues for the year ended March 31, 2020.

Details of contract assets:

Contract assets are initially recognised for revenue earned from services as receipt of consideration is conditional on successful completion of the services. Upon completion of the services and acceptance by the customer, the amounts recognised as contract assets are reclassified to trade receivables. As on March 31, 2021 and March 31, 2020, the Company has Rs 968 and Rs 39, respectively as contract asset. The increase in contract assets as on March 31, 2021 is the result of the ongoing services at the end of the year which are yet to be billed to customer. As at March 31, 2021, Rs. Nil (March 31, 2020: Rs. Nil) was recognised as provision for expected credit losses on contract assets.

Details of contract liabilities:

a) Details of deferred revenue:

Tabulated below is the reconciliation of deferred and unearned revenue for the years ended March 31, 2021 and March 31, 2020.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Balance as at April 1	**27,696**	**21,657**
Revenue recognised during the year	(13,002)	(10,737)
Milestone payment received during the year	4,431	16,776
Balance as at March 31	**19,125**	**27,696**
Current	8,486	11,137
Non-current	10,639	16,559
	19,125	**27,696**

b) Details of advance from customers:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Advance from customers (current)	676	488
	676	**488**
Current	9,162	11,624
Non-current	10,639	16,559
Total contract liabilities (a+b)	**19,801**	**28,183**

16) Other income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Rental income (Refer note 26)	438	124
Exchange differences (net)	-	179
	438	**303**

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17) Finance income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest income on fixed deposits	76	10
Interest income on loan (refer note 37)	902	-
Profit/ (loss) on sale of mutual funds (net)	259	220
Fair value gain on financial instruments at fair value through profit or loss	22	635
	1,259	**865**

18) Employee benefits expense

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Salaries, wages and bonus	4,582	6,596
Contribution to provident and other funds (refer note 30)	219	319
Gratuity expense (refer note 29)	77	128
Staff welfare expenses	253	177
	5,131	**7,220**

19) Other expenses

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Consumables and clinical studies cost	6,582	5,393
Power and fuel	328	551
Rent (refer note 26)	51	200
Repairs and maintenance		
Buildings	49	34
Plant and machinery	315	561
Others	287	448
Travelling and conveyance	136	194
Legal and professional fees (refer note 21 for details on payment to auditors)	878	421
Business development expenses	27	80
Communication costs	144	55
Membership and subscription	135	121
Rates and taxes	32	122
Insurance	23	21
Bank Charges	5	9
Freight and forwarding charges	74	89
Science software expense	94	69
Recruitment	25	46
Security	56	78
Environmental and safety expenses	45	44
Printing and stationery	6	17
Exchange differences (net)	148	-
Net loss on disposal of property, plant and equipment (net)	1	19
CSR expenditure (refer note 22)	158	102
Directors remuneration (refer note 37)	10	10
Miscellaneous expenses	7	0
	9,616	**8,684**

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20) Finance cost

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest on income tax (net)	-	3
	-	**3**

21) Payment to Auditors

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
(Included in legal and professional fees under other expenses)		
Statutory audit fee	10	13
Reimbursement of expenses	0	0
Certification	1	1
	11	**14**

The amounts are excluding applicable taxes.

22) Details of CSR expenditure:

As per Section 135 of the Companies Act 2013, the Company has identified areas including activities for promoting programs that benefit the communities in and around company's work centre and further results in enhancing the quality of life and economic well-being of the local populace, express commitment to the social development through responsible business practices and good governance, engage with state and its agencies in pursuing the development agenda for sustainable changes for its CSR activities. These areas would be pursued in phases and in a manner aligned with the CSR rules and regulations. The funds have been contributed to trusts/organisations involved in the above activities and will be utilised on the activities which are specified in Schedule VII of the Companies Act 2013.

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Gross amount required to be spent by the Company during the year	143	96
Amount spent during the year		
- Donations to prescribed trusts/ organisation engaged in CSR activities	157	89
- Purposes other than above	1	13
	158	**102**

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All amounts in Indian Rupees lacs, except share data and where otherwise stated

23) Dividend distribution made and proposed during the year

No dividend has been proposed by the Board of Directors for the year ended March 31, 2021 and March 31, 2020.

24) Contingent liabilities

(a) The Bangalore Unit of the Company was registered as a 100% export oriented unit ("EOU"), and was exempted from customs and central excise duties and levies on imported and indigenous capital goods and stores and spares. The Company has executed legal undertakings to pay Customs duty, Central Excise duty, levies and liquidated damages payable, if any, in respect of imported and indigenous capital goods and stores and spares consumed duty free, in the event that certain terms and conditions are not fulfilled. The Company had opted out to be an EOU voluntarily in FY2019-20 and has remitted all the applicable taxes in this regard.

As on March 31, 2021 the Company had a positive Net Foreign Exchange Earning, as defined in the Foreign Trade Policy 2009-2014 and 2015-2020 wherever applicable.

(b) The Company had received an order from the Commissioner of Service Tax, Bengaluru demanding Service Tax of Rs. 58 on difference between income declared in Income tax return for 2003-04 vs Service tax return for the same period. As per the order of the Commissioner of Service Tax, Company is also liable to pay penalty of Rs. 58 plus interest thereon on the tax and penalty amount. The Company is a 100% EOU and export of services are exempted from payment of Service tax. The Company had filed an appeal against the Order of the Department to the Customs, Excise and Service Tax Tribunal after paying a tax of Rs 4.35 under protest.

(c) The Company had received an order from the Deputy Commissioner of Income Tax, Bangalore demanding income tax of Rs 118 on income pertaining to the assessment year 2013-14 due to non-deduction of withholding taxes on certain foreign payments. The Company had filed an appeal against the Order with the Commissioner of Income Tax (Appeals) after paying a tax of Rs 17.82 under protest.

(d) The Company had received an order from the Office of the Income Tax Officer, Ward 1(1)(2), Bangalore demanding income tax of Rs 439 on income pertaining to the assessment year 2014-15 due to non-deduction of withholding taxes on certain foreign payments. The Company had filed an appeal against the Order with the Commissioner of Income Tax (Appeals) after paying a tax of Rs 65.90 under protest.

(e) The Company had received order from Deputy Commissioner of Income Tax, Circle 1, Bangalore demanding income tax of Rs 143 on income pertaining to the assessment year 2015-16 due to non-deduction of withholding taxes on certain foreign payments and disallowance of certain patent filing expenses. The Company had filed an appeal against the Order with the Commissioner of Income Tax (Appeals) after paying a tax of Rs 28.60 under protest.

(f) The Company had received order from the Office of the Assistant Commissioner of Income Tax, Circle 1(1)(1), Bangalore demanding income tax of Rs 273 on income pertaining to the assessment year 2016-17 due to non-deduction of withholding taxes on certain foreign payments and disallowance of certain patent filing expenses. The Company had filed an appeal against the Order with the Commissioner of Income Tax (Appeals) after paying a tax of Rs 53 under protest.

(g) The Company had received order from the Office of the Assistant Commissioner of Income Tax, Circle 1(1)(1), Bangalore demanding income tax of Rs 140 on income pertaining to the assessment year 2017-18 due to non-deduction of withholding taxes on certain foreign payments and disallowance of certain patent filing expenses. The Company had filed an appeal against the Order with the Commissioner of Income Tax (Appeals) by paying of tax of Rs 29 (through adjustment of tax refund receivable from department) under protest.

The management based on internal assessment and their consultant's view, is confident that no liability shall arise upon the Company on account of the above matters. Pending outcome of the aforesaid matters, no provision has been made in these financial statements in respect of the liability, if any, arising for the above mentioned financial years and consequent impact, if any, for subsequent financial years.

25) Capital commitments

Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for is Rs. 585 (March 31, 2020: Rs. 1,723).

26) Operating lease

a) The Company has leased office and guest house facilities under cancellable lease agreements for period of 11 months. These leases can be renewed on mutual agreement between the lessor and lessee at the end of the lease term. The total rental expenses debited to the statement of profit and loss is Rs. 51 (March 31, 2020: Rs. 200)

b) The Company (lessor) has entered into a deed of lease with Dr.Reddy's Laboratories Limited for one of its premises for lease term of 5 years. The lease may be renewed for further period by entering into a fresh lease deed. There is no escalation clause in the lease agreement and sub-letting is not permitted. Total lease rental received by the Company during the year amounts to Rs 144 (March 31,2020 : Rs 124). The carrying amount of the building given on operating lease and depreciation thereon for the year are:

Particulars	**March 31, 2021**	**March 31, 2020**
Gross carrying amount	735	735
Accumulated depreciation	(181)	(157)
Net carrying amount	**554**	**578**
Depreciation for the year ended	24	24

c) The Company (lessor) has entered into a deed of lease with Aurigene Pharmaceutical Services Limited for one of its premises for lease term of 3 years. The lease may be renewed for further period of 3 years by entering into a fresh lease deed. There is an escalation clause in the lease agreement and sub-letting is not permitted. Total lease rental received by the Company during the year amounts to Rs 294 (March 31,2020 : Rs Nil). The carrying amount of the building given on operating lease and depreciation thereon for the period are:

Particulars	**March 31, 2021**	**March 31, 2020**
Gross carrying amount	969	-
Accumulated depreciation	(554)	-
Net carrying amount	**415**	-
Depreciation for the year ended	29	-

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27) Segment information

The main business activity of the Company is to undertake research services relating to drug discovery for its customers, long term collaboration with customers for drug discovery and out-licensing inhouse intellectual property rights. The Board of directors of the Company is identified as the Chief Operating Decision Maker ("CODM"). The Board of Directors reviews the results when making decisions about allocating resources and assessing performance of the Company as a whole, hence the Company has only one reportable segment.

a) Revenue from external customers based on nature of services

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Research services	2,449	11,547
Discovery and collaboration	10,591	7,896
Licensing	17,577	8,562
	30,617	**28,005**

b) Revenue amounting to 10 percent or more of total revenue from single customers

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Research services	1,288	6,362
Discovery and collaboration	5,866	3,171
Licensing	17,504	7,864
	24,658	**17,397**

c) Revenue from external customers based on geography

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenue from customers in India	74	1,261
	74	**1,261**
Revenue from customers outside India:		
United States of America	27,456	23,842
Finland	1,026	1,178
Japan	911	622
United Kingdom	810	50
Others	340	1,052
	30,543	**26,744**
	30,617	**28,005**

The revenue information above is based on the locations of the customers.

28) Investment in unquoted mutual fund (refer note 4)

Particulars	As at March 31, 2021	As at March 31, 2020
Cost	7,200	20,700
Unrealised Gain/ (Loss)	22	635
Fair Value	**7,222**	**21,335**

Details of such mutual funds and their fair values are as follows:

Particulars	As at March 31, 2021		As at March 31, 2020	
	No of units	**Amount**	**No of units**	**Amount**
Aditya Birla Sun life Mutual Fund - Direct Growth	2,178,234	7,222	-	-
IDFC Ultra Short Term Fund - Direct Plan - Growth	-	-	883,642	101
Axis Liquid Fund - Direct Growth	-	-	159,009	3,505
IDFC Cash Fund-DP-Growth	-	-	175,676	4,219
ICICI Prudential Liquid Fund - Direct Plan Growth	-	-	2,779,370	8,165
Kotak Liquid Direct Growth Plan	-	-	24,204	972
HDFC Liquid Fund - Direct Growth - Option Plan	-	-	111,926	4,373
	2,178,234	**7,222**	**4,133,827**	**21,335**

All amounts in Indian Rupees lacs, except share data and where otherwise stated

29) Gratuity

The gratuity plan is governed by the Payment of Gratuity Act, 1972 (the Act). Under the Act, employee who has completed five years of completed service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at the time of separation.

The Company has a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service. The scheme is funded with Life Insurance Corporation of India in the form of qualifying insurance policy.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the gratuity plan.

a) Details of the employee benefits obligations and plan assets:

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of defined benefits obligation	(540)	(1,033)
Fair value of plan asset	419	957
Net liability	**(121)**	**(76)**

b) Details of gratuity cost charged to statement of profit and loss:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current service cost	75	117
Other Cost	-	4
Net interest on net defined benefit liability/ (asset)	2	7
	77	**128**

c) Details of remeasurement (gains)/ losses in other comprehensive income:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Due to changes in financial assumptions	(8)	(27)
Due to changes in demographic assumptions	(1)	(9)
Due to experience adjustments	7	(10)
Due to actual return on plan assets less interest on plan assets	(14)	(6)
	(16)	**(52)**

d) Change in the present value of the defined benefit obligation:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Defined benefit obligation as at the beginning of the year	1,033	987
Current service cost	75	117
Interest on defined benefit obligation	35	68
Remeasurement gains/ (losses) in other comprehensive income		
Due to changes in financial assumptions	(8)	(27)
Due to changes in demographic assumptions	(1)	(9)
Due to experience adjustments	7	(10)
Benefits paid	(24)	(93)
Liabilities assumed / settled (refer note 45)	(578)	-
Defined benefit obligation as at the end of the year	**539**	**1,033**

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e) Change in the fair value of the plan assets:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Fair value of plan assets as at the beginning of the year	957	845
Employer Contribution	7	138
Interest on plan assets	33	61
Remeasurement gains/ (losses) in other comprehensive income		
Due to actual returns on plan assets less interest on plan assets	14	6
Benefits paid	(24)	(93)
Assets aquired / settled (refer note 45)	(568)	-
Fair value of plan assets as at the end of the year	**419**	**957**

f) The principal assumptions used in determining gratuity obligations:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.45%	6.45%
Expected rate of return on plan assets **	6.45%	6.45%
Salary escalation rate	8.50%	8.70%
Mortality rate	Indian Assured Lives Mortality (2012-14) (modified) Ult Table*	
Withdrawal rate:		
Up to age 21	0%	0%
Between age 22 to 30	30%	28%
Between age 31 to 40	13%	10%
Between age 41 to 50	7%	8%
Between age 51 to 57	15%	15%

* As published by IRDA and adopted as Standard Mortality Table as recommended by Institute of Actuaries of India effective April 1, 2013.

** The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

g) Quantitative sensitivity analysis for significant assumption:

Particulars	As at March 31, 2021	As at March 31, 2020
Defined benefit obligation without effect of projected salary growth	321	577
Add: Effect of salary growth	219	456
Defined benefit obligation with projected salary growth	540	1,033
Defined benefit obligation, using discount rate minus 50 basis points	559	1,075
Defined benefit obligation, using discount rate plus 50 basis points	521	994
Defined benefit obligation, using salary growth rate minus 50 basis points	521	995
Defined benefit obligation, using salary growth rate plus 50 basis points	559	1,074

h) Expected future cash flows in respect of gratuity in future years:

Particulars	As at March 31, 2021	As at March 31, 2020
Within the next 12 months (next annual reporting period)	87	142
Between 2 and 5 years	176	329
Between 6 and 9 years	194	346
Beyond 9 years	465	1,058

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Aurigene Discovery Technologies Limited
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30) Provident fund

Certain categories of employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer each make monthly contributions to a government administered fund at specified rate on the covered employee's qualifying salary. Monthly contribution made by the Company are recognised as expense in the statement of profit and loss. The Company has no further obligations under the plan beyond its monthly contributions. Details of contribution made by the Company to the provident fund are as follows:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Contribution made during the year		
Provident Fund	206	303
NPS Contribution	13	16
	219	**319**

31) Compensated absences

The Company provides for accumulation of compensated absences for its employees. These employees can carry forward a portion of the unutilized compensated absences and utilise it in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. Details of total liability recorded by the Company towards this obligation is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for compensated absences - current	162	262
	162	**262**

32) Earnings per share (EPS)

The following reflects the profit/(loss) and details of share data used in computation of basic and diluted EPS:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Net profit after tax as per statement of profit and loss	12,507	9,114
Weighted average number of equity shares used in calculating basic and diluted EPS (nos.)	90,544,104	90,544,104
Basic/dilutive earnings per share (amount in Rs)	**13.81**	**10.07**

33) Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Official Memorandum dated August 26,2008, prescribes that Micro and Small Enterprises should mention in their correspondence with their customer the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Based on the information available with the Company, there is a due of Rs. 19 (March 31, 2020 : Rs 5) to enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under the Micro Small and Medium Enterprises Development Act, 2006 ('MSMED').

Particulars	March 31, 2021	March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	19	5
The amount of interest paid by the Company along with the amounts of the payment made to the supplier beyond the appointed day during the year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under this Act;	-	-
The amount of interest accrued and remaining unpaid at the end of the year;	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise.	-	-

34) Income taxes

a) Income tax expense/ (benefit) for the year

Income tax expense/ (benefit) recognized in the income statement consists of the following:

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Current tax	4,404	3,080
Adjustment of current tax relating to earlier periods	23	17
	4,427	3,097
Deferred tax asset	(204)	(43)
Income tax expense	**4,223**	**3,054**

b) Income tax expense/ (benefit) recognized directly in Other Comprehensive Income

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Tax effect on actuarial gains on defined benefit obligations	4	(0)
Tax effect on changes in fair value of other investments	2,931	-
	2,935	**(0)**

All amounts in Indian Rupees lacs, except share data and where otherwise stated

c) Reconciliation of effective tax rate

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Profit before income taxes	16,730	12,168
Enacted tax rate in India	25.17%	25.17%
Computed expected tax expense	4,211	3,062
Effect of:		
Deferred tax on land	(6)	(6)
Expenses/ income not chargeable for tax purposes, net	(21)	(21)
Adjustment of tax relating to earlier periods	23	17
Other adjustments	16	2
Income tax expenses	**4,223**	**3,054**

d) Details of deferred tax assets and liabilities

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Deferred tax assets		
Fixed assets	108	99
Accrued compensation	46	15
Others	10	-
	164	114
Deferred tax liabilities		
Changes in fair valuation of investments through OCI	(2,935)	-
Fair value gain on financial instruments at fair value through profit or loss	(5)	(160)
	(2,940)	(160)
Net deferred tax asset/ (liability)	**(2,776)**	**(46)**

In assessing whether the deferred income tax assets will be realized, management considers whether some portion or all of the deferred income tax assets will not be realized. The ultimate realization of the deferred income tax assets is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realize the benefits of those recognized deductible differences. Recoverability of deferred tax assets is based on estimates of future taxable income. Any changes in such future taxable income would impact the recoverability of deferred tax assets.

e) Movement in deferred tax assets and liabilities

For the year ended March 31, 2021

Particulars	**As at March 31, 2020**	**Recognized in profit and loss**	**Recognized in OCI**	**As at March 31, 2021**
Deferred tax assets				
Fixed assets	99	9	-	108
Accrued compensation	15	31	-	46
Others	-	10	-	10
Changes in fair valuation of investments	-	-	-	-
	114	**50**	**-**	**164**
Deferred tax liabilities				
Changes in fair valuation of investments	-	-	(2,935)	(2,935)
Fair value gain on financial instruments at FVTPL	(160)	154	-	(5)
	(160)	**154**	**(2,935)**	**(2,940)**
Net deferred tax asset/ (liability)	**(46)**	**204**	**(2,935)**	**(2,776)**

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For the year ended March 31, 2020

Particulars	As at March 31, 2019	Recognized in profit and loss	Recognized in OCI	As at March 31, 2020
Deferred tax assets				
Fixed assets	62	37	-	99
Compensated absences	23	(23)	-	-
Accrued compensation	24	(9)	-	15
	109	**5**	**-**	**114**
Deferred tax liabilities				-
Fair value gain on financial instruments at FVTPL	(198)	38	-	(160)
	(198)	**38**	**-**	**(160)**
Net deferred tax asset/ (liability)	**(89)**	**43**	**-**	**(46)**

35) Collaboration agreement with Curis, Inc.

On January 18, 2015, Aurigene Discovery Technologies Limited ("the Company") entered into a Collaboration, License and Option Agreement (the "Collaboration Agreement") with Curis, Inc. ("Curis") to discover, develop and commercialize small molecule antagonists for immuno-oncology and precision oncology targets.

Under the Collaboration Agreement, the Company has the responsibility for conducting all discovery and preclinical activities, including Investigational New Drug ("IND") enabling studies and providing Phase 1 clinical trial supply, and Curis is responsible for all clinical development, regulatory and commercialization efforts worldwide, excluding India and Russia. The Collaboration Agreement provides that the parties will collaborate exclusively in immuno-oncology for an initial period of approximately two years, with the option for Curis to extend the broad immuno-oncology exclusivity.

As partial consideration for the collaboration, pursuant to a Stock Purchase Agreement dated January 18, 2015, Curis issued to the Company 171.20 lacs shares of its common stock, representing 19.9% of its outstanding common stock immediately prior to the transaction (approximately 16.6% of its outstanding common stock immediately after the transaction). The shares issued to the Company were subject to a lock-up agreement until January 18, 2017, with the shares being released from such lock-up in 25% increments on each of July 18, 2015, January 18, 2016, July 18, 2016 and January 18, 2017, subject to acceleration of release of all the shares in connection with a change of control of Curis. As of March 31, 2019, lock-up restrictions were released on all of the 171.20 lacs shares of Curis common stock. In connection with the issuance of such shares, Curis and the Company entered into a Registration Rights Agreement dated January 18, 2015 which provides for certain registration rights with respect to resale of the shares. The common stock of Curis is listed for quotation on the NASDAQ Global Market.

The fair value of the shares of Curis common stock on the date of the Stock Purchase Agreement was Rs.14,517 ($23.5 million).

Revenues under the Collaboration Agreement consist of upfront consideration (including the shares of Curis common stock) and the development and commercial milestone payments described below, which are deferred and recognized as revenue over the period for which the Company has continuing performance obligations.

Under the Collaboration Agreement, the Company is entitled to development and commercial milestone payments as follows:

- for the first two programs: up to U.S.$52.5 million per program, including U.S.$42.5 million for approval and commercial milestones, plus pre-specified approval milestone payments for additional indications, if any;
- for the third and fourth programs: up to U.S.$50 million per program, including U.S.$42.5 million for approval and commercial milestones, plus pre-specified approval milestone payments for additional indications, if any; and
- for any program thereafter: up to U.S.$140.5 million per program, including U.S.$87.5 million for approval and commercial milestones, plus pre-specified approval milestone payments for additional indications, if any.

In addition, Curis has agreed to pay the Company royalties, ranging between high single digits to 10%, on its net sales in territories where it commercializes products. Furthermore, the Company is entitled to receive a share of Curis' revenues from sublicenses, which share varies based upon specified factors such as the sublicensed territory, whether the sublicense revenue is royalty based or non-royalty based and, in some cases, the stage of the applicable molecule and product at the time the sublicense is granted.

On September 7, 2016, the Collaboration Agreement was amended to provide for the issuance to the Company of approximately 102 lacs shares of Curis common stock in lieu of receiving up to U.S.$24.5 million of milestone and other payments from Curis that could have become due under the Collaboration Agreement. These shares of Curis common stock are recorded at U.S.$1.84 per share, which is equal to the market price of such shares of common stock on the date of issuance, amounting to an aggregate market value of Rs. 12,468 ($18.8 million).

These additional shares were also subject to a lock-up agreement which is similar to the lock-up for the original Curis shares the Company received. However, this lock-up remains effective until September 7, 2018, with shares being released from such lock-up in 25% increments on each of March 7, 2017, September 7, 2017, March 7, 2018 and September 7, 2018, subject to acceleration of release of all the shares in connection with a change of control of Curis. As of March 31, 2021, lock-up restrictions were released on all of the 102 lacs shares of Curis common stock.

The Company has evaluated the transaction under Ind AS 28, "Investments in associates and Joint Ventures," and believes that the Company does not have any significant influence with respect to Curis. The Company, has irrevocably elected to recognise the fair value changes in the statement of other comprehensive income. Accordingly, such invesments are recognised as FVTOCI investments.

On May29, 2018, Curis Inc had announed and made effective the reverse stock split of 1-5 shares thereby total no of share stand to 54,65,693 from 2,73,28,464

Consequently, gain of Rs 42,323 (March 31,2020 : loss of Rs (4,611)) arising from changes in the fair value of such shares of common stock, during the year, was recorded in other comprehensive income.

36) Collaboration agreement with Exelixis, Inc.

Aurigene Discovery Technologies Limited (“the Company”) has entered into an exclusive collaboration, option and license agreement (the “Collaboration Agreement”) with Exelixis, Inc ("Exelixis") which is an oncology-focused biotechnology company that strives to accelerate the discovery, development and commercialization of new medicines for difficult-to-treat cancers. Under the Collaboration agreement, the Company has the responsibility of making availability to in-license as many as six programs to Exelixis.

Under the terms of the Collaboration agreement, the Company will get an upfront payment of $10 million for exclusive options to license three preexisting programs from Exelixis. Also, the Company and Exelixis will initiate three Aurigene-led drug discovery programs on mutually agreed upon targets, in exchange for additional option payments of $2.5 million per program. The Company will also get contributed for research funding from Exelixis to facilitate discovery and preclinical development work on all six programs.

As the programs mature, Exelixis will have the opportunity to exercise an exclusive option for each program up until the time of Investigational New Drug (IND) acceptance. If Exelixis decides to exercise an option, it will make an option exercise payment to the Company and assume responsibility for that program’s future clinical development and commercialization including global manufacturing. The Company will be eligible for clinical development, regulatory, and sales milestones, as well as royalties on sales. Under the terms of the Collaboration Agreement, the Company retains limited development and commercial rights for India and Russia.

Upon the successful filing by the Company and acceptance of Investigational New Drug by Food and Drug Administration, Exelixis have excercised its option for CDK-7 Program. As per the terms of the agreement, Exelixis has paid option exercise amount of $12 million during the year. Further, the clinical development activities of this program will be taken up by Exelixis. Accordingly, the Company has recognized $ 12 million as revenue during the year as all the perfomance obligations for the aforesaid program under the contract have been met.

The Company has recognised an amount of Rs.18,614 and Rs. 6,280 as revenue during the year ended March 31, 2021 and March 31, 2020 respectively and recorded an amount of Rs.7072 and Rs. 10,886 as Deferred revenue as at March 31, 2021 and March 31, 2020 respectively.

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Aurigene Discovery Technologies Limited
Notes to the standalone financial statements for the year ended March 31, 2021
All amounts in Indian Rupees lacs, except share data and where otherwise stated

37) Related party disclosures

Names of related parties and related party relationship

(a) Related parties where control exists

Holding company	:	Dr. Reddy’s Laboratories Limited, India
Wholly owned subsidiary ('WOS')	:	Aurigene Discovery Technologies Inc., U.S.A
		Aurigene Discovery Technologies (M) Sdn Bhd, Malaysia
		Aurigene Pharmaceutical Services Limited, India

(b) Related parties under IND AS 24 with whom transactions have taken place during the year

Holding company	:	Dr. Reddy’s Laboratories Limited, India
Wholly owned subsidiary ('WOS')	:	Aurigene Discovery Technologies Inc., U.S.A
		Aurigene Discovery Technologies (M) Sdn Bhd, Malaysia
		Aurigene Pharmaceutical Services Limited, India
Enterprise controlled by relative of Director	:	Green Park Hospitality Services Private Limited
Key management personnel	:	Mr. Muralidhara Ramachandra – Chief Executive Officer (w.e.f Jul 1, 2019)
		Mr. Brijesh Kumar Karnani – Chief Financial Officer (w.e.f Mar 27, 2020)
		Mr. CSN Murthy – Chief Executive Officer (Resigned w.e.f Jun 30, 2019)
		Mr. Ashish Lath – Chief Financial Officer (Resigned w.e.f Mar 26, 2020)
Independent Directors	:	Dr. Bruce L. A. Carter
		Mr. Hariharnath Buggana
		Mr. Raymond Gopal De Vre (Resigned w.e.f March 31, 2021)

c) Related party transactions

The following table provides the transactions that have been entered into with related parties for the relevant financial year:

Name	Nature of transactions	For the year ended March 31, 2021	For the year ended March 31, 2020
Dr. Reddy’s Laboratories Limited	Revenue from services	40	197
Dr. Reddy’s Laboratories Limited	Rental income	144	124
Dr. Reddy’s Laboratories Limited	Rental expenses	39	186
Dr. Reddy’s Laboratories Limited	Reimbursement of expenses received	68	105
Dr. Reddy’s Laboratories Limited	Reimbursement of expenses paid	19	339
Dr. Reddy’s Laboratories Limited	Purchase of lab consumables	225	-
Aurigene Discovery Technologies (M) Sdn Bhd	Purchase of lab consumables	246	258
Green Park Hospitality Services Private Limited	Staff welfare expenses	4	22
Aurigene Pharmaceutical Services Limited	Investment in Subsidiary	4,000	5
Aurigene Pharmaceutical Services Limited	Reimbursement of incorporation expenses	-	53
Dr. Reddy Foundation	CSR Contribution	54	54
Aurigene Pharmaceutical Services Limited	Loan given	16,000	-
Aurigene Pharmaceutical Services Limited	Consideration received towards business transfer (refer note 45)	4,829	-
Aurigene Pharmaceutical Services Limited	Purchase of lab consumables	910	-
Aurigene Pharmaceutical Services Limited	Revenue from research funding	24	-
Aurigene Pharmaceutical Services Limited	Reimbursement of expenses received	498	-
Aurigene Pharmaceutical Services Limited	Reimbursement of expenses paid	7	-
Aurigene Pharmaceutical Services Limited	Interest income on loan	902	-
Aurigene Pharmaceutical Services Limited	Rental income	294	-

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Aurigene Discovery Technologies Limited
Notes to the standalone financial statements for the year ended March 31, 2021
All amounts in Indian Rupees lacs, except share data and where otherwise stated

d) Balances outstanding as at year end

Name	**Nature of transactions**	**As at March 31, 2021**	**As at March 31, 2020**
Dr. Reddy's Laboratories Limited	Trade payables	40	165
Aurigene Discovery Technologies (M) Sdn Bhd	Trade payables	178	69
Aurigene Pharmaceutical Services Limited	Trade payables	165	-
Green Park Hospitality Services Private Limited	Trade payables	-	3
Dr. Reddy's Laboratories Limited	Trade receivables	-	53
Aurigene Pharmaceutical Services Limited	Trade receivables	15	-
Dr. Reddy's Laboratories Limited	Other financial assets - due from related parties	93	26
Aurigene Discovery Technologies Inc., U.S.A.	Investments	2,465	2,465
Aurigene Discovery Technologies (M) Sdn Bhd	Investments	156	156
Aurigene Discovery Technologies Inc.	Provision for diminution in value of investment in subsidiary	2,465	2,465
Aurigene Pharmaceutical Services Limited	Investments	4,005	5
Aurigene Pharmaceutical Services Limited	Reimbursement of incorporation expenses - receivable	-	53
Aurigene Pharmaceutical Services Limited	Other financial assets - Loan to related parties	16,000	-
Aurigene Pharmaceutical Services Limited	Other financial assets - due from related parties	275	-
Dr. Reddy's Laboratories Limited	Other receivables - non-current	-	17

e) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and reimbursement of expenses to/ from related parties is at actual cost. Outstanding balances at the year-end are unsecured and interest free except for the loan given and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: Nil).

f) Compensation of key management personnel of the Company

The following table describes the components of compensation paid or payable to key management personnel:

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Salaries, wages and bonus (including compensated absences)	402	595
Contribution to defined contribution plan	11	10
	413	605

Some of the key management personnel of the Company are also covered under the Company's Gratuity Plan along with the other employees of the Company. Proportionate amounts of gratuity accrued under the Company's Gratuity Plan have not been separately computed or included in the above disclosure.

g) Remuneration to Independent Directors

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Remuneration for the year ended	10	10
	10	**10**

h) Also refer note 45 for business transfer arrangement entered with Aurigene Pharmaceutical Services Limited

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38) Standalone financial statement

The Company has used the exemption available to companies under Companies Act, 2013 and Ind AS from preparing consolidated financial statements as its ultimate holding company files the consolidated financial statements with the Registrar of Companies (ROC) which are in compliance with the applicable accounting standards.

a) Details of holding company

Below is the details of the holding company whose consolidated financial statements comply with Ind AS:

Holding company	: Dr. Reddy's Laboratories Limited, India
Principal place of business of the holding company	: 8-2-337, Road No. 3, Banjara Hills, Hyderabad 500 034, India

The consolidated financial statement of the holding company prepared as per IndAS are obtainable from the above address.

b) Details of subsidiaries

Name	Principal place of business	% of ownership interest and voting	
		March 31, 2021	March 31, 2020
Aurigene Discovery Technologies Inc.	107 College Road E, Princeton, NJ 08540-6623, USA	100%	100%
Aurigene Discovery Technologies (M) Sdn Bhd	Level 2, Research Management & Innovation Complex, Universiti of Malaya, Lembah Pantai, 50603, Kuala Lumpur, Malaysia	100%	100%
Aurigene Pharmaceutical Services Limited	39-40, KIADB Industrial Area Electronic City Phase II, Hosur Road, Bangalore - 560100, India	100%	100%

39) Capital Management

The primary objective of the Company's capital management is to maintain healthy capital ratios in order to support its business and maximise shareholder value. For the purpose of capital management of the Company, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

40) Financial risk management objectives and policies

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 analyze 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 and the Audit Committee is responsible for overseeing the Company's risk assessment and management policies and processes.

a) 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 and investment securities. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of trade and other receivables and investments.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, 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 evaluation of creditworthiness of customers to which the Company grants credit terms in the normal course of business.

'The Company determines concentrations of credit risk by monitoring the economic and industry profile of its trade receivables on an ongoing basis. The credit concentration risk profile of the Company's trade receivables at the end of the reporting period is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
No of customers owing the Company more than Rs. 100 lacs	3	11
Total receivables from each such customers	562	4,714
% of total trade receivables	81%	93%

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses (apart from the losses/provisions already recognised in the standalone financial statements) from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific country risks.

Financial assets that are past due but not impaired

An impairment analysis is performed at each reporting date on an individual basis for all the customers. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and operate in largely independent markets.

There is no other class of financial assets otherthan Trade receivables that is past due. The Company's credit period generally ranges from 30-60 days. The aging analysis of the receivables has been considered from the date the invoice falls due. The age wise break up of receivables, net of allowances that are past due, is given below.

Aurigene Discovery Technologies Limited
Notes to the standalone financial statements for the year ended March 31, 2021
All amounts in Indian Rupees lacs, except share data and where otherwise stated

Particulars	As at March 31, 2021	As at March 31, 2020
Past due 0 – 30 days	-	306
Past due 31 – 60 days	2	38
Past due 61 – 90 days	-	181
Past due over 90 days	29	6
Total - past due but not impaired	**31**	**531**

Other than trade receivables, the Company has no significant class of financial assets that is past due but not impaired.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, 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 risk to the Company's reputation.

Analysis of working capital:

Particulars	As at March 31, 2021	As at March 31, 2020
Total current assets	14,464	29,074
Total current liabilities	(12,623)	(14,770)
	1,841	**14,305**

The table below summarises the maturity profile of Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

As at March 31, 2021

	One year or less	One to five years	Over five years	Total
Trade payables	1,920	-	-	1,920
Other financial liabilities	190	-	-	190
Total undiscounted financial liabilities	**2,110**	**-**	**-**	**2,110**

As at March 31, 2020

	One year or less	One to five years	Over five years	Total
Trade payables	1,187	-	-	1,187
Other financial liabilities	645	-	-	645
Total undiscounted financial liabilities	**1,832**	**-**	**-**	**1,832**

c) 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 exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing, revenue generating and operating activities in foreign currencies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their investment in fixed interest term deposits with banks and investments in units of mutual funds. The Company does not hedge its investments.

Foreign currency risk

The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. Dollars). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, Company's revenues measured in Indian rupees may decrease. The Company does not use derivative financial instruments, such as foreign exchange forward contracts, option contracts and currency swap contracts to mitigate the risk of changes in foreign currency.

The following table analyses foreign currency risk from non-derivative financial instruments as at March 31, 2021:

(Amount in Rupees in lacs)

Particulars	US Dollars	EUR	GBP	Others *
Non-derivative financials assets:				
Cash and cash equivalents	865	-	-	-
Trade receivables	677	-	-	-
Investments	45,234	-	-	-
	46,776	**-**	**-**	**-**

Aurigene Discovery Technologies Limited
Notes to the standalone financial statements for the year ended March 31, 2021
All amounts in Indian Rupees lacs, except share data and where otherwise stated

Non-derivative financials liabilities:				
Trade payables	654	4	9	183
Other financial liabilities	20	1	-	-
	674	**5**	**9**	**183**

The following table analyses foreign currency risk from non-derivative financial instruments as at March 31, 2020:

(Amount in Rupees in lacs)

Particulars	**US Dollars**	**EUR**	**GBP**	**Others ***
Non-derivative financials assets:				
Cash and cash equivalents	403	0	-	-
Trade receivables	4,964	57	-	-
Investments	2,911	-	-	-
	8,278	**57**	**-**	**-**
Non-derivative financials liabilities:				
Trade payables	242	-	3	69
Other financial liabilities	419	3	-	-
	661	**3**	**3**	**69**

* Others include currencies such as Canadian Dollars, Malaysian Ringgits, Swiss Franc, Australian Dollors etc.

As at March 31, 2021 and March 31, 2020, 1% increase or decrease in the exchange rate of Indian rupee with USD, EUR, GBP and others would result in approximately Rs. 459 and Rs. 76 increase or decrease, respectively in the fair value of the Company's net foreign currency monetary items.

41) Fair valuation

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

	Carrying value		**Fair value**	
	March 31, 2021	**March 31, 2020**	**March 31, 2021**	**March 31, 2020**
Financial assets				
Other financial assets	17,456	167	17,456	167
Investment in subsidiaries	4,161	161	4,161	161
Total	**21,617**	**328**	**21,617**	**328**

The management assessed that cash and cash equivalents, trade receivables, trade payables and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

- The fair values of FVTOCI financial assets are derived from quoted market prices in active markets.
- The fair values of FVTPL financial assets are derived from closing Net Asset Values (NAV) of the fund.

42) Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

Particulars	**As at**	**Level 1**	**Level 2**	**Level 3**	**Total**
FVTOCI - Financial asset - Equity securities	March 31, 2021	45,234	-	-	45,234
FVTPL - Financial asset - Mutual funds	March 31, 2021	7,222	-	-	7,222
		52,456	**-**	**-**	**52,456**
FVTOCI - Financial asset - Equity securities	March 31, 2020	2,911	-	-	2,911
FVTPL - Financial asset - Mutual funds	March 31, 2020	21,335	-	-	21,335
		24,246	**-**	**-**	**24,246**

43) Use of estimates and judgements

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 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 2.6 - Revenue from contracts with customers

Note 2.8 - Evaluation of recoverability of deferred tax assets; and

Note 2.11 - Useful lives of property, plant and equipment;

Note 2.16 - Assets and obligations relating to employee benefits;

Note 2.17 - Provisions;

Note 2.22 - Financial instruments;

44) 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) Investments in equity instruments

The fair value of marketable equity securities is determined by reference to their quoted market price at the reporting date.

(iii) Investments in units of mutual funds

In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

45) Restructuring of Business

The Board of Directors of the Company, in their meeting held on July 8, 2019 approved the plan for restructuring of the Company’s pharmaceutical services business, that involves setting up a wholly owned subsidiary and transferring to it the Company’s pharmaceuticals services division on a slump sale basis for a lump sum consideration to be determined at the transfer date. Accordingly, Aurigene Pharmaceutical Services Limited (APSL), was incorporated on September 16, 2019 as a wholly owned subsidiary of the Company to give effect to the approved restructuring plan. On June 1, 2020, the Company entered into a Business Transfer Agreement with APSL for transfer of the Company’s Pharmaceuticals Services division comprising of specified tangible and intangible assets, including lab equipment, contracts, permission, consents, rights, registrations, personnel & employees, other assets & liabilities, as a slump sale on a going concern basis for a lumpsum consideration of Rs. 4,829. The aforesaid transaction has been accounted in these standalone financial statements at carrying values of the assets and liabilities as at the date of transfer. No gain or loss was recorded on such transfer.

46) Covid-19 Impact Assessment

The Company has assessed and considered the impact of pandemic related to COVID-19 on carrying amounts of receivables, other assets and its business operations including all relevant internal and external information available up to the date of approval of these financial statement. As the outbreak continues to evolve, it is difficult, at this juncture, to estimate the full extent and duration of the business and economic impact. The Company will continue to assess the situation and the associated impact on its financial statements.

47) Events after the reporting date

There are no significant events after the reporting date.

As per our report of even date

For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Amit Jaluka
Partner
Membership no.: 063251

Place: Bangalore
Date : May 11, 2021

For and on behalf of the Board of Directors of
Aurigene Discovery Technologies Limited

G.V. Prasad
Director: 00057433

Place: Hyderabad
Date : May 11, 2021

Satish Reddy
Director: 00129701

Place: Hyderabad
Date : May 11, 2021

Muralidhara Ramachandra
Chief Executive Officer

Place: Bangalore
Date : May 11, 2021

Brijesh Kumar Karnani
Chief Financial Officer

Place: Hyderabad
Date : May 11, 2021

Sudipta V
Company Secretary M.No: A23013

Place: Hyderabad
Date : May 11, 2021

AURIGENE
PHARMACEUTICAL SERVICES

Aurigene Pharmaceutical Services Limited
1-75/1, Sy. No. 195 & 198/2/A,
Bollaram Road, Miyapur,
Hyderabad - 500 049,
Telangana, India

Tel : 91 40 4465 8888
Fax : 91 40 4465 8699
Email : contactapsl@aurigeneservices.com
www.aurigeneservices.com

Board's Report

Dear Members,

Your Directors present the 2nd Board's Report of the Company for the period ended 31 March 2021.

Financial Highlights

The following table gives the financial highlights of the Company for the period ended 31 March 2021:

(Rs. in lacs)

Particulars	**31-Mar-21**	**31-Mar-20**
Revenue from contracts with customers	19,139	-
Other operating income	-	-
Other income	5	-
Finance Income	-	-
Total income	**19,144**	**-**
Earnings before interest, depreciation, amortization and tax (EBITDA)	3,021	(60)
Depreciation and amortization	1,410	-
Finance Cost	3,403	-
Profit/(Loss) before tax (PBT)	**(1,792)**	**(60)**
Tax (expense)/benefit	6,193	(15)
Profit after tax	**4,401**	**(45)**
Add: Other Comprehensive Income/(expenses) net of tax	(49)	**-**
Total Comprehensive Income for the year	**4,353**	**-**
Appropriations:		
Dividend paid on equity shares in the year ended	-	-
Tax on dividend paid in the year ended	-	-
Balance carried forward to Balance Sheet	**4,353**	**(45)**

State of Company's Affairs

During the year, the Company purchased pharmaceutical services business of Aurigene Discovery Technologies Limited, the holding company through a slump sale agreement, which was approved by the shareholders of the Company at the extraordinary general meeting held on 8 May 2020, for a lump-sum cash consideration, calculated at book value of Rs. 48.29 crores (Rupees Forty Eight Crores Twenty Nine Lacs Only).

The Company also purchased the Contract Development and Manufacturing Organisation (CDMO) division of Custom Pharmaceutical Services (CPS) business of Dr. Reddy's Laboratories Limited, the ultimate holding company, which was approved by the shareholders of the Company at their extraordinary general meeting held on 8 May 2020, for a lump-sum consideration of Rs. 543.45 crores (Rupees Five Hundred Forty Three Crores Forty Five Lacs Only)..

The Company began its operations during the year. The Company's total revenue for FY2021 was Rs 191.44 crores. The profit/(loss) before tax (PBT) for FY2021 was Rs. (17.92) crores. The profit after tax for the year was Rs. 44.01 crores.

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 2021.

Transfer to reserves

No amount is proposed to be transferred to any reserves during the year under the review.

Share Capital

The Company has issued and allotted 40,000,000 fully paid-up equity shares of Rs. 10/- each aggregating to Rs. 400,000,000/- on (Rupees Forty Crores Only) to Dr. Reddy Laboratories Limited, Holding Company, on rights basis, on 19 May 2020. The paid up capital of the Company as on 31 March 2021 stood at Rs. 400,500,000/- (Rupees Forty Crores Five Lakhs Only) divided into 400,050,000/- equity shares of Rs. 10 each.

Public 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 wholly owned subsidiary of Aurigene Discovery Technologies Limited. The Company has no subsidiaries or associates. Therefore, the information required for Form AOC-1 (statement containing the salient features of the financial statement of subsidiaries) will not be applicable to the Company.

Particulars of Loans, Guarantees or Investments

During the period ended 31 March 2021, the Company has availed a loan of Rs.160 crores from Aurigene Discovery Technologies Limited, Holding Company. The Company has also raised funds through issuance of 3,800 unsecured redeemable non-convertible debentures of Rs. 1,000,000 each aggregating to Rs. 380 crores to DBS Bank Ltd (Trustee – Axis Trustee Services Limited) on a private placement basis. The 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 seven times during the year: 19 May 2020, 8 June 2020, 29 June 2020, 27 July 2020, 6 November 2020, 21 January 2021 and 23 March 2021.

Board of Directors

Pursuant to provisions of Section 152 of the Companies Act, 2013, Mr. Deepak Sapra (DIN: 08563727), 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 Company appointed Mr. Ravi Venkataramanan as Chief Executive Officer, Mr. Raghavender Ramachandran as Chief Financial Officer and Ms. Sudha Jhunjhunwala as Company Secretary - key managerial personnel under Section 203(1) of the Companies Act, 2013 with effect from 8 June 2020.

Further, the Company had no independent directors during the year 2020-21. Hence, the declaration by independent directors under section 149(6) is not applicable. During the year, there was no other change in the composition of the board of directors of the Company.

Secretarial Standards

The Company has followed the applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meeting of the Board of Directors' and 'General Meetings', respectively. 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 2020-21 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.

Internal Auditor

The Chief Internal Auditor of Dr. Reddy's Laboratories Limited, ultimate Holding Company, was appointed to perform the internal audit of various process of the Company. An update on internal audit observations, if any, is presented to the Board. The Board periodically reviews the findings of the internal audit and monitors implementation of corrective actions suggested.

Risk Management and Adequacy of Internal Financial Controls with reference to Financial Statements

The Company is guided by the ultimate 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 the Company, if any, are reviewed by the DRL's Internal Audit and Risk Management teams.

Related Party Transactions

During the year, the Company entered into transactions, contracts or arrangements with related parties, at arm's length basis, however they were not in 'ordinary course of businesses'. 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(s) or arrangement(s) entered into by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as **"Annexure - I".**

Detailed disclosure on related party transactions also forms part of the notes to accounts of the financial statements. All such contracts or arrangements were in the interest of the company.

Secretarial Audit Report

Pursuant to Section 204 of the Companies Act, 2013 and the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014, M/s. D V Rao & Associates, practicing company secretaries (Membership no. FCS 8888 and Certificate of Practice no. 12123) were appointed to conduct the Secretarial Audit of the Company for the financial year ended 31 March 2021. The Secretarial Audit Report for the financial year ended on 31 March 2021 is attached as **"Annexure -II"** to this Report.

Based on the consent received from M/s. D V Rao & Associates, Company Secretaries, Hyderabad, the Board has appointed him as the secretarial auditor of the company for FY2022.

Statutory Auditors

M/s. S.R. Batliboi & Associates LLP, Chartered Accountants (Firm Registration No. 101049W/E300004) were appointed as statutory auditors for a period of 5 years commencing from the conclusion of 1st AGM till the conclusion of the 6th 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. S.R. Batliboi & Associates LLP, Chartered Accountants continue to be the statutory auditors of the Company till the conclusion of 6th AGM, as approved by the shareholders at the 1st 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 period under review, 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

None

Particulars of Employees

Disclosures pertaining to remuneration and other details as required under section 197(12) of the Companies Act, 2013, read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as **"Annexure III"**.

In terms of section 197(12) of the Companies Act, 2013, read with rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a statement showing the names and other particulars of the employees drawing remuneration in excess of limits set out in said rules forms part of the annual report.

Conservation of energy, Technology Absorption, Foreign exchange earnings and outgo

The particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 relating to conservation of energy, research and development, technology absorption is given as under:

(A) Conservation of energy

(i) The steps taken or impact on conservation of energy:

The major energy conservation initiatives taken by the Company during the year are:

S. No	Area	Savings in Units
1	Chilled water plant discontinued by replacing with stand-alone chillers	16,488
2	Replacing CFL lights by LED lights in Labs	21,014
3	Effluent pumps replacing with appropriate capacity	1,506
4	Replacing CFL lights with LED lights in 008 and 010 labs	1,710
5	AHU de-rating and Fan blades replacement	4,012
6	Dedicated Vacuum pump for NTS project Lab	5,100
7	Solar Street Lights	650
	Total	**50,480**

(ii) Steps taken by Company for utilizing alternate sources of energy: None

(iii) The capital investment on energy conservation equipment: Nil

(B) Technology Absorption, Adoption and Innovation:

No technology was imported by the Company during the year.

(C) Foreign exchange earnings and outgo:

The details of foreign exchange earnings and expenditure are as under:

(Rs. In Lacs)

Particulars	For the year ended 31-Mar-21	For the year ended 31-Mar-20
Earnings in foreign currency	13,161	NIL
Expenditure in foreign currency	2,257	NIL

Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was constituted on 15 September 2020. The Company, being a wholly-owned subsidiary of Dr. Reddy's Laboratories Limited (DRL), the Internal Complaints Committee of APSL addresses these complaints in consultation with them. The company has received two such complaints by the end of 31 March 2021 and there are no complaints pending as on date.

Maintenance of cost records

The Company is not required to maintain cost records as specified by the Central Government under Section 148(1) of the Companies Act, 2013 and accordingly the accounts and records are not made and maintained.

Extract of the Annual Return

The annual return of the company, in terms of the provisions of Section 134(3)(a) of the Companies Act, 2013, is available on the company's website: https://www.aurigeneservices.com/

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 10, 2021 **Place:** Hyderabad	**Deepak Sapra** **Director** **DIN: 08563727**	**M V Narasimham** **Director** **DIN: 02677423**

Annexure- I

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	Aurigene Discovery Technologies Limited, Holding Company	Dr. Reddy's Laboratories Limited, ultimate Holding Company
(b)	Nature of contracts/arrangements/ transactions	Purchase of pharmaceutical services business	Purchase of Contract Development and Manufacturing Organisation (CDMO) division of Custom Pharmaceutical Services (CPS) business
(c)	Duration of the contracts/arrangements transactions	One time	One time
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	Purchase of pharmaceutical services business from Aurigene Discovery Technologies Limited, Holding Company, Rs. 48.29 crores effective June 1, 2020	Purchase of CDMO division of CPS business of Dr. Reddy's Laboratories Limited, the ultimate holding Company, for a lump-sum consideration of Rs. 543.45 crores effective June 1, 2020
(e)	Date(s) of approval by the Board, if any	March 25, 2020	March 25, 2020
(f)	Amount paid as advances, if any	-	-

For and on behalf of the Board of Directors

Date: May 10, 2021
Place: Hyderabad

Deepak Sapra
Director
DIN: 08563727

M V Narasimham
Director
DIN: 02677423

DVRao & ASSOCIATES

FORM NO. MR-3
[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

To
The Members
Aurigene Pharmaceutical Services Limited
CIN: U74999KA2019PLC127964
Bangalore.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **Aurigene Pharmaceutical Services Limited** (hereinafter called 'the Company') for the year ended **31st March, 2021**. Secretarial Audit was conducted in a manner that provided me reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions/clauses of:

1) The Companies Act, 2013 (the Act) and the rules made there under;

2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder are not applicable to the Company;

3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;

5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) are not applicable to the Company:

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

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D V Rao & Associates Company Secretaries CP:12123

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d. The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and

i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6) We further report that the Company is engaged into drug discovery services, custom development and manufacturing activities and contract manufacturing, as such there are no specific industry laws which are applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards issued and amended by The Institute of Company Secretaries of India;

b. The Listing Agreement entered into by the Company - **Not applicable.**

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations and Guidelines and standards etc., mentioned above.

I further report that

a. The Board of Directors of the Company is duly constituted. There was no change in the composition of the Board of Directors during the period under review.

b. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c. All decisions at the Board meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

D V Rao & Associates CP:12123 Company Secretaries

Based on the review of periodic compliance reports submitted to the Board of Directors, I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has the following specific events/actions:

a. Issue of 40,000,000 equity shares aggregating to Rs. 400,000,000/- on rights basis at the Board meeting held on 19th May, 2020.

b. Approval for borrowings of up to Rs. 600 crores in terms of Section 180(1)(c) through special resolution passed by the shareholders at the extraordinary general meeting held on 8th May, 2020 and increase in borrowings to Rs. 1500 crores in terms of Section 180(1)(c) through special resolution passed by the shareholders at the extraordinary general meeting held on 8th June, 2020.

c. Purchase of pharmaceutical services business of M/s. Aurigene Discovery Technology Limited, the holding company, through special resolution passed by the shareholders at the extraordinary general meeting held on 8th May, 2020.

d. Purchase of Contract Development and Manufacturing Organisation (CDMO) division of Custom Pharmaceutical Services (CPS) business of M/s. Dr. Reddy's Laboratories Limited, the ultimate holding company, through special resolution passed by the shareholders at the extraordinary general meeting held on 8th May, 2020.

e. Issue of 3,800 unsecured redeemable non-convertible debentures of Rs. 1,000,000/- each aggregating to Rs. 380 crores on private placement basis approved by the shareholders at the extraordinary general meeting held on 8th June, 2020 and allotted by the Board of Directors at its meeting held on 29th June, 2020.

For **D V Rao & Associates**
Company Secretaries

D V Rao & Associates * CP:12123 * Company Secretaries

Date: 10th May 2021
Place: Hyderabad

CS Vasudeva Rao Devaki
Practicing Company Secretary
FCS # 8888 | COP # 12123
UDIN: F008888C000268356

This Report is to be read with our letter which is annexed as '**Annexure A**' and forms an integral part of this report.

'Annexure-A'

To
The Members
M/s. Aurigene Pharmaceutical Services Limited
Bangalore.

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The compliance by the Company of the applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed by me since the same have been subject to review by statutory auditors and other professionals.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
8. Under the situation of Covid-19 pandemic prevailing during certain part of the audit period, the audit for that part of the period was conducted with the verification of all the documents, records and other information electronically as provided by the management.

For **D V Rao & Associates**
Company Secretaries

D V Rao & Associates
CP:12123
Company Secretaries

Date: 10th May 2021
Place: Hyderabad

CS Vasudeva Rao Devaki
Practicing Company Secretary
FCS # 8888; COP # 12123

Annexure III

Statement of Particulars of Remuneration of top 10 employees in terms of remuneration and Employees (Employed for part of the year year) in receipt of Remuneration in Excess of 8.5 lacs per month during FY2021

(Pursuant to Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

Sl No.	Name of the Employee	Age	Designation	Gross Remuneration (in Rs. In lacs)	Qualification	Total Experience in Years	Date of Commencement of Employment	Particulars of Last Employment
1	Ravi Venkataramanan	50 yrs	Chief Executive Officer	11941874	MBA	32 yrs	01-06-2020	Dr. Reddy's Laboratories Ltd
2	Jegadeesh Thampi	50 yrs	Head - Discovery Services	9293412	Ph. D	19 yrs	01-06-2020	Dr. Reddy's Laboratories Ltd
3	H Rama Mohan .	56 yrs	Head - PRD & ARD	8547135	Ph. D	19 yrs	01-06-2020	Dr. Reddy's Laboratories Ltd
4	Ravinder Kodipyaka .	54 yrs	Head - FR&D	7456222	M Pharm	26 yrs	01-06-2020	Dr. Reddy's Laboratories Ltd
5	Chetan Pandit .	60 yrs	Expert-Discovery Services	6871373	PhD	26 yrs	01-06-2020	Aurigene Discovery Technologies Limite
6	Pattanaik Priyaranjan	47 yrs	Head - NBE Services	5861550	PhD	20 yrs	01-06-2020	Dr. Reddy's Laboratories Ltd
7	P S Ganesh Vaidyanathan	45 yrs	Head - Business Development	5825216	MBA	22 yrs	01-06-2020	Dr. Reddy's Laboratories Ltd
8	Raghavender	38 yrs	CFO	5786825	ACA	15 yrs	01-06-2020	Dr. Reddy's Laboratories Ltd
9	Ashutosh Anil Kotwal .	47 yrs	Head HR & Admin	5548408	MBA	22 yrs	01-06-2020	Dr. Reddy's Laboratories Ltd
10	Balaji Abraham	41 yrs	Head - Marketing & Strategy	5183839	M Sc,PG Diplom	18 yrs	01-06-2020	Dr. Reddy's Laboratories Ltd

Notes:

1) All the above employments are contractual.

2) None of the above employees are related to any Director or manager of the Company.

3) None of the above employees, by himself/herself or along with his/her spouse and dependent children holds 2% or more of the equity shares of the Company.

For and on behalf of the Board

Date: May 10, 2021
Place: Hyderabad

Deepak Sapra
Director
DIN: 08563727

M V Narasimham
Director
DIN: 02677423

AURIGENE
PHARMACEUTICAL SERVICES

Aurigene Pharmaceutical Services Limited
1-75/1, Sy. No. 195 & 198/2/A,
Bollaram Road, Miyapur,
Hyderabad - 500 049,
Telangana, India

Tel : 91 40 4465 8888
Fax : 91 40 4465 8699
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NOTICE

Notice is hereby given that the 2nd Annual General Meeting (AGM) of the members of Aurigene Pharmaceutical Services Limited (CIN: U74999KA2019PLC127964) will be held on Tuesday, July 20, 2021, at 09.00 am at Dr. Reddy's Corporate Office, 8-2-337, Road No. 3, Banjara Hills, Hyderabad, Telangana - 500 034 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the financial year ended March 31, 2021 including the audited balance sheet as at March 31, 2021 and the statement of the Profit and Loss of the Company for the year ended on that date along with the reports of the Board of Directors and the Auditors thereon.

2. To re-appoint Mr. Deepak Sapra (DIN: 08563727), who retires by rotation, and being eligible, offers himself for re-appointment.

NOTES:

1. The statement pursuant to Section 102(1) of the Companies Act, 2013 and under Secretarial Standard on General Meetings (SS-2) in respect of the special business set out in the Notice is annexed hereto.

2. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument of proxy in order to be effective, must be deposited at the Registered Office of the Company, duly completed and signed not less than 48 hours before the meeting.**

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company, at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.

5. In accordance with General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular no. 20/2020 dated 5 May 2020 and General Circular no. 02/2021 dated 13 January 2021 issued by the Ministry of Corporate Affairs, the members may contact the Company if they wish to attend this Extra-ordinary General Meeting through video conference.

By order of the Board

Sudha Jhunjhunwala
Company Secretary
ACS: 47135

Date: May 10, 2021
Place: Hyderabad

AURIGENE
PHARMACEUTICAL SERVICES

Aurigene Pharmaceutical Services Limited
1-75/1, Sy. No. 195 & 198/2/A,
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ANNEXURE TO NOTICE OF AGM

Statement pursuant to section 102(1) of the Companies Act, 2013 in respect of special business set out in the notice and Secretarial Standards on General Meetings (SS-2).

Item No: 2

Mr. Deepak Sapra (DIN: 08563727), aged 46 years, holds a Bachelor degree in engineering and is a PGP in management. Presently, he is the Global Head of Pharmaceutical Services of Dr. Reddy's Laboratories Limited (ultimate holding company). He joined the ultimate holding company in 2003 from IIM Bangalore campus and has worked in various roles in Marketing, Sales, Business Development and Portfolio covering most major markets across the world. He has led important projects on several key organizational initiatives around market opening and building new businesses.

He is also a director of Industrias Quimicas Falcon de Mexico, S.A., a wholly owned foreign subsidiary of Dr. Reddy's Laboratories Limited (ultimate holding company).

The Company has received intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014, from Mr. Sapra to the effect that he is not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013.

He has attended all meetings of the Board held during the financial year 2020-21.

Mr. Sapra holds ten equity shares in the Company, as a nominee shareholder on behalf of Aurigene Discovery Technologies Limited, the holding company.

None of the Directors/Key Managerial Personnel of the Company and their relatives except Mr. Sapra and his relatives are concerned or interested in the resolution as set out in item no. 2.

The Board recommends the resolution set forth in item no. 2 for approval of the members.

By order of the Board

Sudha Jhunjhunwala
Company Secretary
ACS: 47135

Date: May 10, 2021
Place: Hyderabad

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

THE SKYVIEW 10
18th Floor, "NORTH LOBBY"
Survey No. 83/1, Raidurgam
Hyderabad - 500 032, India
Tel : +91 40 6141 6000

INDEPENDENT AUDITOR'S REPORT

To the Members of Aurigene Pharmaceutical Services Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Aurigene Pharmaceutical Services Limited ("the Company"), which comprise the Balance sheet as at March 31 2021, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement 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 financial statements give the information required by the Companies Act, 2013, as amended ("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, 2021, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. 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 Act 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 audit opinion on the financial statements.

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the Director'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 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 such 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.

S.R. BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

Responsibilities of Management for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. 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 the 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 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 Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements 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.

S.R. BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

- 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.

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 of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act;

S.R. BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

(f) With respect to the adequacy of the internal financial controls with reference to these financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid / provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act;

(h) 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, as amended 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 were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Akshay Jhawar
Partner
Membership Number: 061918
UDIN: 21061918AAAABG3889
Place of Signature: Hyderabad
Date: May 10, 2021

S.R. BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF AURIGENE PHARMACEUTICAL SERVICES LIMITED

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have not been physically verified by the management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company and hence not commented upon.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification. There was no inventory lying with third parties.

(iii) According to the information and explanations given 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. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities given in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) Since the Company has not commenced commercial production during previous year, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us, there are no dues of income tax, customs duty, goods and service tax and cess which have not been deposited on account of any dispute.

S.R. BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a bank or dues to debenture holders.

(ix) In our opinion and according to the information and explanations given by the management and audit procedures performed by us, the Company has utilized the monies raised by way of debentures through private placement and term loans for the purposes for which they were raised. No monies are raised by way of initial public offer / further public offer.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management and audit procedures performed by us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3 (xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of Section 177 are not applicable to the company and reporting under clause 3 (xiii) in so far as it relates to Section 177 is not applicable to the company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

S.R. BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Akshay Jhawar
Partner
Membership Number: 061918
UDIN: 21061918AAAABG3889

S.R. BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

Place of Signature: Hyderabad
Date: May 10, 2021

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF AURIGENE PHARMACEUTICAL SERVICES LIMITED

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 with reference to financial statements of Aurigene Pharmaceutical Services Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both issued by ICAI. 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 with reference to these financial statements 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these financial statements, 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 with reference to these financial statements.

S.R. BATLIBOI & ASSOCIATES LLP
CHARTERED ACCOUNTANTS
HYDERABAD

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

Meaning of Internal Financial Controls With Reference to these Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls With Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2021, 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 issued by the ICAI.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. BATLIBOI & ASSOCIATES LLP CHARTERED ACCOUNTANTS HYDERABAD

per Akshay Jhawar
Partner
Membership Number:
UDIN: 21061918AAAABG3889
Place of Signature: Hyderabad
Date: May 10, 2021

Aurigene Pharmaceutical Services Limited
Balance sheet as at March 31, 2021
(All amounts in Indian Rupees lacs, except share data and where otherwise stated)

Particulars	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-current assets			
Property, plant and equipment	3	3,607	-
Capital work-in-progress		2,915	-
Right-of-use assets	3.1	1,852	-
Other intangible assets	3.2	85	-
Intangible assets under development		86	-
Financial assets			
Other financial assets	4	3	-
Deferred tax assets, net	32	6,225	15
Tax assets, net		129	-
Other non-current assets	5	137	-
		15,039	**15**
Current assets			
Inventories	6	216	-
Financial assets			
Investments	7	3,420	-
Trade receivables	8	7,625	-
Cash and cash equivalents	9	76	5
Other financial assets	4	278	-
Other current assets	5	2,292	-
		13,907	**5**
Total assets		**28,946**	**20**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	22	4,005	5
Other equity		(43,414)	(45)
		(39,409)	**(40)**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	10	55,207	-
Provisions	11	23	-
		55,230	**-**
Current liabilities			
Financial Liabilities			
Trade payables			
Total outstanding dues to micro enterprises and small enterprises		38	-
Total outstanding dues to creditors other than micro enterprises and small enterprises	13	3,900	-
Other financial liabilities	14	3,847	60
Provisions	11	600	-
Other current liabilities	12	4,740	-
		13,125	**60**
Total equity and liabilities		**28,946**	**20**

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

As per our report of even date attached

for S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

for and on behalf of the Board of Directors of **Aurigene Pharmaceutical Services Limited**

per Akshay Jhawar
Partner
Membership no.: 061918

Deepak Sapra
Director
DIN : 08563727

Mannam Venkatanarasimham
Director
DIN : 02677423

Place: Hyderabad
Date : May 10, 2021

Ravi Venkantaraman
Chief Executive Officer

Raghavender Ramachandran
Chief Financial Officer

Sudha Jhunjhunwala
Company Secretary

Aurigene Pharmaceutical Services Limited
Statement of Profit and Loss for the year ended March 31, 2021
(All amounts in Indian Rupees lacs, except share data and where otherwise stated)

Particulars	Note	For the year ended March 31, 2021	For the period ended March 31, 2020
Income			
Revenue from contracts with customers	15	19,139	-
Other income	16	5	-
Total income		**19,144**	**-**
Expenses			
Cost of materials consumed		5,883	
Employee benefits expense	17	6,306	-
Depreciation and amortisation expense		1,410	-
Other expenses	18	3,934	60
Finance costs	19	3,402	-
Total expenses		**20,935**	**60**
Profit/ (Loss) before tax		**(1,791)**	**(60)**
Tax Expense / (benefit)			
Current tax		-	-
Deferred tax	32	(6,193)	(15)
Income tax benefit		**(6,193)**	**(15)**
Profit / (Loss) for the year		**4,402**	**(45)**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement gains/ (losses) on defined benefit plans		(66)	-
Income tax effect		17	-
Other comprehensive income for the year, net of tax		**(49)**	**-**
Total comprehensive income for the year, net of tax		**4,353**	**(45)**
Earnings per share :	30		
Basic earnings per share of ₹ 10/- each		13.50	(90.00)
Diluted earnings per share of ₹ 10/- each		13.50	(90.00)

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

As per our report of even date attached

for S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

for and on behalf of the Board of Directors of **Aurigene Pharmaceutical Services Limited**

per Akshay Jhawar
Partner
Membership no.: 061918

Deepak Sapra
Director
DIN : 08563727

Mannam Venkatanarasimham
Director
DIN : 02677423

Place: Hyderabad
Date : May 10, 2021

Ravi Venkantaraman
Chief Executive Officer

Raghavender Ramachandran
Chief Financial Officer

Sudha Jhunjhunwala
Company Secretary

Aurigene Pharmaceutical Services Limited
Statement of changes in equity for the year ended March 31, 2021
(All amounts in Indian Rupees lacs, except share data and where otherwise stated)

Particulars	Equity share capital	Other components of equity			Total equity
		Reserves and Surplus		Items of OCI	
		Capital reserve	Retained earnings	Actuarial gains/ (losses)	
As at September 16, 2019	-	-	-	-	-
Loss for the period	-	-	(45)	-	(45)
Total comprehensive income	**-**	**-**	**(45)**	**-**	**(45)**
Equity Shares issued during year	5	-		-	5
Total contributions and distributions	**5**	**-**	**-**	**-**	**5**
Changes in ownership interests	**-**				
Total transactions with owners of the Company	**5**	**-**	**-**	**-**	**5**
As at March 31, 2020	**5**	**-**	**(45)**	**-**	**(40)**
As at April 1, 2020	**5**	**-**	**(45)**	**-**	**(40)**
Profit for the year	-	-	4,402	-	4,402
Remeasurement of net defined benefit liability, net of tax	-	-	-	(49)	(49)
Total comprehensive income	**-**	**-**	**4,402**	**(49)**	**4,353**
Equity shares issued during the year	4,000	-	-	-	4,000
Common controlled transaction (1)	-	(47,722)	-	-	(47,722)
Total contributions and distributions	**4,000**	**(47,722)**	**-**	**-**	**(43,722)**
Changes in ownership interests	**-**				
Total transactions with owners of the Company	**4,000**	**(47,722)**	**-**	**-**	**(43,722)**
As at March 31, 2021	**4,005**	**(47,722)**	**4,357**	**(49)**	**(39,409)**

(1) On 1st June 2020 the Company acquired Contract Development and Manufacturing Organisation (CDMO) division from Dr. Reddy's Laboratories Limited (ultimate Holding Company) for lumpsum consideration of ₹ 54,345 lacs having net assets of ₹ 6,623 lacs. Goodwill arising on the transaction ₹ 47,722 lacs has been classified as negative Capital Reserve.

As per our report of even date attached

for S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

for and on behalf of the Board of Directors of **Aurigene Pharmaceutical Services Limited**

per Akshay Jhawar
Partner
Membership no.: 061918

Deepak Sapra
Director
DIN : 08563727

Mannam Venkatanarasimham
Director
DIN : 02677423

Place: Hyderabad
Date : May 10, 2021

Ravi Venkantaraman
Chief Executive Officer

Raghavender Ramachandran
Chief Financial Officer

Sudha Jhunjhunwala
Company Secretary

Aurigene Pharmaceutical Services Limited
Cash flow statement for the year ended March 31, 2021
(All amounts in Indian Rupees lacs, except share data and where otherwise stated)

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Cash flows from / (used in) operating activities		
Loss before tax	(1,791)	(60)
Adjustments for reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	1,410	-
Allowances for credit losses	1,209	-
Foreign exchange loss / (gain), net	(125)	-
Fair value gain on financial instruments at fair value through profit or loss	(30)	
Profit from sale of mutual funds	(65)	-
Interest income	(2)	-
Finance costs	3,402	-
	4,008	**(60)**
Changes in operating assets and liabilities		
Inventories	(149)	-
Trade receivables and unbilled revenue	656	-
Financial & other assets	(2,081)	-
Trade payables	3,309	-
Financial & other liabilities	4,887	60
Cash generated from operations	**10,630**	**-**
Income tax paid, net	(129)	-
Net cash flows generated from operating activities (A)	**10,501**	**-**
Cash flows from/(used in) investing activities		
Expenditures on property, plant & equipment	(2,514)	-
Expenditures on other intangible assets	(121)	
Business Purchased	(59,174)	-
Purchase of investments	(15,950)	-
Proceeds from sale of investments	12,624	
Interest received	2	-
Net cash used in investing activities (B)	**(65,133)**	**-**
Cash flows from/(used in) financing activities		
Proceeds from issuance of equity shares	4,000	5
Loan taken from parent company	16,000	-
Proceeds from issuance of debentures	38,000	-
Proceeds from Short term loan from bank	40,000	-
Repayment of Short term loan to bank	(40,000)	-
Payment of principal portion of lease liabilities (note 10 (4))	(550)	-
Interest paid	(2,596)	-
Guarantee Commision paid	(151)	-
Net cash flows from financing activities (C)	**54,703**	**5**
Net increase in cash and cash equivalents (A+B+C)	**71**	**5**
Cash and cash equivalents at the beginning of the year	5	-
Cash and cash equivalents at end of the year (Refer note 9)	**76**	**5**

As per our report of even date attached

for S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

for and on behalf of the Board of Directors of **Aurigene Pharmaceutical Services Limited**

per Akshay Jhawar
Partner
Membership no.: 061918

Deepak Sapra
Director
DIN : 08563727

Mannam Venkatanarasimham
Director
DIN : 02677423

Place: Hyderabad
Date : May 10, 2021

Ravi Venkantaraman
Chief Executive Officer

Raghavender Ramachandran
Chief Financial Officer

Sudha Jhunjhunwala
Company Secretary

Aurigene Pharmaceutical Services Limited
Notes to the financial statements
(All amounts in Indian Rupees lacs, except share data and where otherwise stated)

Note 1 and 2 Description of the Company and significant accounting policies

1. Corporate information

Aurigene Phamaceutical Services Limited ('APSL' or 'the Company') was incorporated as a Public Limited Company on September 16, 2019 and having its registered office in Bangalore, Karnataka, India. The Company is formed as a wholly owned subsidiary of Aurigene Discovery Technology Limited. The main business objective of the Company is to provide pharmaceutical development, manufacturing services and solutions for active ingredients and finished dosage form to innovator and specialty pharmaceutical companies

The financial statements are approved for issue by the Company's Board of Directors on May 10, 2021.

2. Significant accounting policies

2.1 Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments and defined benefit plans which are measured at fair values or amortised cost and the provisions of the Companies Act, 2013 (`Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2018.

The financial statements are presented in Indian rupees, which is the functional currency of the Company, and all values are rounded to the nearest lacs (INR 00,000), except when otherwise indicated.

Functional currency of an entity is the currency of the primary economic environment in which the entity operates.

2.2 Use of estimate

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.

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. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 2.6 — Financial instruments;
- Note 2.7 — Business combinations;
- Notes 2.8 and 2.9 — Useful lives of property, plant and equipment and intangible assets;
- Notes 2.10 – determination of cost for right-of-use assets and lease term;
- Note 2.11 — Valuation of inventories;
- Note 2.13 — Assets and obligations relating to employee benefits;
- Note 2.14 — Provisions, Contingencies and other accruals;
- Note 2.17 — Evaluation of recoverability of deferred tax assets, and estimation of income tax payable and income tax expense in relation to an uncertain tax position; and

Aurigene Pharmaceutical Services Limited
Notes to the financial statements
(All amounts in Indian Rupees lacs, except share data and where otherwise stated)

2.3 Current and non-current classification

All assets and liabilities have been classified as current and non-current as per the Company's normal operating cycle and other criteria set out in the revised Schedule III to the Companies Act, 2013.

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.

2.4 Going concern

The Company's financial statement for the year ended March 31, 2021 have been prepared on a going concern basis which assumes that the Company will continue to be able to meet its liabilities as they fall due for the foreseeable future. In case company is not able to meet its commitments, Dr Reddy's Laboratories Limited (ultimate parent Company) has undertaken to provide such financial support as necessary, to enable the Company to meet the operational requirements as they arise and to meet it's liabilities as and when they fall due.

2.5 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.

Foreign-currency denominated monetary assets and liabilities are translated into the functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in the statement of profit and loss.

Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled.

Aurigene Pharmaceutical Services Limited
Notes to the financial statements
(All amounts in Indian Rupees lacs, except share data and where otherwise stated)

2.6 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 (e.g., regular way trades) are recognised 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 recognised 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 Ind AS 115.

Subsequent measurement

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 and are subject to impairment. 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 effective interest rate.

Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in statement of profit and loss and presented in other gains/(losses). The losses arising from impairment are recognised in the statement of profit and loss.
This category generally applies to trade and other receivables.

Investments in units of mutual funds

Investments in mutual funds 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 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

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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.

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 or losses attributable to changes in own credit risk are recognised in OCI. These gains or 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

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of profit and loss over the period of the borrowings using the effective interest method.

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

2.7 Business Combination

The Company uses the pooling of interests method of accounting to account for business combinations involving entities under common control. The acquisition date is the date on which control is transferred to the acquirer. Under pooling of interest method, the assets and liabilities acquired are measured at their carrying amounts and no adjustments are made to reflect fair values, or recognise any new assets or liabilities. Fair value of the consideration transferred less the net recognised amount of the identifiable assets acquired and liabilities assumed has been recognized in equity as Capital reserve on acquisition date.

2.8 Property, Plant & 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. Cost of self-constructed assets includes cost of materials and other costs directly attributable to bringing the asset to a working condition for its

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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.

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 in the statement of profit and loss.

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 statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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 statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Land is not depreciated.

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

Asset Description	Useful life
Laboratory equipment	5-10 years
Electrical equipment	5-10 years
Plant and machinery	5-10 years
Computers	3 years
Office equipment	4 - 6 years
Furniture and fixtures	4 -8 years
Vehicles	5 years

In terms of proviso to clause 3(i) of Part A of Schedule II to the Companies Act, 2013 (the Act), the Company based on its technical evaluation concluded that its existing useful life determined hitherto is appropriate and accordingly has decided to retain the same adopted for various categories of fixed assets, which in certain cases, differ from those prescribed in Schedule II to the Companies Act, 2013.

Cost of property, plant and equipment not ready to use as of the reporting date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date are disclosed as such under other non-current assets.

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2.9 Other Intangible assets

Recognition and measurement

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 expenditure

Subsequent expenditures are capitalised 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 recognised in the statement of profit and loss as incurred.

Amortisation

Amortisation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets. The amortisation expense is recognised in the statement of profit and loss account in the expense category that is consistent with the function of the intangible asset. Intangible assets that are not available for use are amortised from the date they are available for use.
The estimated useful lives for other intangible is considered 3-5 years.

The amortisation period and the amortisation method for intangible assets with a finite useful life are reviewed at each reporting date.

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.

De-recognition of intangible assets

Intangible assets are de-recognised 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 statement of profit and loss, 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.

2.10 Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right of use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the lease term.

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ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including insubstance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

2.11 Inventories

Inventories primarily consist of laboratory consumables and are measured at lower of cost and net realisable value. Cost is based on the weighted average method. Cost includes expenditures incurred in acquiring, production or converting the inventories and other costs incurred in bringing them to their existing location and condition. 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 and obsolete inventory include estimated shelf life and ageing of inventory. The Company considers all these factors and adjusts the inventory provision to reflect its actual experience on a periodic basis.

2.12 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”).

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.

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2.13 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.

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.

Defined benefit plans
The liability in respect of defined benefit plans and other post-employment benefits is calculated using the projected unit credit method consistent with the advice of qualified actuaries. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates based on the prevailing market yields on Indian Government securities. The current service cost of the defined benefit plan, recognized in the income statement in employee benefit expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognized immediately in the statement of profit and loss. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

Termination benefits
Termination benefits are recognized as an expense when the Company is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognized as an expense if the Company has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

Other long-term employee benefits
The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value. Re-measurements are recognized in the statement of profit and loss in the period in which they arise.

Compensated absences
The Company provides for encashment of compensated absences payable to employees at the end of each financial year. The employees can also carry forward a portion of the unutilized compensated absences for maximum 1 year and utilize it in the subsequent year or receive cash compensation on termination of employment in the subsequent year. The Company records an obligation for compensated absences in the period in which the employee renders the services that increases this entitlement.

2.14 Provisions, contingent liabilities and contingent assets

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reasonably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If

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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.

Onerous contracts

A provision for onerous contracts is recognized 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 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.

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.

2.15 Revenue

The Company derives its revenue mainly from contract research and manufacturing services relating to drug discovery for its customers.

Service income

Revenue from services rendered, which primarily relate to contract research, is recognized as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognized as revenue over the expected period over which the related services are expected to be performed.

Sale of goods

Revenue is recognized when control of the goods has been transferred to a third party. This is usually when the title passes to the customer, either on shipment or on receipt of goods by the customer. At that point, 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.

2.16 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

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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.

Foreign currency gains and losses are reported on a net basis within other income and / or selling and other expenses. 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.

2.17 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 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.

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.

2.18 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.

2.19 Rounding of amounts

All amounts in Indian Rupees disclosed in the financial statements and notes have been rounded off to the nearest lacs unless otherwise stated.

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2.20 Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The 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.

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.

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

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

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.

2.21 Cash flow statement

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of future cash receipts or payments. The cash flow from regular revenue generating, investing and financing activities of the company is segregated.

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3) Property, plant and equipment

Particulars	Plant And Machinery	Furniture and Fittings	Computers	Lab Equipment	Electrical Equipment	Office Equipment	Vehicles	Total
Gross carrying value								
Balance as at 1 April 2020	-	-	-	-	-	-	-	-
Additions	402	249	335	3,004	220	38	9	4,257
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	**402**	**249**	**335**	**3,004**	**220**	**38**	**9**	**4,257**
Accumulated Depreciation								
Balance as at 1 April 2020	-	-	-	-	-	-	-	-
Depreciation for the year	63	36	91	403	43	11	3	650
Disposals	-	-	-	-	-	-	-	-
Balance as at 31 March 2021	**63**	**36**	**91**	**403**	**43**	**11**	**3**	**650**
Net carrying value								
As at 31 March 2020	-	-	-	-	-	-	-	-
As at 31 March 2021	**339**	**213**	**244**	**2,601**	**177**	**27**	**6**	**3,607**

Capital commitments :

As of 31 March 2021 and 31 March 2020, the Company has Capital commitment for ₹ 2,613 and ₹ Nil, respectively, under agreements to purchase property, plant and equipment. This amount is net of capital advances paid in respect of such purchase commitments.

3.1) Right-of-use assets

The Company has lease contracts for various items of building, vehicles and office equipment used in its operations. Below are the carrying amounts of right-of-use assets recognised and the movements during the year.

Particulars	Buildings	Office Equipment	Vehicles	Total
Gross carrying value				
Balance as at 1 April 2020	-	-	-	-
Additions	2,429	2	133	2,564
Disposals	-	-	(4)	(4)
Balance as at 31 March 2021	**2,429**	**2**	**129**	**2,560**
Accumulated depreciation				
Balance as at 1 April 2020	-	-	-	-
Depreciation for the year	675	1	36	712
Disposals	-	-	(4)	(4)
Balance as at 31 March 2021	**675**	**1**	**32**	**708**
Net carrying value				
As at 31 March 2020	-	-	-	-
As at 31 March 2021	**1,754**	**1**	**97**	**1,852**

The following are the amounts recognised in the statement of profit and loss

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Depreciation expense of right-of-use assets	712	-
Interest expense on lease liabilities	236	-
	948	**-**

The Company had total cash outflows for leases of ₹ 786 & ₹ NIL during the year ended 31 March 2021 & 31 March 2020. The maturity analysis of lease liabilities are disclosed in note 10 of these financial statements.

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3.2) Other intangible assets

Particulars	Software	Total
Gross carrying value		
Balance as at 1 April 2020	-	-
Additions	133	133
Balance as at 31 March 2021	**133**	**133**
Amortisation/impairment loss		
Balance as at 1 April 2020	-	-
Amortisation for the year	48	48
Balance as at 31 March 2021	**48**	**48**
Net carrying value		
As at 31 March 2020	-	-
As at 31 March 2021	**85**	**85**

Details of significant intangible assets as at 31 March 2021:

Particulars	Carrying Cost
Lab Softwares - ELN, VMWare, Empower	85

4) Other financial assets

Particulars	As at 31 March, 2021	As at 31 March 2020
A. Non current		
Unsecured, considered good		
Security deposits	3	
	3	**-**
B. Current		
Unsecured, considered good		
Due from related parties (Refer note 34)	245	
Others	33	
	278	**-**
	281	**-**

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5) Other assets

Particulars	As at March 31, 2021	As at March 31, 2020
A. Non current		
Unsecured, considered good		
Capital advances	137	-
	137	**-**
B. Current		
Unsecured, considered good		
Advance to suppliers	137	-
Prepaid expenses	102	-
Balance and receivable from statutory authorities (1)	2,038	-
Other receivables	15	-
	2,292	**-**
	2,429	**-**

(1) Balances and receivables from statutory authorities primarily consist of amounts receivable towards the goods and service tax ("GST").

6) Inventories

Particulars	As at March 31, 2021	As at March 31, 2020
Lab Consumables	202	-
Stores & Spares	14	-
	216	**-**

7) Investments

Investments in unquoted mutual fund

Particulars	As at March 31, 2021		As at March 31, 2020	
	No of units	Amount	No of units	Amount
IDFC Ultra Short Term Fund - Direct Plan - Growth	5,840,137	699	-	-
IDFC Low Duration Fund - Direct Plan - Growth	1,675,732	514	-	-
IDFC Cash Fund - Direct Plan - Growth	88,798	2,207	-	-
		3,420		**-**

Investments in units of mutual funds are carried at Fair value through profit and loss

8) Trade receivables

Particulars	As at March 31, 2021	As at March 31, 2020
Trade receivables	7,119	-
Receivables from related parties (Refer note 34)	506	-
	7,625	**-**
Break-up for security details:		
Considered good, Unsecured	7,831	-
Credit impaired	1,423	-
	9,254	**-**
Less : Provision for Doubtful debt and Allowance for Credit Losss	(1,629)	-
	7,625	**-**

In accordance with Ind AS 109, the Company uses the expected credit loss ("ECL") model for measurement and recognition of impairment loss on its 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 115. The details of changes in allowance for credit losses during the year ended 31 March 2021 and 31 March 2020 are as follows:

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Balance at the beginning of the year	-	-
Provision taken from acquired business^^	420	
Provision made during the year, net of reversals	1,209	-
Balance at the end of the year	**1,629**	**-**

^^ Provision of ₹ 420 lacs taken as part of Business purchase from Dr. Reddy's Laboratories Limited & Aurigene Discovery Technologies Limited in June 2020.

Aurigene Pharmaceutical Services Limited
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9) Cash and cash equivalents

Particulars	**As at March 31, 2021**	**As at March 31, 2020**
Balances with banks		
– In current accounts	76	5
	76	**5**

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

Balances with banks		
– In current accounts	76	5
	76	**5**

10) Non Current Borrowings

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Unsecured		
Long-term loans from parent Company (1)	16,000	-
6.77% Redeemable Non Convertible Debenures (2)	38,000	-
Long-term maturities of lease obligation	1,207	-
	55,207	**-**

The aggregate maturities of long-term loans and borrowings, based on contractual maturities, as of 31 March 2021 were as follows:

Particulars	**As at 31 March 2021**		
	Debentures & Loan	**Obligations under leases**	**Total**
Maturing in the year ending 31 March			
2022	-	810	810
2023	-	998	998
2024	38,000	189	38,189
2025	-	11	11
2026	16,000	9	16,009
Thereafter	-	-	-
	54,000	**2,017**	**56,017**

(1) Aurigene Discovery Technologies Limited (parent company) has provided Long term loan carrying interest rate of 6.77% pa. Outstanding Principal payable by 31 May 2025.

(2) Subscribed by DBS Bank India Limited Ultimate parent company Dr. Reddy's Laboratories Limited has given Guarantee for the same.
Debenture Interest payable Half yearly.

(3) The Company had uncommitted lines of credit of ₹ 2,500 and ₹ NIL as of 31 March 2021 and 31 March 2020, respectively, from its banks for working capital requirements. The Company has the right to draw upon these lines of credit based on its working capital requirements.

(4) Reconciliation of liabilities arising from financing activities during year end 31 March 2021:

Particulars	**Non-current borrowings**	**Current borrowings**	**Total**
Opening balance	-	-	-
Recognition of right-of-use liability during the year (1)	2,567	-	2,567
Issue/(Repay) of Debentures	38,000	-	38,000
Borrowings made during the year - Long term loan from Parent company	16,000	-	16,000
Borrowings made during the year - Citibank Short term loan	-	40,000	40,000
Borrowings (repaid) during the year - Citibank Short term loan	-	(40,000)	(40,000)
Payment of principal portion of lease liabilities	(550)	-	(550)
Closing balance at the end of the year 31 March 2021	**56,017**	**-**	**56,017**

(1) Includes current portion of Lease liability ₹ 810 lacs.

Aurigene Pharmaceutical Services Limited
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11) Provisions

Particulars	As at March 31, 2021	As at March 31, 2020
A. Non current		
Provision for employee benefit		
Provision For Long Service Liability	23	-
	23	**-**
B. Current		
Provision for employee benefit		
Provision For Earned Leave	460	-
Provision For Gratuity (Refer note 27)	137	-
Provision For Long Service Liability	3	-
	600	**-**
Total Provisions	**623**	**-**

12) Other liabilities

Particulars	As at March 31, 2021	As At March 31, 2020
Current liabilities		
Advance from Customers	3,907	-
Advance From Customers IU (Refer note 34)	86	
Statutory dues payable	117	-
Provision For Performance Bonus	630	-
Total Other liabilities	**4,740**	**-**

13) Trade payables

Particulars	As at March 31, 2021	As at March 31, 2020
Due to related parties (Refer note 34)	1,463	-
Due to other than related parties	2,475	-
	3,938	**-**
Dues to micro, small and medium enterprises; and	38	-
Others	3,900	-
	3,938	**-**

Details of dues to micro and small enterprises as defined under the MSMED Act, 2006	As at March 31, 2021	As at March 31, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year		
Principal amount due to micro and small enterprises	38	-
Interest due on above	1	-
	39	**-**

14) Other financial liabilities

Particulars	As at March 31, 2021	As at March 31, 2020
Due to Capital creditors	1,060	-
Creditors for Expenses	543	-
Other Current Liabilities - IU (Refer note 34)	771	53
Other Current Liabilities	8	7
Current maturity of lease obligations	810	-
Interest Accrued but not due on loans	655	-
	3,847	**60**

Aurigene Pharmaceutical Services Limited
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15) Revenue from contracts with customers

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Sales	2,281	-
Service Income	16,843	-
Other Operating Revenue	15	-
	19,139	**-**

Analysis of revenues by geography:

The following table shows the distribution of the Company's extrenal revenues (excluding other operating revenue) by country, based on the location of the customers:

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Revenue from customers in India	1,457	-
Revenue from customers outside India:		
from USA	11,129	-
Other geographies	6,538	-
	19,124	**-**

Revenue amounting to 10% or more of total revenue from single customer

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Service Income	5,856	-
	5,856	**-**

Details of contract liabilities :

Particulars	As at March 31, 2021	As at March 31, 2020
Advance from customers	3,993	-
	3,993	**-**

16) Other income

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Profit on sale of mutual funds	65	-
Fair value gain on financial instruments at fair value through	30	-
Foreign exchange loss / (gain), net	(125)	-
Interest income	2	-
Miscellaneous income	33	-
	5	**-**

Aurigene Pharmaceutical Services Limited

Notes to the financial statements

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17) Employee benefits expense

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Salaries, wages and bonus	5,372	-
Contribution to provident and other funds (Refer note 28)	301	-
Gratuity expense (Refer note 27)	91	-
Staff welfare expenses	542	-
	6,306	**-**

18) Other expenses

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Consumption of Stores & Spares	161	-
Power and fuel	509	-
Repairs and maintenance	1,188	-
Travelling and conveyance	71	-
Legal and professional fees (Refer note 20 for details on payment to auditors)	408	1
Selling Expenses	158	-
Communication costs	105	-
Rates and taxes	4	53
Insurance	30	-
Bank Charges	10	-
Provision for doubtful Debts, Expected Credit Loss	1,209	-
Printing and stationery	13	-
Miscellaneous expenses	68	6
	3,934	**60**

19) Finance cost

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Interest on Borrowings	3,010	-
Interest on lease liability	236	-
Interest - others	156	-
	3,402	**-**

20) Auditors Remunaration

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
(Included in legal and professional fees under other expenses)		
Statutory audit fee	6	1
	6	**1**

The amounts are excluding applicable taxes.

21) Details of CSR expenditure:

As per Section 135 of the Companies Act 2013, the Company is not required to spend on CSR activities.

Aurigene Pharmaceutical Services Limited
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22) Share capital

Particulars	As at March 31, 2021	As at March 31, 2020
Authorised shares		
60,000,000 (March 31, 2020 : 60,000,000) equity shares of ₹ 10/- each	6,000	6,000
	-	-
	6,000	**6,000**
Issued, subscribed and fully paid-up shares		
40,050,000 (March 31, 2020: 50,000) equity shares of ₹ 10/- each, fully paid up	4,005	5
	4,005	**5**

(a) Reconciliation of the shares outstanding is set out below:

	For year ended 31 March 2021		For year ended 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
At the beginning of the year	50,000	5	50,000	5
Add: Issued during the year	40,000,000	4,000	-	-
Outstanding at the end of the year	**40,050,000**	**4,005**	**50,000**	**5**

(b) Terms and rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs. 10 per share. Accordingly, all equity shares rank equally with regard to dividends and share in the Company's residual assets. The equity shares are entitled to receive dividend as declared from time to time subject to payment of dividend to preference shareholders. The dividend proposed by the Board of Directors is subject to shareholder's approval at the ensuing Annual General Meeting. The voting rights of an equity shareholder on a poll (not on show of hands) are in proportion to its share of the paid-up capital of the Company. Voting rights cannot be exercised in respect of shares on which any call or other sums presently payable have not been paid. On winding up of the Company, the holders of equity shares will be entitled to receive the residual assets of the Company, remaining after distribution of all preferential amounts in proportion to the number of equity shares held.

(c) Shares held by holding/ultimate holding company and/ or their subsidiaries/ associates

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company & their subsidiaries/ associates are as below:

Particulars	As at March 31, 2021	As at March 31, 2020
Aurigene Discovery Technologies Limited (Holding Company) *		
40,050,000 (March 31, 2020: 50,000), fully paid up equity shares of ₹ 10/- each	4,005	5

* Includes 60 (March 31, 2020: 60) fully paid up equity shares of ₹ 10/- each are held by the nominees of Aurigene Discovery Technologies Limited (Holding Company)

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

Name of shareholder	As at 31 March 2021		As at 31 March 2020	
	No. of shares held	% holding	No. of shares held	% holding
Equity shares				
Aurigene Discovery Technologies Limited (Holding Company)	40,050,000	100%	50,000	100%

(e) During the year ended 31 March 2021, no shares were issued for consideration other than cash or as bonus shares.

(f) During the year ended 31 March 2021, no shares have been bought back.

(g) No shares have been reserved for issue under options, contracts, commitments for sale of shares or divestment including the terms and the amounts.

23) Dividend distribution made and proposed during the year
No dividend has been proposed by the Board of Directors for the year ended March 31, 2021 and March 31, 2020.

24) Contingent liabilities
The Company does not have any contigent liability as on 31 March 2021.

25) Capital commitments
Estimated amount of contracts (net of advances) remaining to be executed on capital account and not provided for is ₹ 2,613 (March 31, 2020: ₹ NIL).

26) Segment information
The main business activity of the Company is to provide pharmaceutical development, manufacturing services and solutions for active ingredients and finished dosage form to innovator and speciality pharmaceutical companies. The Board of Directors reviews the results when making decisions about allocating resources and assessing performance of the Company as a whole, hence the Company has only one reportable segment.

Aurigene Pharmaceutical Services Limited
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27) Gratuity benefits provided by the Company

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of completed service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at the time of separation.

The Company has a defined benefit gratuity plan for its employees. Under the gratuity plan, every employee who has completed at least five years of service gets a gratuity on departure at 15 days of last drawn salary for each completed year of service.

a) Details of the employee benefits obligations and plan assets are provided below:

Particulars	As at March 31, 2021	As at March 31, 2020
Present value of funded obligation	(1,151)	-
Fair value of plan assets	1,014	-
Net defined benefit liability recognised	**(137)**	**-**

b) The components of gratuity cost recognised in the statement of profit and loss consists of the following:

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Current service cost	91	-
	91	**-**

c) Details of remeasurement (gains)/ losses in other comprehensive income:

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Due to experience adjustments	13	-
Due to actual return on plan assets less interest on plan assets	54	-
Net loss on remeasurement of defined benefit obligation	**66**	**-**

d) Details of change in the present value of the defined benefit obligation are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Defined benefit obligations as at the beginning of the year	-	-
Current service cost	91	-
Interest on defined benefit obligations	54	-
Remeasurement gains/ (losses) in other comprehensive income		
Due to experience adjustments	13	-
Benefits paid	(39)	-
Liabilities assumed /(transferred) on account of Inter group transfer	1,032	-
Defined benefit obligations as at the end of the year	**1,151**	**-**

e) Details of change in the fair value of the plan assets are as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Fair value of plan assets as at the beginning of the year	-	-
Employer Contributions	39	-
Interest on plan assets	-	-
Remeasurement gains/ (losses) in other comprehensive income		
due to actual returns on plan assets less interest on plan assets	-	-
Benefits paid	(39)	-
Assets acquired / (transferred) on account of Inter group transfer	1,014	
Plan assets as at the end of the year	**1,014**	**-**

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f) The principal assumptions used in determining gratuity obligations:

Particulars	As at March 31, 2021	As at March 31, 2020
Discount rate	6.55%	-
Expected rate of return on plan assets **	6.55%	-
Salary escalation rate	8.00%	-
Mortality rate	Indian Assured Lives Mortality (2012-14) (modified) Ult Table*	
Withdrawal rate:		
Up to age 21	0%	0%
Between age 22 to 30	27%	0%
Between age 31 to 40	12%	0%
Between age 41 to 50	7%	0%
Between age 51 to 57	17%	0%

* As published by IRDA and adopted as Standard Mortality Table as recommended by Institute of Actuaries of India effective April 1, 2013.

** The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

g) Sensitivity analysis :

Particulars	As at March 31, 2021	As at March 31, 2020
Defined benefit obligation with projected salary growth	1,151	-
Defined benefit obligation, using discount rate minus 50 basis points	1,196	-
Defined benefit obligation, using discount rate plus 50 basis points	1,109	-
Defined benefit obligation, using salary growth rate minus 50 basis points	1,109	-
Defined benefit obligation, using salary growth rate plus 50 basis points	1,195	-

h) Expected future cash flows in respect of gratuity in future years:

Particulars	As at March 31, 2021	As at March 31, 2020
Within the next 12 months (next annual reporting period)	142	-
Between 2 and 5 years	421	-
Between 6 and 9 years	404	-
Beyond 9 years	1,085	-

28) Provident fund

Certain categories of employees of the Company receive benefits from a provident fund, a defined contribution plan. Both the employee and employer each make monthly contributions to a government administered fund at specified rate on the covered employee's qualifying salary. Monthly contribution made by the Company are recognised as expense in the statement of profit and loss. The Company has no further obligations under the plan beyond its monthly contributions. Details of contribution made by the Company to the provident fund are as follows:

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Contribution made during the year		
Provident Fund	299	-
	299	**-**

29) Compensated absences

The Company provides for accumulation of compensated absences for its employees. These employees can carry forward a portion of the unutilized compensated absences for maximum 1 year and utilise it in future periods or receive cash in lieu thereof as per the Company's policy. The Company records a liability for compensated absences in the period in which the employee renders the services that increases this entitlement. Details of total liability recorded by the Company towards this obligation is as follows:

Particulars	As at March 31, 2021	As at March 31, 2020
Provision for compensated absences - current	460	-
	460	**-**

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30) Earnings per share (EPS)

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Profit / (loss) attributable to equity shareholders of the Company	4,402	(45)
Weighted average number of equity shares used in calculating basic and diluted EPS (nos.)	32,597,945	50,000
Basic/dilutive earnings per share of face value ₹ 10/- each	**13.50**	**(90)**

31) Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

The Official Memorandum dated 26 August 2008, prescribes that Micro and Small Enterprises should mention in their correspondence with their customer the Entrepreneurs Memorandum Number as allotted after filing of the Memorandum. Based on the information available with the Company, the principal amount remaining unpaid as at 31 March 2021 is of Rs. 38 (previous year: nil) to enterprises which have provided goods and services to the Company and which qualify under the definition of micro and small enterprises, as defined under the Micro Small and Medium Enterprises Development Act, 2006 ('MSMED').

32) Income taxes

a) Income tax expense/ (benefit) for the year

Income tax expense/ (benefit) recognized in the income statement consists of the following:

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Current tax	-	-
Deferred tax	(6,193)	(15)
Total income tax expense/(benefit) recognised in the statement of profit and loss	**(6,193)**	**(15)**

b) Income tax expense/ (benefit) recognized directly in equity consists of the following:

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Tax effect on actuarial gains on defined benefit obligations	(17)	-
Total Income tax expense/ (benefit) recognized directly in equity	**(17)**	-

c) Following is a reconciliation of effective tax rate;

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Profit /(loss) before income taxes	(1,791)	(60)
Enacted tax rate in India	25.17%	25.17%
Computed expected tax expense	(451)	(15)
Effect of:		
Deferred tax on acquired intangible	(5,756)	-
Expenses not deductible for tax purposes	(3)	-
Income tax expense	**(6,210)**	**(15)**

d) Deferred tax assets and liabilities

The tax effects of significant temporary differences that resulted in deferred tax assets and liabilities and a description of the items that created these differences is given below:

Particulars	As at March 31, 2021	As at March 31, 2020
Deferred tax assets		
Accounts Receivables	304	-
Operating loss carry forward	1,542	3
Intangibles Assets	4,317	-
Property, plant and equipment	57	-
Current liabilities	5	12
Net deferred tax asset	**6,225**	**15**

In assessing whether the deferred income tax assets will be realised, management considers whether some portion or all of the deferred income tax assets will not be realised. The ultimate realisation of the deferred income tax assets and tax loss carry forwards is dependent upon the generation of future taxable income during the periods in which the temporary differences become deductible. Management considers the scheduled reversals of deferred tax liabilities, projected future taxable income and tax planning strategy in making this assessment. Based on the level of historical taxable income and projections of future taxable income over the periods in which the deferred tax assets are deductible, management believes that the Company will realise the benefits of those recognised deductible differences and tax loss carry forwards. Recoverability of deferred tax assets is based on estimates of future taxable income. Any changes in such future taxable income would impact the recoverability of deferred tax assets.

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e) The details of movement in deferred tax assets and liabilities are summarised below;

For the year ended March 31, 2021

Particulars	**As at March 31, 2020**	**Recognized in statement of profit and loss**	**Recognized in equity**	**As at March 31, 2021**
Deferred tax assets				
Operating tax loss carry forward	3	1,539	-	1,542
Current liabilities	12	(24)	17	5
Trade Receivables	-	304	-	304
Intangibles Assets	-	4,317	-	4,317
Property, plant & equipment	-	57	-	57
	15	**6,193**	**17**	**6,225**
Net deferred tax asset	**15**	**6,193**	**17**	**6,225**

For the year ended March 31, 2020

Particulars	**As at March 31, 2019**	**Recognized in statement of profit**	**Recognized in equity**	**As at March 31, 2020**
Deferred tax assets				
Operating tax loss carry-forward	-	3	-	3
Current liabilities	-	12	-	12
	-	**15**	**-**	**15**
Net deferred tax asset	**-**	**15**	**-**	**15**

33) Acquisition of Business :.

On March 27, 2020 the Board of Directors of the ultimate parent company (Dr. Reddy's Laboratories Limited "DRL") approved the sale of the Contract Development and Manufacturing Organisation (CDMO) division of Custom Pharmaceutical Services (CPS) business to the Company for a consideration of INR 543 crores.

Aurigene Discovery Technologies Limited board of directors has approved transfer of drug discovery division to APSL on July 8, 2019 under slump sale for a consideration of carrying value of net assets transferred as on closure date of transaction.

Accordingly, On June 01, 2020 Company has acquired CDMO division from Dr. Reddys for a consideration of INR 543 crores (Net book value INR 66 crore) and "Drug Discovery Services" division from Aurigene development Technologies limited for a consideration of INR 48 crore (Net book value INR 48 crore).

As the transaction is referred to as a common control transaction, following the guidance available in Ind AS 103, Business Combinations, the accounting was done at the carrying cost. The difference between the consideration paid and the carrying value of the net assets acquired was recorded in a capital reserve account forming part of the Company's equity. Hence, the net assets was recognised at INR 114 crore (INR 66 crore for CDMO net assets and INR 48 crore for Discovery net assets) by recognizing INR 477 crore in a reserve account.

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34) Related parties

Names of related parties and related party relationship

(a) Related parties where control exists

Holding company	:	Aurigene Discovery Technologies Limited.
Wholly owned subsidiary ('WOS')	:	Nil

(b) List of related parties with whom transactions have taken place during the current and/or previous year:

Holding company	:	Aurigene Discovery Technologies Limited.
Ultimate Holding company	:	Dr. Reddy’s Laboratories Limited
Wholly owned subsidiary ('WOS')	:	Nil
Fellow subsidiaries	:	Dr Reddys Laboratories EU Ltd Dr.Reddy's Laboratories Inc. Promius Pharma, LLC. Dr Reddy's Laboratories Japan KK
Enterprise controlled by relative of ultimate holding company Director	:	Green Park Hospitality Services Private Limited
Key management personnel	:	Mr. Ravi Venkataraman – Chief Executive Officer (w.e.f. 08 June 2020) Mr. Raghavender Ramachandran – Chief Financial Officer (w.e.f. 08 June 2020) Mr. Sudha Jhunjhunwala – Company Secretary (w.e.f. 08 June 2020)
Directors	:	Mr Deepak Sapra Mr. Mannam Venkatanarasimham Mr. Erez Israeli

c) Related party transactions

The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year:

Name	Nature of transactions	For the year ended March 31, 2021	For the period ended March 31, 2020
Dr. Reddy’s Laboratories Limited	Revenue from operations	319	-
Promius Pharma, LLC	Revenue from operations	2	-
Dr.Reddy's Laboratories Inc.	Revenue from operations	7	-
Aurigene Discovery Technologies Ltd	Revenue from operations	874	-
Dr. Reddy’s Laboratories Limited	Purchase of goods	2,526	-
Dr. Reddy’s Laboratories Limited	Rent expense	443	-
Dr. Reddy’s Laboratories Limited	Guarantee commission Paid	151	-
Dr. Reddy’s Laboratories Limited	Expenses reimbursement paid	116	-
Dr. Reddy’s Laboratories Limited	Purchase of Assets	15	-
Dr. Reddy’s Laboratories Limited	Purchase consideration paid for Business purchase	54,345	-
Dr Reddys Laboratories EU Ltd	Purchase of goods	10	-
Dr Reddy's Laboratories Japan KK	Salary reimbursement paid	15	-
Aurigene Discovery Technologies Ltd	Rental expenses	294	-
Aurigene Discovery Technologies Ltd	Interest on Loan	902	-
Aurigene Discovery Technologies Ltd	Services received	24	-
Aurigene Discovery Technologies Ltd	Reimbursement of expenses paid	498	53
Aurigene Discovery Technologies Ltd	Inter Company Loan received	16,000	-
Aurigene Discovery Technologies Ltd	Purchase consideration paid for Business purchase	4,829	-
Aurigene Discovery Technologies Ltd	Services rendered	33	-
Aurigene Discovery Technologies Ltd	Allotment of Equity Shares	4,000	5
Green Park Hospitality Services Private Limited	Staff welfare/Canteen expenses paid	77	-

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d) Balances outstanding as at year end

Name	Nature of transactions	As at March 31, 2021	As at March 31, 2020
Aurigene Discovery Technologies Ltd	Trade receivables	165	-
Aurigene Discovery Technologies Ltd	Trade payables	14	-
Aurigene Discovery Technologies Ltd	Other Payables	274	53
Aurigene Discovery Technologies Ltd	Advance received for Service to be provided	86	-
Dr Reddys Laboratories EU Ltd	Trade Payables	30	-
Dr Reddy's Laboratories Japan KK	Other Payables	15	-
Dr. Reddy's Laboratories Limited	Trade receivables	339	
Dr. Reddy's Laboratories Limited	Trade payables	1,419	-
Dr. Reddy's Laboratories Limited	Other Payables	482	-
Dr. Reddy's Laboratories Limited	Other receivables	245	-
Green Park Hospitality Services Private Limited	Trade payables	0*	-
Promius Pharma, LLC.	Trade receivables	2	-
Aurigene Discovery Technologies Ltd	Inter Company Loan	16,000	-

* Amount less than INR 50,000

e) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions and reimbursement of expenses to/ from related parties is at actual cost. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2021, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (March 31, 2020: NIL).

Ultimate holding company 'Dr. Reddy's Laboratories Limited' has given Guarantee of INR 400 Crores to DBS Bank India Limited for subscription of debentures on behalf of the Company..

f) Compensation of key management personnel of the Company

The following table describes the components of compensation paid or payable to key management personnel:

Particulars	For the year ended March 31, 2021	For the period ended March 31, 2020
Salaries, wages and bonus (including compensated absences)	178	-
Contribution to defined contribution plan	4	-
	182	-

Some of the key management personnel of the Company are also covered under the Company's Gratuity Plan along with the other employees of the Company. Proportionate amounts of gratuity accrued under the Company's Gratuity Plan have not been separately computed or included in the above disclosure.

g) Remuneration to Independent Directors
There are no Independent Directors thus no remuneration paid/payable.

(All amounts in Indian Rupees lacs, except share data and where otherwise stated)

35) 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 2021 and 31 March 2020 was 337.30% and 0%, respectively.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

36) Financial Instruments

The carrying value and fair value of financial instruments as at 31 March 2021 and 31 March 2020 were as follows:

	As at 31 Mar 2021		As at 31 Mar 2020	
	Total carrying value	Total fair value/ amortised cost	Total carrying value	Total fair value/ amortised cost
Financial assets				
Cash and cash equivalents	76	76	5	5
Investments	3,420	3,420	-	-
Trade receivables	7,625	7,625	-	-
Other financial assets	281	281	-	-
Total	**11,402**	**11,402**	**5**	**5**
Financial liabilities				
Trade payables	3,938	3,938	-	-
Long-term borrowings	55,207	55,207	-	-
Other financial liabilities	3,847	3,847	60	60
Total	**62,992**	**62,992**	**60**	**60**

Fair value hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The following table presents the fair value hierarchy of assets and liabilities measured at fair value on a recurring basis:

Particulars	Level 1	Level 2	Level 3	Total
FVTPL - Financial asset - Investments in units of mutual funds	3,420	-	-	**3,420**
	3,420	**-**	**-**	**3,420**

37) Financial risk management objectives and policies

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 the Company's risk assessment and management policies and processes.

a) 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 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 course of business. The Company establishes an allowance for doubtful debts and impairment that represents its estimate of expected losses in respect of trade and other receivables and investments.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, 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 evaluation of creditworthiness of customers to which the company grants credit terms in the normal course of business.

Details of financial assets – not due, past due and impaired

None of the Company's cash equivalents with banks, were past due or impaired as at 31 March 2021. The Company's credit period for trade receivables payable by its customers generally ranges from 30 - 90 days.

Particulars	As at March 31, 2021	As at March 31, 2020
Neither past due nor impaired	4,277	-
Past due but not impaired	3,554	-
Impaired	1,423	-
Total	**9,254**	**-**
Less: Allowance for credit losses	(1,629)	-
Net trade receivables	**7,625**	**-**

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses (apart from the losses/provisions already recognised in the financial statements) from non-performance by these counter-parties, and does not have any significant concentration of exposures to specific country risks.

b) Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, 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 risk to the Company's reputation.

As at 31 March 2021 and 31 March 2020, the Company had uncommitted lines of credit from banks of ₹ 2,500 and ₹ NIL respectively.

Analysis of working capital:

Particulars	As at March 31, 2021	As at March 31, 2020
Total current assets	13,907	5
Total current liabilities	(13,125)	(60)
	782	**(55)**

e) 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 exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, the Company's exposure to market risk is a function of investing, revenue generating and operating activities in foreign currencies.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company's exposure to interest rate risk arises primarily from their investment in fixed interest term deposits with banks and investments in units of mutual funds. The Company does not hedge its investments. Debentures and Loan from Parent Company are carrying fixed rate of Interest thus there is no risk on these borrowings.

Foreign exchange risk

The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in U.S. dollars). A significant portion of the Company's revenues are in these foreign currencies, while a significant portion of its costs are in Indian rupees. As a result, if the value of the Indian rupee appreciates relative to these foreign currencies, Company's revenues measured in Indian rupees may decrease. The Company does not use derivative financial instruments, such as foreign exchange forward contracts, option contracts and currency swap contracts to mitigate the risk of changes in foreign currency.

The following table analyses foreign currency risk from non-derivative financial instruments as at March 31, 2021:

(Amount in Rupees in lacs)

Particulars	US Dollars	Euro	MYR	Others *	Total
Non-derivative financials Assets:					
Cash and cash equivalents	-	-	-	-	-
Trade receivables	7,964	278	96	-	8,338
Investments	-	-	-	-	-
Total	**7,964**	**278**	**96**	**-**	**8,338**
Non-derivative financials Liabilities:					
Trade payables	22	-	-	40	62
Other financial liabilities	744	47	-	4	795
Total	**766**	**47**	**-**	**44**	**857**

* Includes - GBP Trade Payable 40, CHF Other Financial liability 4

Foreign currency risk from non-derivative financial instruments as at March 31, 2020: - NIL

Aurigene Pharmaceutical Services Limited
Notes to the financial statements
(All amounts in Indian Rupees lacs, except share data and where otherwise stated)

38) 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) Investments in equity instruments

The fair value of marketable equity securities is determined by reference to their quoted market price at the reporting date.

(ii) Investments in units of mutual funds

In respect of investments in mutual funds, the fair values represent net asset value as stated by the issuers of these mutual fund units in the published statements. Net asset values represent the price at which the issuer will issue further units in the mutual fund and the price at which issuers will redeem such units from the investors.

Accordingly, such net asset values are analogous to fair market value with respect to these investments, as transactions of these mutual funds are carried out at such prices between investors and the issuers of these units of mutual funds.

(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.

39) Impact of Covid-19

On 24 March 2020, the Government of India ordered a nationwide lockdown, limiting movement of population of India as a preventive measure against the COVID-19 pandemic in India. As a result most of the businesses are dealing with lost revenue and disrupted supply chains. The management has assessed the impact of the ongoing lockdown on the operations and sustainability of the Company. Given the nature of the industry in which the Company operates, the outbreak of the pandemic did not significantly impact the financial results or the performance of the Company for the year ended March 31, 2021. As the outbreak continues to evolve, it is difficult, at this juncture, to estimate the full extent and duration of the business and economic impact. The Company will continue to assess the situation and the associated impact on its financial statements.

40) Subsequent events

There are no significant events that occurred after the balance sheet date.

As per our report of even date

for S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm registration number: 101049W/E300004

for and on behalf of the Board of Directors of **Aurigene Pharmaceutical Services Limited**

per Akshay Jhawar
Partner
Membership no.: 061918

Deepak Sapra
Director
DIN : 08563727

Mannam Venkatanarasimham
Director
DIN : 02677423

Place: Hyderabad
Date : May 10, 2021

Ravi Venkantaraman
Chief Executive Officer

Raghavender Ramachandran
Chief Financial Officer

Sudha Jhunjhunwala
Company Secretary

WIRTSCHAFTSPRÜFUNG Hall

Bernhard Hall Digital unterschrieben von Bernhard Hall
Datum: 2021.05.04
17:47:01 +02'00'

beta Institut gemeinnützige GmbH,
Augsburg

Report on the voluntary audit of the annual financial statements as at March 31, 2021

Auditor
Bernhard Hall
Eberlestrasse 27
86157 Augsburg

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Annex 2	Income statement for fiscal year 2020/21
Annex 3	Notes to the financial statements for fiscal year 2020/21
Annex 4	Auditor's opinion

General Conditions of Contract for Auditors and
Auditing Companies dated January 1, 2017

List of abbreviations

Company	beta Institut gemeinnützige GmbH
HGB	Handelsgesetzbuch (German Commercial Code)
HR	Handelsregister (German Commercial Register)
IDW	Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf
IDW PS 400 (Revised)	IDW Audit Standard "Formation of an auditor's opinion and issue of the audit report"
IDW PS 450 (Revised)	IDW Audit Standard "Principles of proper preparation of audit reports"
ICS	Internal control system
AS	Auditing standard
k€	Thousands of euros
PY	Prior year

A. Audit mandate

The Management Board of beta Institut gemeinnützige GmbH, Augsburg, Germany – hereinafter also referred to as “beta Institut” or “Company” – has commissioned me to audit the annual financial statements as at March 31, 2021, including the underlying accounting records, for compliance with professional principles, and to report on the results of my audit in writing.

The audit mandate was issued to me by the Management Board on April 12, 2021.

The Company is to be classified as a small company in accordance with the criteria set out in section 267, para. 1 HGB and is therefore not subject to audit pursuant to section 316 et seq. HGB. However, a voluntary audit of the financial statements is to be carried out.

I confirm, in accordance with section 321, para. 4a HGB, that I have observed the applicable rules on independence in carrying out my audit of the financial statements.

In the following report, which was prepared in accordance with the principles of proper preparation of audit reports (IDW PS 450 (Revised)), I report on the nature, extent and results of my audit.

In Section B, the report provides in advance my opinion on the Management Board’s assessment as well as statements in accordance with section 321, para. 1, sentence 3 HGB.

The audit procedure and audit results are described in detail in Sections C and D. The audit report issued on the basis of the audit is set forth in Section E.

I have attached the audited financial statements, consisting of the balance sheet (Annex 1), the income statement (Annex 2) and the notes to the financial statements (Annex 3) to my report.

The “General Conditions of Contract for Auditors and Auditing Companies dated January 1, 2017” that have been agreed upon and that are annexed to this report form the basis for the execution of the mandate and my responsibility, including in relation to third parties.

B. Basic determinations

I. Opinion on the assessment of the Management Board

In principle, the CEO must assess the economic situation of the Company in the management report. Small capital companies are not under a legal obligation to draw up a management report. Nor has the Management Board voluntarily prepared a management report. Consequently, as a statutory auditor, I do not have any obligation to comment on the assessment of the Company’s situation by the legal representatives, as would otherwise be expressed in the management report.

C. Object, nature and scope of the audit

The object of the audit included the accounting and annual financial statements as at March 31, 2021 (Annexes 1 to 3), and compliance with the relevant legal requirements regarding the accounting and the supplementary provisions of the articles of association.

Verification of compliance with other legal provisions only falls within the scope of the statutory audit to the extent that these other provisions normally impact the annual financial statements. In this respect, a review of the nature and appropriateness of the insurance coverage, in particular whether all risks were taken into account and sufficiently insured, was not included in my audit mandate.

The Management Board of the Company is responsible for the accounting and the preparation of the financial statements as well as the information provided to me. My task is to assess the documents submitted by the Management Board and the information provided in the context of my audit.

I conducted the audit work at my office in Augsburg in April 2021. The audit report was then finalized. I did not carry out a preliminary audit this year because the volume of business hardly differed from the previous year.

The starting point for my audit was the annual financial statements prepared by the Company as at March 31, 2021. The annual financial statements as at March 31, 2020, were adopted as such by the shareholders' resolution of April 30, 2020.

I used the accounting records, the receipts and the files and documents of the Company as audit documents.

All information, explanations and documentary evidence requested by me have been willingly provided by the Management Board and the employees appointed to provide information. In addition to this, the Management Board has confirmed to me in the declaration of completeness that is standard for the profession that the accounts and the annual financial statements to be audited incorporate all assets, obligations, risks and accruals that are subject to accounting, including all expenses and income, that all necessary information has been provided and that all existing contingent liabilities have been disclosed to me. There were no significant events that occurred after the end of the fiscal year according to the information in the notes and none became known to me during my audit.

I conducted my audit of the financial statements in accordance with section 316 et seq. HGB and the generally accepted standards in Germany for the audit of financial statements set out by the IDW. Accordingly, I have planned and performed my audit with an orientation towards problems – but without any special focus on auditing for embezzlement – in such a way that irregularities and statutory violations materially affecting the presentation of the Company's net assets, financial position and results of operations in the annual financial statements in accordance with standard accounting practices could have been detected with reasonable assurance.

The audit included assessing the accounting principles used and significant estimates made by the Company's Management Board, as well as evaluating the overall presentation of the annual financial statements.

The audit was based on planning of the audit focal areas, taking into account my preliminary assessment of the Company's situation and an assessment of the effectiveness of the accounting-related internal control system (risk-oriented audit approach). The assessment was based in particular on findings related to the legal and economic framework conditions. Industry risks, corporate strategy and the resulting business risks are known from discussions with the Management Board and employees of the Company.

The risk areas identified in the audit planning resulted in the following focal areas of the audit:

- Adjustment of receivables from and liabilities to affiliated companies and business relations between the affiliated companies.

On the basis of a provisional assessment of the internal control system (ICS), I have followed the principles of materiality and economic efficiency when defining the further audit procedures. The audit of the structure of the ICS was intended to ensure, in particular, the rules governing the regularity and reliability of the Company's accounts, the continued existence of the Company and the preservation of existing assets, including preventing or exposing asset misappropriation.

Both the analytical audit procedures and the individual case studies were therefore carried out on the basis of selected samples, taking into account the importance of the audit areas, the organization of the accounting and the findings of the audit of the ICS. The samples were consciously selected in such a way as to take account of the economic importance of the individual items in the annual financial statements and to enable adequate auditing for compliance with statutory accounting requirements.

To audit the Company's assets and liabilities, I have obtained, among other things, a confirmation from the bank with which the Company has business relations.

D. Findings and notes on accounting

I. Regularity of accounting

1. Accounting records and other audited documents

The accounting (financial and asset accounting records) as well as the preparation of the annual financial statements of the Company are carried out by employees of an enterprise affiliated with the Company. The Company uses the programs of SAP in this process. Payroll accounting has been outsourced to an external service provider.

The accounting-related internal control system set up by the Company provides rules for the organization and control of work processes that are appropriate to the business purpose and scope. The accounting procedures did not undergo any significant organizational changes during the reporting period.

The organization of the accounting records system and the accounting-related internal control system make possible the complete, accurate, timely and orderly recording and booking of business transactions. The chart of accounts is adequately structured, and the document system is clearly organized. The books were appropriately opened with the figures from the previous year's balance sheet and were altogether kept properly during the entire fiscal year.

The information obtained from the other audited documents resulted in the proper presentation in the accounting records and the annual financial statements.

Overall, it can be stated that the accounting records and the other audited documents comply with legal requirements, including the principles of proper accounting and the supplementary provisions of the articles of association. The audit revealed no issues.

2. Annual financial statements

The present annual financial statements as at March 31, 2021, were drawn up in accordance with the provisions of German commercial law and the supplementary provisions of the articles of association. Partial use was made of the size-dependent simplifications for the preparation of annual financial statements.

The balance sheet and income statement are properly derived from the accounting records and other documents that were audited. The classification of the balance sheet is based on the provisions of section 266, para. 2 and 3 HGB. The income statement was prepared in accordance with section 275, para. 2 HGB using the total cost (nature of expense) method. If there are optional presentation methods in the balance sheet or the income statement, the corresponding disclosures are largely made in the notes.

The accounting and valuation methods applied to the balance sheet and the income statement are adequately explained in the notes prepared by the Company. All individual disclosures required by law as well as the optional disclosures on the balance sheet and the income statement, which are included in the notes, are completely and accurately presented.

The annual financial statements thus comply with legal requirements, including the principles of proper accounting and the supplementary provisions of the articles of association. The audit revealed no issues.

II. Overall presentation of the annual financial statements

1. Determinations of the overall presentation of the annual financial statements

Based on the findings of my audit, the annual financial statements as a whole, i.e. as an overall presentation of the annual financial statements – as determined by the combination of the balance sheet, the income statement and the notes to the financial statements – give a true and fair view of the Company's net assets, financial position and results of operations in accordance with the principles of proper accounting.

2. Significant valuation policies and changes to those policies

The following accounting and valuation methods were used in preparing the annual financial statements of the Company:

- Accounting and valuation under the assumption of continuation of business activities.

The accounting and valuation policies were essentially unchanged from the prior year. In addition, please see the explanations in the notes to the financial statements.

3. Measures influencing individual items

The findings of my audit did not reveal any reportable facts resulting from substantive measures in the audit period with a significant impact on the overall presentation of the annual financial statements.

4. Classifications and notes

As stipulated in the audit mandate, no breakdown of the main items in the balance sheet and the income statement is required. The notes are as follows:

Receivables from affiliated companies are exclusively in relation to Reddy Holding GmbH and betapharm Arzneimittel GmbH. The accounts are matched with the disclosures in the other companies.

Other provisions include liabilities to employees and liabilities from outstanding purchase invoices.

The sales revenues mainly relate to revenues from sponsorship and proceeds from licenses. A large part of these revenues are generated with a sister company. 5 persons were employed in the fiscal year (prior year 4). The increase in other operating expenses is due to higher expenses for editorial services for the publications produced by the Company, including maintenance and upgrading of the betanet website.

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E. Presentation of the audit report and auditor's opinion

After the conclusion of my audit, I have issued the following unqualified audit report on the annual financial statements as at March 31, 2021 (Annexes 1 to 3) of beta Institut gemeinnützige GmbH, Augsburg, Germany, dated April 27, 2021, which is reproduced here:

"Audit report of the independent auditor

To beta Institut gemeinnützige GmbH

Auditor's opinion

I have audited the annual financial statements of beta Institut gemeinnützige GmbH, comprising the balance sheet as at March 31, 2021 and the income statement for the fiscal year from April 1, 2020 to March 31, 2021 and the notes to the financial statements, together with a description of the accounting policies used.

In my opinion, based on the findings of my audit, the accompanying financial statements comply in all material respects with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the Company as at March 31, 2021 and of its results of operations for the fiscal year from April 1, 2020 to March 31, 2021 in accordance with the German principles of proper accounting.

Pursuant to section 322, para. 3, sentence 1 HGB, I declare that my audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the auditor's opinion

I conducted my audit of the annual financial statements in accordance with section 317 HGB and the generally accepted standards in Germany for the audit of financial statements set out by the Institute of Public Auditors in Germany (IDW). My responsibility under these requirements and standards is broadly described in the "Auditor's responsibility for the audit of the annual financial statements" section of my audit report. I am independent of the Company in accordance with the requirements of German commercial and professional law, and have fulfilled my other German professional responsibilities in accordance with these requirements. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my auditor's opinion on the annual financial statements.

Management's responsibility for the annual financial statements

Management is responsible for preparing the annual financial statements in compliance, in all material respects, with the requirements of German commercial law applicable to corporations and for ensuring that the annual financial statements give a true and fair view of the Company's net assets, financial position and results of operations in accordance with the German principles of proper accounting. In addition, management is responsible for such internal controls as they have determined necessary in accordance with the German principles of proper accounting to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, except to the extent that this is contrary to fact or law.

Responsibility of the auditor for the audit of the annual financial statements

My objective is to obtain reasonable assurance that the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my auditor's opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with the generally accepted standards in Germany for the audit of financial statements set out by the Institute of Public Auditors in Germany (IDW) will always detect a material misstatement. 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 annual financial statements.

I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the annual 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 auditor's 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 the internal control system relevant to the audit of the annual financial statements in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.

- 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 the audit report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify my respective auditor's opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- assess the overall presentation, the structure and the content of the annual financial statements including the disclosures and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with the German principles of proper accounting."

I make the above audit report for beta Institut gemeinnützige GmbH in accordance with the legal provisions and the principles of proper reporting for audits of financial statements.

Any use of the above-mentioned auditor's opinion outside this audit report requires my prior consent. In the event of publications or dissemination of the financial statements in a form deviating from the confirmed version (including translation into other languages), it is first necessary to obtain my opinion again if my audit report is cited or reference is made to my audit; please see section 328 HGB.

Augsburg, April 27, 2021

DIPL.-KFM. BERNHARD HALL WIRTSCHAFTS-PRÜFER SIEGEL AUGSBURG

Bernhard Hall
Auditor

ANNEXES

Annex 1

beta Institut gemeinnützige GmbH

BALANCE SHEET
as at March 31, 2021

Assets

	March 31, 2021 EUR	March 31, 2020 EUR
A. Current assets		
I. Receivables		
1. Trade receivables	0.00	0.00
2. Receivables from affiliated companies	2,506.22	33,414.89
3. Other receivables and assets	1,262.90	52.05
II. Cash and bank balances	104,675.71	85,238.81
Total assets	108,444.83	118,705.75

Liabilities

	March 31, 2021 EUR	March 31, 2020 EUR
A. Equity		
I. Subscribed capital	100,000.00	100,000.00
II. Loss carry-forward	-15,806.97	-20,121.92
III. Net loss for the year (prior year: net profit)	-20,948.26	4,314.95
B. Provisions		
1. Other provisions	38,377.51	31,724.95
C. Liabilities		
1. Trade payables	4,349.84	443.40
2. Liabilities to affiliated companies	0.00	0.00
3. Other liabilities	2,472.71	2,344.37
Total liabilities	108,444.83	118,705.75

Annex 2

beta Institut gemeinnützige GmbH

INCOME STATEMENT
from April 1, 2020 to March 31, 2021

	2020/2021 EUR	2019/2020 EUR
1. Sales revenues	281,097.00	286,878.15
2. Other operating income	3,525.40	8,071.04
3. Personnel expense		
a) Wages and salaries	-165,267.95	-171,257.61
b) Social security payments	-44,810.65	-45,455.21
4. Other operating expenses	-95,492.06	-73,921.42
5. Net loss for the year (prior year: net profit)	-20,948.26	4,314.95

NOTES TO THE FINANCIAL STATEMENTS
for fiscal year 2020/2021

I. General comments on accounting and valuation methods

The accounting and valuation methods used are explained below.

I.1 Receivables and other assets are recognized at nominal value, taking into consideration all identifiable risks.

I.2 Cash balances at financial institutions are recognized at nominal value.

I.3 Equity capital is recognized at nominal value.

I.4 Other provisions are recognized at the settlement amounts deemed necessary on the basis of a reasonable commercial assessment and taking into consideration all identifiable risks.

I.5 Liabilities are recognized at their settlement amount.

II. Notes to the balance sheet and income statement

II.1 All receivables are due within one year.

II.2 Receivables from affiliated companies include receivables from shareholders in the amount of €2,506.22 (prior year: -€146.61).

II.3 All liabilities are due within one year.

II.4 Liabilities to affiliated companies include liabilities to shareholders in the amount of €0 (prior year: €0).

II.5 Other liabilities include liabilities for taxes in the amount of €2,428.71 (prior year: €2,344.37).

III. Other notes

III.1 beta Institut gemeinnützige GmbH with head office in Augsburg, Germany, is registered with the Augsburg District Court under HRB 17408. The Company is classified as a small capital company under section 267, para. 1 HGB.

III.2 Dr. Reddy's Laboratories Limited, Hyderabad, India, prepares the consolidated financial statements for the largest and smallest scope of consolidation.

III.3 An average of 5 persons were employed during the fiscal year (prior year: 4).

III.4 There were no significant events that occurred after the end of the fiscal year and were not taken into account in either the income statement or the balance sheet.

Augsburg, April 27, 2021

DocuSigned by:

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Koteswara Rao Tanneru

CEO

AUDIT REPORT OF THE INDEPENDENT AUDITOR

To beta Institut gemeinnützige GmbH

Auditor's opinion

I have audited the annual financial statements of beta Institut gemeinnützige GmbH, comprising the balance sheet as at March 31, 2021 and the income statement for the fiscal year from April 1, 2020 to March 31, 2021 and the notes to the financial statements, together with a description of the accounting policies used.

In my opinion, based on the findings of my audit, the accompanying financial statements comply in all material respects with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the Company as at March 31, 2021 and of its results of operations for the fiscal year from April 1, 2020 to March 31, 2021 in accordance with the German principles of proper accounting.

Pursuant to section 322, para. 3, sentence 1 HGB, I declare that my audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the auditor's opinion

I conducted my audit of the annual financial statements in accordance with section 317 HGB and the generally accepted standards in Germany for the audit of financial statements set out by the Institute of Public Auditors in Germany (IDW). My responsibility under these requirements and standards is broadly described in the "Auditor's responsibility for the audit of the annual financial statements" section of my audit report. I am independent of the Company in accordance with the requirements of German commercial and professional law, and have fulfilled my other German professional responsibilities in accordance with these requirements. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my auditor's opinion on the annual financial statements.

Management's responsibility for the annual financial statements

Management is responsible for preparing the annual financial statements in compliance, in all material respects, with the requirements of German commercial law applicable to corporations and for ensuring that the annual financial statements give a true and fair view of the Company's net assets, financial position and results of operations in accordance with the German principles of proper accounting. In addition, management is responsible for such internal controls as they have determined necessary in accordance with the German principles of proper accounting to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, except to the extent that this is contrary to fact or law.

Responsibility of the auditor for the audit of the annual financial statements

My objective is to obtain reasonable assurance that the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my auditor's opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with the generally accepted standards in Germany for the audit of financial statements set out by the Institute of Public Auditors in Germany (IDW) will always detect a material misstatement. 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 annual financial statements.

I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the annual 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 auditor's 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 the internal control system relevant to the audit of the annual financial statements in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

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

- 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 the audit report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify my respective auditor's opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- assess the overall presentation, the structure and the content of the annual financial statements including the disclosures and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with the German principles of proper accounting.

Augsburg, April 27, 2021

DIPL.-KFM. BERNHARD HALL
WIRTSCHAFTS-PRÜFER
SIEGEL
AUGSBURG

Bernhard Hall
Auditor

betapharm Arzneimittel GmbH
Augsburg

Long-form audit report
Annual financial statements and management report
31 March 2021

Translation from the German language

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Building a better
working world

Translation from the German language

Table of contents

Translation from the German language

Exhibits

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2 Income statement
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4 Management report
5 Legal background

Engagement Terms, Liability and Conditions of Use
General Engagement Terms

Note: Due to rounding differences, figures in tables and cross-references may differ slightly from the actual figures (units of currency, percentages, etc.).

Translation from the German language

A. Audit engagement

In accordance with a resolution approved at the shareholder meeting on 25 May 2020, the management board of betapharm Arzneimittel GmbH, Augsburg S betapharm or the Company), engaged us to audit the Company s annual financial statements as of 31 March 2021, together with the underlying books and records, and the management report.

The General Engagement Terms for Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften [German Public Auditors and Public Audit Firms] dated 1 January 2017, which are attached to this report, are applicable to this engagement and also govern our relations with third parties in the context of this engagement. In addition, please refer to the liability provisions contained there in no. 9 and to the exclusion of liability towards third parties and the other provisions of the enclosed Engagement Terms, Liability and Conditions of Use. J

This long-form audit report is addressed to betapharm Arzneimittel GmbH, Augsburg.

B. Reproduction of the auditor s report

We issued the following auditor s report on the annual financial statements and the management report:

Independent auditor s report

To betapharm Arzneimittel GmbH

Opinions

We have audited the annual financial statements of betapharm Arzneimittel GmbH, Augsburg, which comprise the balance sheet as of 31 March 2021, and the income statement for the fiscal year from 1 April 2020 to 31 March 2021, and notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of betapharm Arzneimittel GmbH for the fiscal year from 1 April 2020 to 31 March 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of 31 March 2021 and of its financial performance for the fiscal year from 1 April 2020 to 31 March 2021 in compliance with German legally required accounting principles, and

the accompanying management report as a whole provides an appropriate view of the Company s position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to Sec. 322 (3) Sentence 1 HGB [Handelsgesetzbuch : German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

Translation from the German language

Basis for the opinions

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the Auditor s responsibilities for the audit of the annual financial statements and of the management report section of our auditor s report. We are independent of the Company in accordance with the requirements of German commercial and professional law, and we have fulfilled our other German professional 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 opinions on the annual financial statements and on the management report.

Responsibilities of the executive directors for the annual financial statements and the management report

The executive directors are responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, the executive directors are responsible for such internal control as they, in accordance with German legally required accounting principles, have determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the executive directors are responsible for assessing the Company s ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Translation from the German language

Furthermore, the executive directors are responsible for the preparation of the management report that, as a whole, provides an appropriate view of the Company s position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

Auditor s responsibilities for the audit of the annual financial statements and of the management report

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company s position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor s report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 annual financial statements and this management report.

Translation from the German language

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. 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 of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report 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 these systems of the Company.

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

Conclude on the appropriateness of the executive 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 the auditor s report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. 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 be able to continue as a going concern.

Translation from the German language

Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.

Evaluate the consistency of the management report with the annual financial statements, its conformity with [German] law, and the view of the Company s position it provides.

Perform audit procedures on the prospective information presented by the executive directors in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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. J

Translation from the German language

C. General findings

Comments on the executive directors assessment of the Company s position

In our opinion, on the basis of the knowledge obtained in the audit, we consider the executive directors discussion and analysis of the Company s position and its anticipated development as presented in the annual financial statements and in the management report to be fitting.

Position of the Company and development of its business

The following aspects should be highlighted:

betapharm s revenue stood at EUR 121.9m in the fiscal year ending 31 March 2021 (prior year: EUR 107.0m), 14% above the level of the prior year. This is primarily attributable to the launch of new products directly following the expiry of patents in the current fiscal year and in the prior year. Other factors include gains from opportunities afforded by supply interruptions at other discount agreement partners.

The increase in revenue also caused the cost of materials to increase from EUR 55.6m in the prior year to EUR 63.4m this year.

betapharm generated a profit of EUR 37.2m (prior year: EUR 29.4m) from its business activities, which is to be transferred to Reddy Holding GmbH under the profit and loss transfer agreement.

Inventories increased by 25% to EUR 25.9m (prior year: EUR 20.8m). Inventory levels were increased on account of continuously growing demand.

A loan was granted to Dr. Reddy s Laboratories SA at the start of the fiscal year. At the same time, Reddy Holding GmbH repaid the majority of its loan, as a result of which loans to affiliates decreased by EUR 16.6m overall from EUR 50.1m in the past fiscal year to EUR 33.5m in fiscal year 2020/21.

Translation from the German language

betapharm s equity totaled EUR 1.0m at the end of the fiscal year (prior year: EUR 1.0m), which corresponds to 1.0% (prior year: 0.8%) of the balance sheet total of EUR 100.2m (prior year: EUR 120.6m).

Investments in property, plant and equipment and intangible assets came to EUR 1.2m in fiscal year 2020/21 (prior year: EUR 1.8m). Of this amount, EUR 0.2m (prior year: EUR 0.2m) related to property, plant and equipment and EUR 1.0m (prior year: EUR 1.6m) to intangible assets.

Anticipated development of the Company

The presentation of the anticipated development of the Company in the management report is based on assumptions which require the use of judgment. We consider this presentation to be plausible. In this context, the following aspects should be highlighted:

betapharm generated a positive cash flow from operating activities in the past fiscal year, which is expected to continue beyond this point. betapharm therefore only faces low financing risks.

Management views the Company to be exposed to various risks. These relate to political and regulatory risks, which could influence achievable prices as well as restrict drug approvals. As a national company with a heterogeneous portfolio, the Company is also exposed to a range of legal risks. These mainly include risks in the areas of product liability, competition law and patent law, specifically, these again include procurement risks and risks from discount agreements.

The coronavirus crisis, which may affect production chains and, in particular, supply chains in a large number of countries, may also have a general impact, as the medium-term effects on the new fiscal year are not yet entirely clear.

The Company sees opportunities in the Group s innovation and products developed within the Group. Further gains from opportunities arise when other discount agreement partners cannot provide supplies and betapharm takes care of these deliveries.

Overall, business development is anticipated to be positive in fiscal year 2021/22 despite the coronavirus crisis. On account of the forecast increase in revenue, management expects earnings before profit/loss transfer to increase in the low double-digit percentage range for fiscal year 2021/22.

Translation from the German language

D. Economic situation

betapharm Arzneimittel GmbH S betapharm), with registered offices in Augsburg, is a wholly owned subsidiary of Reddy Holding GmbH, a company owned by the pharmaceutical manufacturer Dr. Reddy s Laboratories Ltd. (Dr. Reddy s T, Hyderabad, India. A profit and loss transfer agreement is in place with Reddy Holding GmbH. This agreement requires betapharm to transfer its entire profit to Reddy Holding GmbH. In return, Reddy Holding GmbH is obliged to compensate any net loss incurred.

Within the worldwide group, betapharm is responsible for the distribution of generic products in Germany. betapharm also sells products to affiliates of the Dr. Reddy s Group in the US, Italy, France and Spain. Furthermore, it is expanding in various EU countries, such as Austria, Hungary and Portugal.

Translation from the German language

E. Performance of the audit

I. Subject of the audit

Under our engagement, we examined in accordance with Sec. 317 HGB whether the books and records, the annual financial statements, which comprise the balance sheet, the income statement and notes to the financial statements, and the management report comply with the relevant legal requirements.

The applicable financial reporting framework for our audit of the annual financial statements comprised the accounting requirements of Secs. 242 to 256a and Secs. 264 to 288 HGB and the special requirements of the GmbHG [Gesetz betreffend die Gesellschaften mit beschränkter Haftung : German Limited Liability Companies Act]. No additional accounting requirements result from the articles of incorporation and bylaws.

Assessment criteria for the management report were the requirements of Sec. 289 HGB.

II. Nature and scope of the audit

We conducted our audit in accordance with Sec. 317 HGB and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW).

The audit does not extend to providing assurance of the Company s ability to continue as a going concern or of management efficiency and effectiveness.

The basis of our audit methodology, which is risk and process oriented, is the development of an audit strategy. This strategy is based on the assessment of the economic and legal environment of the Company, its goals, strategies and business risks, which we evaluate with the help of critical success factors. The examination of the accounting-related internal control system and its effectiveness is supported by process and data analyses. We perform such analyses in order to identify any risks of material misstatement in the relevant elements of the annual financial statements and the management report, if any, and evaluate our audit risk.

Translation from the German language

Findings from our data analyses, the analysis of processes and the accounting-related internal control system were taken into account in choosing the analytical procedures and substantive testing of assets and liabilities, recognition, presentation and valuation in the annual financial statements. The audit program, which is specifically tailored to the Company, determines the key elements of the audit, the nature and scope of audit procedures as well as the timing and staffing of the audit. This approach is based on the principles of risk assessment and materiality. We therefore reached our audit opinion primarily on a test basis.

Our audit program focused on the following audit areas:

- Analysis of the annual financial statement close process
- Recognition, valuation and disclosure of intangible assets
- Existence and valuation of inventories
- Recognition of trade receivables and trade payables
- Recognition, disclosure and measurement of provisions
- Recognition of revenue and cost of materials as well as the allocation of these to the correct period
- Completeness and accuracy of the disclosures in the notes to the financial statements
- Audit of information provided in the management report, especially prospective information

We also performed the following standard audit procedures:

We requested confirmation for inventories held by third parties and ascertained the quantities and nature of the inventories held on behalf of the Company.

We obtained bank confirmations and received and assessed confirmations from the Company s lawyers regarding pending litigation.

We checked that receivables from and liabilities to affiliates were allocated correctly using corresponding balance confirmations.

We determined that trade receivables as well as trade payables are correctly accounted for in the balance sheet by requesting balance confirmations on a sample basis and data analyses.

For those items of the annual financial statements for which we could not rely on business processes appraised as part of our audit or on the accounting-related internal control system, for example because controls are not performed or we consider controls to be ineffective, we performed balance reconciliation procedures as well as an analysis of movements shortly before or after the reporting date, taking into account the relevant documents, e.g., contracts, correspondence, etc.

We also applied analytical procedures to test the plausibility of changes in items of the annual financial statements.

We were provided with all information and evidence requested. In a letter of representation submitted to us, the Management Board confirmed the completeness of these explanations and documents and of the books and records, financial statements and management report.

III. Independence

We were in compliance with the applicable independence requirements during our audit.

Translation from the German language

F. Findings on the financial reporting

I. Legal compliance of the financial reporting

In our opinion, on the basis of the knowledge obtained in the audit, the books and records comply with the legal requirements. Data gathered from other audited documents are properly reflected in the books and records, the annual financial statements and the management report.

We concluded our audit, covering

legal compliance of the components of the annual financial statements and of their derivation from the books and records;

legal compliance of the disclosures in the notes to the financial statements;

compliance with recognition, presentation and valuation requirements;

compliance with all legal requirements governing financial reporting, including German legally required accounting principles and with all requirements applicable to entities of a specific size, legal form or industry; and

compliance with requirements of the articles of incorporation and bylaws of relevance for the content of the financial reporting;

by issuing the auditor s report reproduced in section B.

Applying our professional judgment to the knowledge obtained in the audit, the executive directors are justified in limiting their reporting on remuneration of governing bodies in the notes to the financial statements with reference to Sec. 286 (4) HGB.

Since the relevant requirements are expected to be met, the Company made use of the exemption afforded by Sec. 285 No. 17 HGB and opted to neither disclose nor itemize the total fee charged by the auditor for the fiscal year.

Translation from the German language

II. Overall presentation of the annual financial statements

1. Valuation bases

We provide the following information on the recognition and measurement policies applied as well as the significant factors for the valuation of assets and liabilities, including any effects of changes in such methods:

Fixed assets

Additions to **fixed assets** are recognized at acquisition cost. Invoiced amounts are stated at cost plus incidental acquisition costs, less discounts. Disposals are written off at acquisition cost less accumulated amortization, depreciation and impairment at the time of disposal. **Amortization and depreciation** was recorded using the straight-line method. Moreover, impairment losses were recognized on intangible assets in the fiscal year.

Inventories

As the Company does not manufacture products itself, manufacturing of products is assigned to contract manufacturers. Raw materials, consumables and supplies contain APIs (Active Pharmaceutical Ingredients) as well as product packaging in the items unfinished ingredients and product packaging . Work in process contains bulk (unpackaged tablets) while the item finished goods and merchandise mainly contains merchandise for resale and medical samples.

Translation from the German language

Provisions

Other provisions account for all potential losses from pending transactions and uncertain liabilities with the amount deemed necessary on the basis of prudent business judgment. Future price and cost increases are taken into account for determining the settlement amount. Other provisions mainly include provisions to cover refunds from tender agreements. This is calculated on the basis of sales figures procured and reflects the expected refund amount of health insurers. Further provisions consist of provisions for invoices outstanding and personnel provisions.

Liabilities

Liabilities were recorded at the settlement value.

For further details, please refer to the information on other valuation bases in the notes to the financial statements.

2. Overall conclusion

Based on our audit, which was carried out in accordance with professional standards, we conclude, as stated in our auditor s report, that the annual financial statements as a whole give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in accordance with German legally required accounting principles.

Translation from the German language

G. Closing remark

We issue the above long-form report on our audit of the annual financial statements and the management report of betapharm Arzneimittel GmbH, Augsburg, for the fiscal year from 1 April 2020 to 31 March 2021 in accordance with Sec. 321 HGB and in compliance with the Generally Accepted Standards for the Issuance of Long-Form Audit Reports promulgated by the IDW (IDW AuS 450 (revised)).

Munich, 12 May 2021

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Napolitano	Schmid
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Exhibit 1

betapharm Arzneimittel GmbH, Augsburg

Balance sheet as of 31 March 2021

Assets

	31 Mar 2021 EUR	31 Mar 2021 EUR	31 Mar 2020 EUR	31 Mar 2020 EUR
A. Fixed assets				
I. Intangible assets				
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	5,110,508.16		5,072,296.15	
2. Prepayments	236,802.63	5,347,310.79	433,937.77	5,506,233.92
II. Property, plant and equipment				
1. Land, land rights and buildings, including buildings on third-party land	450,610.62		457,659.41	
2. Other equipment, furniture and fixtures	267,118.98		165,493.24	
3. Prepayments property, plant and equipment	0.00	717,729.60	22,134.66	645,287.31
III. Financial assets				
Loans to affiliates		33,526,663.89		50,097,172.22
		39,591,704.28		**56,248,693.45**
B. Current assets				
I. Inventories				
1. Raw materials, consumables and supplies	337.35		339.99	
2. Work in process	38,333.24		66,420.11	
3. Finished goods and merchandise	25,821,867.49	25,860,538.08	20,697,565.16	20,764,325.26
II. Receivables and other assets				
1. Trade receivables	16,051,550.48		21,719,975.61	
2. Receivables from affiliates	6,937,280.00		10,124,126.83	
3. Other assets	11,304,439.80	34,293,270.28	11,385,288.50	43,229,390.94
III. Cash on hand and bank balances		395,509.36		234,122.28
		60,549,317.72		**64,227,838.48**
C. Prepaid expenses		**16,075.05**		**131,250.00**
		100,157,097.05		**120,607,781.93**

Equity and liabilities

	31 Mar 2021 EUR	31 Mar 2020 EUR
A. Equity		
Subscribed capital	**1,022,583.76**	**1,022,583.76**
B. Provisions		
Other provisions	**82,356,794.50**	**92,022,769.30**
C. Liabilities		
1. Trade payables	3,194,914.75	17,100,317.80
2. Liabilities to affiliates	13,439,520.59	10,288,959.69
3. Other liabilities	143,283.45	173,151.38
	16,777,718.79	**27,562,428.87**
	100,157,097.05	**120,607,781.93**

Translation from the German language

Exhibit 2

betapharm Arzneimittel GmbH, Augsburg

Income statement for the period from 1 April 2020 to 31 March 2021

		2020/21		2019/20
		EUR	EUR	EUR
1.	Revenue	121,897,176.96		106,964,498.80
2.	Decrease in inventories of work in process	-28,086.87		-28,273.08
3.	Other operating income	661,060.21		940,809.46
			122,530,150.30	**107,877,035.18**
4.	Cost of materials			
	a) Cost of raw materials, consumables and supplies and of purchased merchandise	59,544,850.31		52,057,962.23
	b) Cost of purchased services	3,807,301.64		3,518,113.53
5.	Personnel expenses			
	a) Wages and salaries	7,326,708.75		6,197,697.41
	b) Social security	1,271,620.47		1,021,454.93
6.	Amortization of intangible assets and depreciation of property, plant and equipment	1,294,764.36		3,557,415.64
7.	Other operating expenses	12,951,040.86		13,300,806.13
			86,196,286.39	**79,653,449.87**
8.	Income from loans classified as fixed financial assets (thereof from affiliates: EUR 926,699.30)		926,699.30	1,255,484.72
9.	Interest and similar expenses		7,199.31	15,644.05
10.	Earnings after taxes		**37,253,363.90**	**29,463,425.98**
11.	Other taxes		24,089.16	24,148.81
12.	Expenses from profit and loss transfer agreement		37,229,274.74	29,439,277.17
13.	Net income/net loss for the year		**0.00**	**0.00**

betapharm Arzneimittel GmbH, Augsburg

NOTES TO THE FINANCIAL STATEMENTS for fiscal year 2020/2021

I. General information on accounting policies

General

The registered offices of betapharm Arzneimittel GmbH are located in Augsburg. The Company is entered in the commercial register of Augsburg local court under HRB no. 17408.

These annual financial statements were prepared in accordance with Sec. 242 et seq. and Sec. 264 et seq. HGB [Handelsgesetzbuch : German Commercial Code] as well as in accordance with the relevant provisions of the GmbHG [Gesetz betreffend die Gesellschaften mit beschränkter Haftung : German Limited Liability Companies Act]. The Company is a large corporation according to Sec. 267 (3) HGB.

The income statement is classified using the nature of expense method.

Accounting policies

The following accounting policies were applied.

The annual financial statements of betapharm Arzneimittel GmbH are prepared in euros.

Purchased **intangible assets** are recognized at acquisition cost and are amortized over their estimated useful lives using the straight-line method if they have a limited life. The useful life for software licenses is three years and the useful life for drug approvals and other rights to drug approvals is eight years.

Property, plant and equipment are recognized at acquisition cost and are depreciated if they have a limited life. Depreciation is recorded using the straight-line method on the basis of the expected useful life of the assets of between 2 and 14 years.

In the current fiscal year, **low-value assets** with an acquisition cost not exceeding EUR 800.00 were fully expensed.

As the Company does not manufacture products itself, manufacturing of products is assigned to contract manufacturers. **Raw materials, consumables and supplies** contain APIs (Active Pharmaceutical Ingredients) as well as product packaging. **Work in process** contains bulk (unpackaged tablets) while **finished goods and merchandise** mainly contains merchandise for resale and medical samples.

All items are valued at acquisition cost. Allowances are made for inventory risks associated with slow-moving stocks, reduced usability, etc. The lower of cost or market principle is applied.

Apart from normal retentions of title, no inventories have been pledged as security to third parties.

Receivables and other assets are stated at their nominal value. Specific bad debt allowances provide for all foreseeable valuation risks. The general credit risk is provided for by a general bad debt allowance. Non-interest bearing or low-interest receivables due in more than one year are discounted.

Cash on hand and bank balances are stated at their nominal value.

Expenses recorded before the reporting date that relate to a certain period after this date are posted as **prepaid expenses**.

Equity is stated at nominal value.

Other provisions are recognized at the settlement amount based on prudent business judgment, taking all identifiable risks into account.

Liabilities are recorded at the settlement value.

Income from and expenses for the translation of items denominated in foreign currency have been recognized separately under other operating income and other operating expenses this year.

Translation of items denominated in foreign currency to EUR

Upon initial recognition, **foreign currency receivables and liabilities** are translated at the mean spot rate on the date of the transaction. With regard to subsequent measurement, foreign currency receivables and liabilities are translated with an effect on income using the mean spot rate as of the reporting date; if they have a residual term of more than one year, the realization and the historical cost principles are applied, but if they have a residual term of up to one year, these principles are not applied.

Tax group

A tax group for income tax and VAT purposes is in place with Reddy Holding GmbH, Augsburg, as the tax group parent. Future tax relief and burdens due to temporary differences between the statutory balance sheet and tax accounts (outside basis differences) are taken into account in the separate financial statements of the tax group parent.

II. Notes to the balance sheet and income statement

Fixed assets

Details on the breakdown and the development of fixed assets (attachment to the notes) are presented in the statement of changes in fixed assets.

Franchises, industrial rights

Drug approvals, software and other rights are disclosed under franchises, industrial and similar rights and assets, and licenses in such rights and assets.

Loans to shareholders

Loans to affiliates comprise a loan to the shareholder of EUR 16,305k (prior year: EUR 50,097k).

Receivables

All receivables are due in less than one year as of the reporting date. There are no receivables due from the shareholder (prior year: EUR 737k).

Provisions

Other provisions mainly include provisions for discounts to health insurance funds of EUR 60,186k (prior year: EUR 71,254k), provisions for purchase order price adjustments with suppliers of EUR 9,890k (prior year: EUR 10,082k), provisions for returns of EUR 2,347k (prior year: EUR 2,237k) and provisions for approval fees of EUR 2,907k (prior year: EUR 1,216k).

Information on liabilities

Liabilities are due in up to one year as of the reporting date. There are no liabilities with a residual term of between one and five years or more than five years.

Liabilities to affiliates

Liabilities to affiliates include liabilities to the shareholder of EUR 1,983k (prior year: EUR 5,906k).

Other liabilities

Other liabilities include liabilities related to social security of EUR 0.5k (prior year: EUR 1k) and from taxes of EUR 124k (prior year: EUR 124k).

Revenue

Revenue generated in the domestic market amounted to EUR 106,112k (prior year: EUR 91,581k), while revenue generated in the US stood at EUR 4,709k (prior year: EUR 11,899k). Revenue generated in other EU markets came to EUR 7,830k (prior year: EUR 3,483k).

Other operating income

Other operating income includes expenses from currency translation of EUR 33k (prior year: income of EUR 265k; this includes currency translation losses of EUR 104k). It also includes income relating to other periods of EUR 740k (prior year: EUR 675k), primarily from the reversal of provisions for drug approvals and personnel provisions. Moreover, other operating income from day-to-day operations came to EUR 1.0k in the current fiscal year (prior year: EUR 0.1k).

Other operating expenses

Other operating expenses contain other operating expenses for day-to-day operations of EUR 11,295k (prior year: EUR 13,078k) and out-of-period expenses of EUR 111k (prior year: EUR 176k). They also include expenses from currency translation of EUR 737k (prior year: EUR 46k).

Income from loans classified as fixed financial assets

Income from loans classified as fixed financial assets comprises interest income from affiliates amounting to EUR 927k (prior year: EUR 1,255k).

Interest and similar expenses

No interest paid to affiliates was recorded under interest expenses (prior year: EUR 13k).

III. Other notes

Off-balance-sheet transactions

Off-balance-sheet-transactions pursuant to Sec. 285 No. 3 HGB mainly relate to liabilities from a property lease of EUR 870k (prior year: EUR 1,125k).

The property lease relates to the business premises at Kobelweg 95, Augsburg. The lease agreement helps betapharm not to tie up any funds to finance property. The agreement may not be terminated until the end of its basic term and provides for a fixed remaining value at the end of the term.

Other financial obligations

In addition to the liabilities disclosed in the balance sheet, there are other financial liabilities of EUR 521k (prior year: EUR 747k). These are attributable to a sponsorship agreement of EUR 250k (prior year: EUR 250k), car lease agreements of EUR 264k (prior year: EUR 486k) and a rental agreement for photocopiers of EUR 7k (prior year: EUR 11k). The obligation from the sponsorship agreement relates exclusively to an affiliate.

In the reporting year, there were no contingent liabilities pursuant to Sec. 268 (7) HGB.

Appropriation of profit

On account of the profit and loss transfer agreement dated 14 March 2014, the Company s profit is transferred in full to Reddy Holding GmbH.

Names of the executive directors

During the past fiscal year, the Company s business activities were managed by the following persons:

Dr. Herbert Theo Heynck, executive director of betapharm Arzneimittel GmbH

Sameer Sudhakar Natu, executive director of finance

Patrick Aghanian Rudolf, executive director of the European business

Remuneration of the executive directors

Remuneration paid to the executive directors has not been disclosed in accordance with Sec. 286 (4) HGB.

Group relationships

The parent company that prepares the consolidated financial statements for the largest and the smallest group of companies is Dr. Reddy s Laboratories Limited, Hyderabad, India. The consolidated financial statements as of 31 March 2021 prepared in accordance with IFRS are disclosed to the Securities and Exchange Commission (SEC), Washington, USA.

Average number of employees during the fiscal year

Average number of employees	1 Apr 2020 to 31 Mar 2021	1 Apr 2019 to 31 Mar 2020
Salaried employees	93	80
Executives	1	1
Total	**94**	**81**

Auditor s fees

For information on total auditor s fees in accordance with Sec. 285 No. 17 HGB, please refer to the consolidated financial statements of Dr. Reddy s Laboratories Limited, Hyderabad, India.

Subsequent events

The ongoing crisis as a result of the coronavirus and its effects on our business development are being continuously monitored. Please refer to our comments regarding the potential effects of the coronavirus pandemic on our assets, liabilities, financial position and financial performance in fiscal year 2021/2022 in the Risk and opportunities report and Outlook sections of the management report.

Augsburg,

....
Dr. Herbert Theo Heynck
Executive director of betapharm Arzneimittel GmbH

....
Sameer Sudhakar Natu
Executive director of finance for Europe

....
Patrick Aghanian Rudolf
Executive director of the European business

betapharm Arzneimittel GmbH, Augsburg

Statement of changes in fixed assets for fiscal year 2020/21

	Acquisition and production cost					Accumulated amortization, depreciation and impairment				Net book values	
	1 Apr 2020	Additions	Disposals	Reclassi-fications	31 Mar 2021	1 Apr 2020	Amortization, depreciation and impairment for the fiscal year	Disposals	31 Mar 2021	31 Mar 2021	31 Mar 2020
	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR	EUR
I. Intangible assets											
1. Purchased franchises, industrial and similar rights and assets, and licenses in such rights and assets	62,214,137.19	866,999.00	0.00	354,861.47	63,435,997.66	57,141,841.04	1,183,648.46	0.00	58,325,489.50	5,110,508.16	5,072,296.15
2. Prepayments	433,937.77	157,726.33	0.00	-354,861.47	236,802.63	0.00	0.00	0.00	0.00	236,802.63	433,937.77
	62,648,074.96	**1,024,725.33**	**0.00**	**0.00**	**63,672,800.29**	**57,141,841.04**	**1,183,648.46**	**0.00**	**58,325,489.50**	**5,347,310.79**	**5,506,233.92**
II. Property, plant and equipment											
1. Land, land rights and buildings, including buildings on third-party land	670,166.21	0.00	0.00	0.00	670,166.21	212,506.80	7,048.79	0.00	219,555.59	450,610.62	457,659.41
2. Plant and machinery	298,064.27	0.00	0.00	0.00	298,064.27	298,064.27	0.00	0.00	298,064.27	0.00	0.00
3. Other equipment, furniture and fixtures	1,460,815.28	183,753.19	0.00	21,939.66	1,666,508.13	1,295,322.04	104,067.11	0.00	1,399,389.15	267,118.98	165,493.24
4. Prepayments property, plant and equipment	22,134.66	0.00	-195.00	-21,939.66	0.00	0.00	0.00	0.00	0.00	0.00	22,134.66
	2,451,180.42	**183,753.19**	**-195.00**	**0.00**	**2,634,738.61**	**1,805,893.11**	**111,115.90**	**0.00**	**1,917,009.01**	**717,729.60**	**645,287.31**
III. Financial assets											
Loans to affiliates	50,097,172.22	29,526,699.30	46,097,207.63	0.00	33,526,663.89	0.00	0.00	0.00	0.00	33,526,663.89	50,097,172.22
	50,097,172.22	**29,526,699.30**	**46,097,207.63**	**0.00**	**33,526,663.89**	**0.00**	**0.00**	**0.00**	**0.00**	**33,526,663.89**	**50,097,172.22**
	115,196,427.60	**30,735,177.82**	**46,097,012.63**	**0.00**	**99,834,202.79**	**58,947,734.15**	**1,294,764.36**	**0.00**	**60,242,498.51**	**39,591,704.28**	**56,248,693.45**

betapharm Arzneimittel GmbH, Augsburg

Management report for the fiscal year from 1 April 2020 to 31 March 2021

1. betapharm Arzneimittel GmbH

betapharm Arzneimittel GmbH (betapharm), with registered offices in Augsburg, is a wholly owned subsidiary of Reddy Holding GmbH, a company owned by the pharmaceutical manufacturer Dr. Reddy s Laboratories Ltd. (Dr. Reddy s), Hyderabad, India. A profit and loss transfer agreement is in place with Reddy Holding GmbH. This agreement requires betapharm to transfer its entire profit to Reddy Holding GmbH. In return, Reddy Holding GmbH is obliged to compensate any net loss incurred.

Within the worldwide group, betapharm is responsible for the distribution of generic products in Germany. betapharm also sells products to affiliates of the Dr. Reddy s Group in the US, Italy, France and Spain. Furthermore, it is expanding in various EU countries, such as Austria, Hungary and Portugal.

The Company, which was founded in 1993, offers a wide range of products, betapharm sells products developed internally by Dr. Reddy s as well as licensed products manufactured under contract for betapharm. In prescription drugs (Rx), betapharm covers not only the cardiovascular area but also pain therapy, neurology/psychiatry, HIV/HepB and PAH. betapharm also offers generic OTC products, i.e., drugs that do not require a prescription and are sold over the counter (OTC).

Products are distributed under the betapharm brand. They are aimed at practicing physicians and pharmacists (retail market) and at hospitals and oncology centers. These customers are generally supplied via wholesalers. In addition, health insurance providers issue invitations to tender. These tenders guarantee an exclusive purchasing rights to the product by the winner. They also offer a discount on listed prices and influence which products are provided to patients by pharmacists.

Research and development

As betapharm focuses on the marketing and distribution of generics, the Company does not undertake research and development. However, betapharm benefits from the research and development work of the Dr. Reddy s Group.

2. Economic report

2.1. General economic conditions

According to the German Federal Statistical Office (Destatis), real gross domestic product (GDP) was 5.0% lower in 2020 than in 2019. The German economy therefore slipped into a deep recession in the 2020 coronavirus crisis year following a 10-year growth period.

2.2. Development of the German pharmaceutical and healthcare market

The pharmaceutical market is competitive. Firstly, there is a strong trend for consolidation and displacement: More and more smaller providers are being taken over by large groups. Thus, the 10 leading pharmaceutical manufacturers account for around 33% of revenue on the German market.

The pharmaceutical industry is also subject to the statutory and regulatory framework conditions in the public health system. Legislators are countering rising healthcare expenditure with a range of complex control mechanisms. Discount agreements between statutory health insurers and drug manufacturers help achieve savings in the provision of medication to people. This involves pharmaceutical companies granting discounts to health insurers for their products. In return, when handling a prescription, pharmacists are generally obliged to dispense a product with the same active ingredient for which a discount agreement of this type has been concluded.

2.3. Financial performance

betapharm once again recorded revenue growth in the past fiscal year. Revenue increased to EUR 121.9m (prior year: EUR 107m) and is thus 14% above the prior-year level. This is primarily attributable to the launch of new products directly following the expiry of patents in the current fiscal year and in the prior year. Other factors include gains from opportunities afforded by supply interruptions at other discount agreement partners.

In addition to its main sales market Germany, betapharm also continued to sell products to export markets in the US and other EU member states. betapharm is also continuously trying to tap into new markets within the EU.

Revenue by region in EUR m

	FY 2021	FY 2020	Change
Germany	106.3	91.6	16%
USA	7.7	11.9	-35%
EU	7.9	3.5	128%
Total	**121.9**	**107.0**	**14%**

betapharm generated a profit before profit transfer of EUR 37.2m. Compared to the prior-year level of EUR 29.4m, this represents an increase of EUR 7.8m. This is mainly attributable to the increase in revenue.

The increase in revenue also caused the cost of materials to increase by EUR 7.8m from EUR 55.6m in the prior year to EUR 63.4m this year.

New employees were hired to tap into new markets, which led to a EUR 7.2m increase in personnel expenses to EUR 8.6m.

2.4. Assets and liabilities

Intangible assets decreased by EUR 0.2m to EUR 5.3m (prior year: EUR 5.5m). Amortization, depreciation and impairment dropped to EUR 1.3m in fiscal year 2020/21.

A loan was granted to Dr. Reddy s Laboratories SA at the start of the fiscal year. At the same time, Reddy Holding GmbH repaid the majority of its loan, as a result of which loans to affiliates decreased by EUR 16.6m overall from EUR 50.1m in the past fiscal year to EUR 33.5m in fiscal year 2020/21.

Inventories rose by 24% to EUR 25.9m (prior year: EUR 20.8m). Inventory levels were increased on account of continuously growing demand.

The mass stockpiling carried out by wholesalers at the start of 2020 due to the coronavirus led to an increase in receivables in fiscal year 2019/20, which decreased again in this fiscal year.

In addition, receivables from affiliates decreased considerably from EUR 10.1m in the prior year to EUR 6.9m this year.

Other assets remained virtually unchanged, as receivables for tender products remained stable compared to the prior year.

The decline in revenue from the participation in tender processes resulted in a EUR 12.4m decrease in provisions for obligations to health insurers to EUR 60.2m.

Trade payables decreased from EUR 17.1m to EUR 3.2m. The high figure in that year chiefly stems from health insurance invoices received late that had not yet been settled as of 31 March 2020.

By contrast, the increase in deliveries made by the parent company led to an increase in liabilities to affiliates from EUR 10.3m to EUR 13.4m.

In the past fiscal year, profit was transferred to Reddy Holding GmbH on a quarterly basis under the profit and loss transfer agreement. The resulting liabilities were settled in a timely manner. Therefore, there were no significant liabilities to Reddy Holding GmbH as of the reporting date.

2.5. Financial position

	Simplified cash flow	2021	2020
		EUR k	EUR k
	Net income for the year before profit transfer	37,229	29,463
+	Amortization, depreciation and impairment of fixed assets	1,295	3,557
+/-	Change in provisions	-9,486	12,900
	Simplified cash flow	**31,836**	**45,921**

betapharm s liquidity is secured by its operating business.

betapharm s equity amounts to EUR 1.0m at the end of the fiscal year (prior year: EUR 1.0m) or 1.0% (prior year: 0.8%) of the balance sheet total of EUR 100.2m (prior year: EUR 120.6m), and is therefore less than the fixed assets tied up in the Company for the long term totaling EUR 39.6m.

Investments in property, plant and equipment came to EUR 1.2m in fiscal year 2020/21 (prior year: EUR 1.8m). Thereof, EUR 0.2m (prior year: EUR 0.2m) related to property, plant and equipment and EUR 1.0m (prior year: EUR 1.6m) to intangible assets.

2.6. Overall conclusion

Management considers the assets, liabilities, financial position and financial performance as well as the development of revenue and earnings in the past fiscal year to be positive.

3. Opportunities, risks and outlook

3.1. Risk management

In its business dealings, betapharm endeavors to minimize risks and make use of potential opportunities.

betapharm s risk management is based in two areas. These comprise compliance and data protection as well as an accounting-related internal control system (SOX).

Compliance and data protection

betapharm s aim is to act transparently and to comply with all laws and legal requirements. This includes the implementation of ethical principles and compliance requirements governing the day-to-day work of all employees.

betapharm regularly carries out internal training to ensure that all employees are informed about its company guidelines as well as kept up-to-date about current changes and act accordingly. Compliance with these requirements is verified by independent internal and external parties on behalf of management.

The legally binding data protection requirements of the EU s General Data Protection Regulation (GDPR) have been in force since 25 May 2018. Its purpose is to protect the personal information of individuals. betapharm fulfills all of the responsibilities stemming from this regulation.

Accounting-related internal control system (SOX)

Management has implemented an internal control system within the Company, which aims to ensure correct financial reporting. The main features of the internal control system are guidelines governing compliance with the principle of dual control, strict segregation of duties that are incompatible with each other, including granting IT permissions, as well as internal guidelines on handling critical processes. Both preventive and detecting measures are taken to safeguard the internal control system.

On account of the Dr. Reddy s Group, the internal control system meets the requirements of the Sarbanes-Oxley Act 2002 (SOX). The basis for this is the internationally recognized Internal Control K Integrated Framework of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Key elements include the documentation of business processes and corresponding controls of the operating units included in the financial reporting process. Compliance with these requirements as well as the effectiveness of the internal control system are regularly verified by a process-independent internal party on behalf of management, reported to management and, if necessary, adjusted. The findings are reported to the auditor.

3.2. Risk report

Financial risks

Risks relating to cash flows are monitored on an ongoing basis and potential fluctuations are taken into account.

betapharm generated a positive cash flow from operating activities in the past fiscal year, which is expected to continue beyond this point. As a result, betapharm is not exposed to risks from financing activities.

betapharm invoices revenue from the US in US dollars. This results in exchange rate effects for the Company. Due to the declining revenue in the US, this only poses a very low risk.

Regulatory risks

Amendments to existing regulations and the introduction of new regulations in public healthcare could affect betapharm s business operations.

Regulations relating to active pharmaceutical ingredients or to product distribution may have a negative impact. The same applies to regulations that strengthen the bargaining power of individual customer segments. These include discount agreements with health insurance providers and hospitals, substitution requirements for pharmacists or bonus-malus regulations for physicians relating to prescription volumes.

Competitive risks

Originally specialized market operators such as developers, suppliers of active ingredients and contract manufacturers are increasingly acting as competitors to generics suppliers.

Procurement risks

betapharm currently receives some products from its parent company Dr. Reddy s Laboratories in India and is otherwise dependent on external suppliers. Particularly for new launches, betapharm usually relies on third parties with regard to the delivery of active ingredients, specific raw materials, equipment, formulation or packaging services and maintenance services. In some (rare) cases, this may involve a single source of supply and hence a certain dependence. To ensure a constant supply of goods and services at the right time and in line with the required specifications, betapharm actively manages and maintains the relationships with these business partners. Nevertheless, events beyond the control of betapharm can mean that deliveries are not made on time, are only made partially or are not made at all.

In such cases, betapharm could be temporarily unable to ensure the delivery of sufficient amounts of finished products. This would adversely affect the Company s business and operating results.

In the exceptional case that only insufficient quantities remain in stock, betapharm informs the health insurance providers accordingly. Wholesalers are also updated as to when goods will become available again. This transparency and the close contact with customers, ensured by our sales team and customer hotline, ensure patient care and that betapharm will continue to be seen as a reliable partner by market operators.

Risks from discount agreements

Discount agreements are linked to the ability to deliver sufficient volumes and entail contractual penalties if these cannot be met.

To counter the risk of contractual penalties, betapharm participates in discount agreements on a selective basis only.

Legal risks

The risk of patent infringement is very high in view of the intense competition in the generics sector. Patent-related legal proceedings regarding the manufacture, application and sale of products are part of the everyday business of pharmaceutical companies. The costs of such legal proceedings, the obstruction of business operations and possible compensation claims that are liable to result could impair business as well as operating results, the financial position and the outflow of funds.

IT and data protection risks

There are systems and practices on information security in place.

The Company has also concluded non-disclosure agreements with licensees, suppliers, employees and consultants. It is conceivable that these agreements could be breached and that the Company may not be able to find alternatives or solutions immediately.

There could be legal disputes over intellectual property rights or the applicability of non-disclosure agreements. Furthermore, technology developed by betapharm could be disclosed in another manner or could be developed independently by competitors.

Due to the group-wide IT structure, the cyber security area is always equipped with the latest technology. This risk is monitored and reported on separately within the IT department. betapharm s employees are regularly trained on and made aware of the issue of cyber attacks.

Risks relating to the coronavirus COVID-19

There is a potential risk of betapharm s business activities being impacted by the global spread of the coronavirus COVID-19. The situation is continuously being monitored by management and various measures have been implemented to secure business. Focus is placed on employee health, the procurement of raw materials and other materials as well as the associated continuation of reliable customer supply.

The largest risk is posed by a chain of infection that could cause entire departments to be off work due to sickness. Management has set up a crisis team, which frequently informs employees about hygiene and behavioral guidelines by email, provides information and introduces risk mitigation measures. Among other things, the Company has enabled working from home as well as invested in masks and disinfectants at an early stage to protect its employees.

3.3. Opportunities report

Opportunities arising from innovation

betapharm aims to continuously expand its portfolio and therefore tries to evaluate expiring patents in advance to ensure that it launches products on the market itself upon expiry where possible. This means continuing to obtain patents, to protect trade secrets, intellectual property rights and other confidential information and not to infringe upon the intellectual property rights of others in its business dealings in the future.

Opportunities arising from products made within the Group

As a company of a pharmaceutical group with worldwide operations domiciled in India, betapharm benefits from Dr. Reddy s production and from access to Dr. Reddy s new developments, particularly in the area of complex generics for oncological indications.

Opportunities arising from tenders

betapharm also participates in selective tenders with one to three winners and intense price competition. These result in high demand involving stable revenue.

This high demand can also result in gains from opportunities, as betapharm can take advantage of supply interruptions at other discount agreement partners due to its competitive position in the respective discount agreement market.

3.4. Overall picture of the opportunities and risks situation

In sum, betapharm is reluctant to take risks and avails of business opportunities where it can do so at low risk in this highly regulated market. This strategy aims to ensure solid and healthy growth for the Company. The risks presented can be regarded as controllable. No risks have been identified that could endanger the Company s ability to continue as a going concern in the foreseeable future.

4. Forecast and outlook

The forecast by the IfW [Institut für Weltwirtschaft Kiel : Kiel Institute for the World Economy] as of March 2021 predicts that GDP will rise by 3.7% in 2021 compared to the prior year in light of the expected increase in protection against the coronavirus through vaccinations.

The market is characterized by intensifying competition. Moreover, health insurers are increasingly endeavoring to conclude discount agreements. betapharm therefore plans to continue to participate in tenders for discount agreements with one to three winners.

However, the immense pressure placed on margins by discount agreements also makes it increasingly important to identify and open up fields of business that are either not connected with tenders or connected only on a small scale. In addition to extensive patent research, this requires identifying partners for development and production. It will also remain in focus in the coming year, both for the Rx and the OTC business.

betapharm will continue to pursue its strategy. Accordingly, domestic business in fiscal year 2021/22 will benefit from individual product launches. Supply agreements have already been concluded to ensure the fastest possible market entry following the expiry of patents. Moreover, in the rest of the EU, revenue growth in the double-digit percentage range is expected from business with other companies of the Dr. Reddy s Group in Italy, France and Spain for the coming fiscal year. Market approval for new products is already underway. By contrast, a decline in revenue in the single-digit percentage range is anticipated for the business in the US due to the tapering off of the product life cycle of the relevant drug on the foreign market. Consequently, betapharm is aiming for considerable growth in total revenue in the single-digit percentage range in fiscal year 2021/22.

The coronavirus crisis, which has an effect on production chains and, in particular, supply chains in a large number of countries, may also have a general impact, as the medium-term effects on the new fiscal year are not yet entirely clear.

Overall, business development is anticipated to be positive in fiscal year 2021/22 despite the coronavirus crisis. On account of the forecast increase in revenue, management expects earnings before profit/loss transfer to increase in the low double-digit percentage range for fiscal year 2021/22.

Augsburg,

....
Dr. Herbert Theo Heynck
Executive director of betapharm Arzneimittel GmbH

....
Sameer Sudhakar Natu
Executive director of finance for Europe

....
Patrick Aghanian Rudolf
Executive director of the European business

Translation from the German language **Exhibit 5/1**

betapharm Arzneimittel GmbH, Augsburg
Legal background

1. Legal position of the Company

Commercial register	The Company was entered in the commercial register of Augsburg local court under HRB 13268 on 21 December 1992. The last entry was made on 29 July 2020.
Articles of incorporation and bylaws	The articles of incorporation and bylaws dated 21 December 1992 and last amended by resolution on 14 November 2006 apply.
Purpose of the Company	Distribution of drugs and other pharmaceutical products, which are manufactured by third-party subcontractors under the registered trademark betapharm and other trademarks, as well as galenic formulations and pharmaceutical drugs development.
Fiscal year	1 April 31 March
Capital	The capital stock amounts to EUR 1,022,583.76 (DM 2,000,000.00).
Management and company representatives	Dr. Herbert Theo Heynck, executive director Sameer Sudhakar Natu, executive director Patrick Aghanian Rudolf, executive director If only one executive director has been appointed, he represents the Company alone. If more than one executive director has been appointed, the Company is represented by two executive directors or by one executive director acting jointly with an authorized signatory [Prokurist]. Authorized signatories: Hannes Ferwagner; Susanne Müller; Koteswara Rao Tenneru; Dirghayu Shaileshkumar Buch; Ramat Hasharon Kidron Dan; Cornelia Lassen; Verena Kühnemann

Shareholder meeting	Ordinary For fiscal year 2020 on 13 May 2020 in Augsburg. The resolutions passed included the following: 1. The annual financial statements for fiscal year 2020 were ratified. 2. Management was exonerated for fiscal year 2020. Extraordinary For fiscal year 2021 on 25 May 2020 in Augsburg. The resolutions passed included the following: Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Munich, was appointed auditor of the annual financial statements and the management report for the fiscal year from 1 April 2020 to 31 March 2021.

2. Economic background

Significant contracts

On 26 March 2014, the Company concluded a domination and profit and loss transfer agreement with Reddy Holding GmbH as the controlling company with its registered office in Augsburg (Augsburg local court, HRB 21913), which the shareholder meeting approved by resolution dated 28 March 2014.

Discount agreements pursuant to Sec. 130a (8) SGB [Sozialgesetzbuch : German Social Security Code] for health insurers were created for the first time in fiscal year 2005. With the introduction of the GMG [Gesundheitsmodernisierungsgesetz : German Healthcare System Modernization Act], the legislators provided the health insurers and pharmaceutical companies the possibility to make discount agreements for the first time. The agreements relate to discounts on all prescription products of the Company that have to be paid by the health insurer concerned. Since the introduction of the German Act to Increase Competition in the Statutory Health Insurance System, the majority of these discount agreements bind the health insurer concerned to a specific manufacturer of prescription drugs unless the ordinance issued expressly excludes manufacturer change (aut idem or like-for-like). The discount agreements are regularly put out to tender.

In November 2005, an agreement was concluded with NextPharma GmbH (formerly: Pharbil GmbH), Göttingen, for commissioning, storage and preparation of product delivery with effect from 1 November 2005. The original term was 38 months. The agreement automatically extends by further 24 months unless one of the parties terminates the agreement in writing with a period of notice of 12 months.

The Company as lessee concluded a property lease agreement that has been in force since 1 January 2001 with TACET Grundstücks-Vermietungsgesellschaft mbH & Co. betapharm KG, Düsseldorf (TACET), the lessor. The property in Augsburg is used by the Company as an administrative building. The contractual minimum term of the lease is 22.5 years. The lease agreement between the Company and TACET includes an option that authorizes the Company to buy the property at the end of the lease term on 1 July 2023. The Company has itself concluded rental agreements with affiliates for specific areas in this building.

A loan agreement for EUR 50m was concluded with the parent company Reddy Holding GmbH as of 1 December 2018, which has an indefinite term and is subject to an interest rate of 2.5%. Repayments with a minimum amount of EUR 100,000 are possible at any time.

A manufacturer agreement was concluded with Artesan Pharma GmbH & Co. KG as of 26 February 2021, under which the contractual partner of the Company warrants the production, packaging and supply of contractually agreed drugs.

Further significant contracts that are relevant or may become relevant for the assessment of the economic situation due to their subject, duration, potential penalties or due to other reasons were not concluded according to the information made available to us.

3. Tax background

The most recent tax field audit was completed in fiscal year 2015/16; it covered the fiscal years from 2010 to 2013. A tax field audit for the assessment years 2014 to 2017 was ordered in August 2019. The tax field audit has not yet been completed.

The Company is registered with the Augsburg-Stadt tax office under the tax identification number 103/116/32243.

Since 1 December 2005, there has been a tax group in place with Reddy Holding GmbH, Augsburg, as the tax group parent regarding corporate tax, trade tax and VAT.

Translation from the German language

Engagement Terms, Liability and Conditions of Use

In the audit report, the auditors summarize the results of their work, reporting in particular to those bodies of the Company responsible for its oversight. By documenting material audit findings, the audit report supports the bodies responsible in the process of overseeing the Company. For this reason, the report - notwithstanding any right of third parties based on special legal provisions to receive or inspect it - is addressed exclusively to the bodies of the Company for internal use.

Our work is based on our engagement letter for the audit of these financial statements including the General Engagement Terms for Wirtschaftsprüfer und Wirtschafts-prüfungsgesellschaften [German Public Auditors and Public Audit Firms] as issued by the IDW [Institut der Wirtschaftsprüfer : Institute of Public Auditors in Germany] on 1 January 2017.

This audit report is solely intended to serve as a basis for decisions of bodies of the Company and must not be used for purposes other than those intended. We therefore assume no responsibility, liability or other obligations towards third parties unless we have concluded a written agreement to the contrary with the respective third party or liability cannot effectively be precluded.

We make express reference to the fact that we do not update the audit report and/or audit opinion to reflect events or circumstances arising after the audit opinion was issued unless required to do so by law.

It is the sole responsibility of anyone taking note of the information contained in this audit report to decide whether and in what way this information is useful or suitable for their purposes and to supplement, verify or update it by means of their own review procedures.

CHEMINOR INVESTMENTS LIMITED
Regd. Office: 8-2-337, Road No. 3, Banjara Hills, Hyderabad – 500034.
CIN: U67120TG1990PLC010931, E-mail : shares@drreddys.com

Tel: +91 40 4900 2900 Fax: - +91 40 4900 2999

Board's Report

Dear Members,

Your directors are pleased to present the 31st Board's Report of the Company for the year ended 31 March 2021.

Financial Highlights

The following table gives the financial highlights of the Company for the financial year 2020-21 as compared to the previous financial year:

(Rs. in thousands)

Particulars	31 March 2021	31 March 2020
Profit/(Loss) for the period after taxation	(19)	(19)
Balance brought forward	(244)	(225)
Balance carried forward to Balance Sheet	(263)	(244)

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

In view of the loss, your directors do not recommend any dividend for the financial year ending 31 March 2021.

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.

Public 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: 11 May 2020, 27 July 2020, 26 October 2020, 2 December 2020 and 27 January 2021.

Board of Directors and Key Managerial Personnel

Pursuant to provisions of Section 152 of the Companies Act, 2013, Mr. M V Narasimham (DIN: 02677423), 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. M V Narasimham is given in the notice convening 31st 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 2020-21. 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 2021 and of the loss 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.

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 I".**

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 29th AGM till the conclusion of the 34th 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 7 May, 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 34th AGM, as approved by the shareholders at the 29th 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 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.

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.

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 enclosed as **"Annexure II"** 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, 2021	**M V Narasimham**	**Sujit Kumar Mahato**
Place: Hyderabad	Director	Director
	DIN: 02677423	DIN: 07599067

Annexure- I

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

M V Narasimham
Director
DIN: 02677423

Sujit Kumar Mahato
Director
DIN: 07599067

ANNEXURE II

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31 March, 2021
[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	U67120TG1990PLC010931
ii)	Registration Date	January 23, 1990
iii)	Name of the Company	Cheminor Investments Limited
iv)	Category/Sub-Category of the Company	Public 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:

Sl. 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

Sr. no.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held*	Applica ble 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	134,613	134,613	100	0	134,613	134,613	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	134,613	134,613	100	0	134,613	134,613	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	134,613	134,613	100	0	134,613	134,613	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)									
i) Trust	0	0	0	0	0	0	0	0	0
ii) Clearing Member	0	0	0	0	0	0	0	0	0
iii) NRIs	0	0	0	0	0	0	0	0	0
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**	**134,613**	**134,613**	**100**	**0**	**134,613**	**134,613***	**100**	**0**

(*) Includes nominee shareholders on behalf of Dr. Reddy's Laboratories Limited, holding company and 100 shares 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	134,513	99.92	-	134,513	99.92	-	-
2	Dr. Reddy's Bio-Sciences Limited	100	0.08	-	100	0.08	-	-
		134,613	**100**	-	**134,613**	**100**	-	-

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	**134,613**	**100%**	**134,613**	**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	**134,613**	**100%**	**134,613**	**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. M V Narasimham*	01.04.2020	1	0	0	0	1	0
		31.03.2021	1	0	0	0	1	0
2	Mr. Kiran Yanamandra*	30.10.2020	1	0	0	0	1	0
		31.03.2021	1	0	0	0	1	0
3	Mr. Sujit Kumar Mahato	01.04.2020	0	0	0	0	0	0
		31.03.2021	0	0	0	0	0	0
B. KEY MANAGEMENT PERSONNEL (KMPs) – Nil								

* Holds one share as a Nominee shareholder on behalf of Dr. Reddy's Laboratories Limited, Holding Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (April 1, 2020)				
i) Principal Amount	-	7,161	-	7,161
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	7,161	-	7,161
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year (March 31, 2021)				
i) Principal Amount	-	7,161	-	7,161
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	7,161	-	7,161

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, 2021
Place: Hyderabad

M V Narasimham
Director
DIN: 02677423

Sujit Kumar Mahato
Director
DIN: 07599067

CHEMINOR INVESTMENTS LIMITED
Regd. Office: 8-2-337, Road No. 3, Banjara Hills, Hyderabad – 500034.
CIN: U67120TG1990PLC010931, E-mail : shares@drreddys.com
Tel: +91 40 4900 2900 Fax: - +91 40 4900 2999

NOTICE

Notice is hereby given that the 31st Annual General Meeting (AGM) of the members of Cheminor Investments Limited (CIN: U67120TG1990PLC010931) will be held on Thursday, July 15, 2021, at 02.00 pm at the registered office of the Company at 8-2-337, Road No. 3, Banjara Hills, Hyderabad, Telangana - 500 034 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the financial year ended March 31, 2021 including the audited balance sheet as at March 31, 2021 and the statement of the profit and loss of the Company for the year ended on that date along with the reports of the board of directors and the auditors thereon.

2. To re-appoint Mr. M V Narasimham (DIN: 02677423), who retires by rotation, and being eligible, offers himself for re-appointment.

NOTES:

1. The statement pursuant to Section 102(1) of the Companies Act, 2013, the Rules made thereunder in respect of special business set out in the notice and Secretarial Standard on General Meetings (SS-2) is annexed hereto.

2. **A member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument of proxy in order to be effective, must be deposited at the Registered Office of the Company, duly completed and signed not less than 48 hours before the meeting.**

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send the Company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the Meeting.

4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company, at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.

5. The requirement to place the matter relating to the appointment of statutory auditors for ratification by members at every AGM is omitted vide notification dated 7 May 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, resolution for ratification of the appointment of statutory auditors who were appointed for a period of five years at the 29th AGM held on 15 July 2019 is not proposed at this AGM.

6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

7. The Register of Contracts or Arrangements in which directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

Place: Hyderabad
Date: May 11, 2021

By order of the Board

Sujit Kumar Mahato
Director
DIN: 07599067
8-2-337, Road No. 3,
Banjara Hills, Hyderabad,
Telangana - 500 034

ANNEXURE TO NOTICE OF AGM

Statement pursuant to Secretarial Standard on General Meetings (SS-2).

ITEM NO: 1

Mr. M V Narasimham (DIN: 02677423), aged 52 years, holds a Bachelor degree in Commerce from Nagarjuna University, Andhra Pradesh. He is a Chartered Accountant from the Institute of Chartered Accountants of India and also an Inter ACS from the Institute of Company Secretaries of India. He has an experience of around 28 years in handling the multiple functions within operational finance in the engineering and pharmaceutical industry.

Presently, he is the Global Head of Finance, Tax and Treasury, and Consolidation in Dr. Reddy's Laboratories Ltd. (ultimate holding company).

He is also a director on the boards of Dr. Reddy's Research Foundation and the following wholly owned subsidiaries of Dr. Reddy's Laboratories Limited (ultimate holding company): Dr. Reddy's Formulations Limited, Svaas Wellness Limited, Idea2Enterprises (India) Private Limited, Citizen's Electoral Trust, Aurigene Pharmaceutical Services Limited, DRL Impex Limited and CFO of Dr. Reddy's Bio-Sciences Limited in India and the following foreign subsidiaries - Dr. Reddy's Laboratories (UK) Limited, Dr. Reddy's Laboratories (EU) Limited, Chirotech Technology Limited, Industrias Quimicas Falcon de Mexico, S.A., Dr. Reddy's (WUXI) Pharmaceutical Co. Ltd, Dr. Reddy's Laboratories Taiwan Limited, and Dr. Reddy's Laboratories Japan KK. He is also a trustee in Dr. Reddy's Laboratories Gratuity Fund, DRL Employees' Benevolent Fund, Dr. Reddy's Employees ESOS Trust, and Dr. Reddy's Group of Companies Senior Executives' Superannuation Scheme.

The Company has received intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment & Qualification of Directors) Rules, 2014, from Mr. M V Narasimham to the effect that he is not disqualified in accordance with sub-section (2) of Section 164 of the Companies Act, 2013.

He has attended all meetings of the board held during the financial year 2020-21.

Mr. M V Narasimham holds one equity share in the Company as a nominee of Dr. Reddy's Laboratories Limited (holding company).

None of the directors of the Company and their relatives other than Mr. M V Narasimham and his relatives are concerned or interested the resolution as set out in item no. 1.

The board recommends the resolution set forth in item no. 1 for approval of the members.

Place: Hyderabad
Date: May 11, 2021

By order of the Board

Sujit Kumar Mahato
Director
DIN: 07599067
8-2-337, Road No. 3,
Banjara Hills, Hyderabad,
Telangana - 500 034

A. Ramachandra Rao & Co.
Chartered Accountants

Flat No.302, 3rd Floor, D.No. 6-2-975
A-Block, Kushal towers,
Khairtabad, Hyderabad- 500 004.

Tel: 040-27633677
E-mail: admin@arrandco.org

To
Members
Cheminor Investments Limited

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the standalone Financial Statements of **Cheminor Investments Limited ("the Company")**, which comprise the Balance sheet as at March 31, 2021, and the Statement of Profit and Loss,including the statement of Other Comprehensive Income, Statement of cash flows and the Statement of Changes in Equityfor the year then ended, and notes to the standalone 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 financial statements give the information required by the Companies Act, 2013, as amended ("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, 2021, and its lossincluding other comprehensive income, and 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 standalone 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.12 in the standalone financial statements, which indicates that the Company incurred that the Company incurred net losses during the current and previous years. Notwithstanding the fact that the company has incurred cash losses during the current year as well as during the previous year, the standalone financial statements have been prepared on Going Concern basisdue to the continued support of the Parent to the Company. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters other than matter described in the Material Uncertainty related to Going Concern, we have determined that there are no key audit matters to communicate in our report.

Management's Responsibility for the Standalone Financial Statements

A. Ramachandra Rao & Co. * Chartered Accountants * FRN No: 002857S Hyderabad

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 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 standalone 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.

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Hyderabad
Chartered Accountants

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalonefinancial 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 standalone 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 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 March 31, 2021, and its loss (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 interms 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 informationand explanations which to the best of our knowledgeand belief were necessary for the purposes of ouraudit.

b) In our opinion, proper books of account as requiredby law have been kept by the Company so far as itappears from our examination of those books.

c) The Balance Sheet, the Statement of Profit andLoss, the Cash Flow Statement and Statement ofChanges in Equity dealt with by this Report are inagreement with the books of account.

e) In our opinion, the aforesaid standalonefinancial statements comply with the IndianAccounting Standards prescribed under section 133of the Act.

A. Ramachandra Rao & Co.
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Hyderabad
Chartered Accountants

A. Ramachandra Rao & Co.
Chartered Accountants

e) On the basis of the written representations receivedfrom the directors as onMarch31, 2021 taken onrecord by the Board of Directors, none of thedirectors is disqualified as on March31, 2021 frombeing 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 inthe Auditor's Report in accordance with Rule 11 ofthe Companies (Audit and Auditors) Rules, 2014, inour opinion and to the best of our information andaccording to the explanations given to us:

i. TheCompany does not have any pending litigationswhich would impact its financial position.

ii. The Company did not have anylong-term contracts including derivativecontracts for which there were any materialforeseeable losses.

iii. There has been no delay in transferringamounts, required to be transferred, to theInvestor Education and Protection Fund.

(h) With reference to the matters to be included under Section 143(16) of the Companies Act, based on the information provided and explanations offered, the company has not employed any managerial personnel and hence the provisions of the Companies Act, 2013 relating to Managerial remuneration are not applicable to the Company.

For M/s A Ramachandra Rao & Co
Chartered Accountants
Firm Regn No. 002857S

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountant

S R V V Surya RaoPonnada
Partner
Membership No. 202367
UDIN :21202367AAABYA5851

Place :Hyderabad
Date: 11/05/2021.

A. Ramachandra Rao & Co.
Chartered Accountants

ANNEXURE TO THE AUDITORS' REPORT
(Cheminor Investments 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 and explanations offered to us, the provisions of provident fund, employees' state insurance, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess are not applicable to the company. The Company is regular in depositing the undisputed statutory dues of Income tax 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 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. Chartered Accountants
FRN No: 002857S
Hyderabad

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 standalonefinancial 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.

For M/s A Ramachandra Rao & Co.
Chartered Accountants
Firm Regn No. 002857S

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountant

S R V V Surya RaoPonnada
Partner
Membership No. 202367
UDIN :21202367AAABYA5851

Place :Hyderabad
Date: 11/05/2021.

A. Ramachandra Rao & Co.
Chartered Accountants

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF
Cheminor Investments 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 Cheminor Investments Limited, as of March 31, 2021 in conjunction with our audit of the standalone 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 standalone 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

A. Ramachandra Rao & Co.
Chartered Accountants

preparation of the standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
(2)provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accountingprinciples, 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 standalone 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, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s A Ramachandra Rao & Co
Chartered Accountants
Firm Regn No 002857S

A. Ramachandra Rao & Co. * Chartered Accountant * FRN NO: 002857S Hyderabad

S R V V Surya RaoPonnada
Partner
Membership No. 202367
UDIN :21202367AAABYA5851

Place :Hyderabad
Date: 11/05/2021.

Cheminor Investments Limited
Balance Sheet
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	1,209	1,209
		1,209	**1,209**
Current assets			
Financial assets			
Cash and cash equivalents	2.2	6	10
		6	**10**
Total assets		**1,215**	**1,219**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.3	1,346	1,346
Other equity		(263)	(244)
		1,083	**1,102**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.4	7	7
		7	**7**
Current liabilities			
Financial liabilities			
Other financial liabilities	2.5	125	110
		125	**110**
Total equity and liabilities		**1,215**	**1,219**

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

for and on behalf of the Board of Directors of
Cheminor Investments Limited
CIN: U67120TG1990PLC010931

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2021

Cheminor Investments 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 2021	For the year ended 31 March 2020
Income			
Revenue from operations		-	-
Other income		-	-
Total income		-	-
Expenses			
Other expenses	2.6	19	19
Total expenses		**19**	**19**
Profit/(Loss) before tax		**(19)**	**(19)**
Tax expense			
Current tax		-	-
Deferred tax		-	-
Profit/(Loss) after tax expense		**(19)**	**(19)**
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		**(19)**	**(19)**
Earnings per share:	2.7		
Basic earnings per share of Rs. 10/- each		(0.14)	(0.14)
Diluted earnings per share of Rs. 10/- each		(0.14)	(0.14)

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

for and on behalf of the Board of Directors of
Cheminor Investments Limited
CIN: U67120TG1990PLC010931

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2021

Cheminor Investments 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)	
	No.of Shares	Amount	Retained earnings		
Balance as at 1 April 2019	**1,34,613**	**1,346**	**(226)**	**-**	**1,121**
Loss for the year	-	-	(19)	**-**	**(19)**
Balance as of 31 March 2020	**1,34,613**	**1,346**	**(244)**	**-**	**1,102**
Balance as at 1 April 2020	**1,34,613**	**1,346**	**(244)**	**-**	**1,102**
Loss for the year	-	-	(19)	**-**	**(19)**
Balance as of 31 March 2021	**1,34,613**	**1,346**	**(263)**	**-**	**1,083**

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

for and on behalf of the Board of Directors of
Cheminor Investments Limited
CIN: U67120TG1990PLC010931

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2021

Cheminor Investments 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 2021**	**For the year ended 31 March 2020**
Cash flows in operating activities		
Loss before taxation	(19)	(19)
Adjustments:		
Changes in operating assets and liabilities:		
Other assets and other liabilities, net	15	15
	(4)	**(4)**
Income taxes paid	-	-
Net cash used in operating activities	**(4)**	**(4)**
Net decrease in cash and cash equivalents	(4)	(4)
Cash and cash equivalents at the beginning of the year (Refer note 2.2)	10	13
Cash and cash equivalents at the end of the year (Refer note 2.2)	**6**	**10**

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

for and on behalf of the Board of Directors of
Cheminor Investments Limited
CIN: U67120TG1990PLC010931

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2021

1.1 Description of the Company

The financial statements comprise of Cheminor Investments Limited ("the Company") for the year ended 31 March 2021. The company is a public 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 2021 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 2021. These financial statements were authorised for issuance by the Company's Board of Directors on 11 May 2021.

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;

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) **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.

d) **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.

e) **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

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

f) **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.

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.

j) **New Standards adopted by the Company**

On 24 July 2020, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind AS as summarised below:

Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Refined definition of term ‘material’ and related clarifications.

The amendments provided a new definition to the word material as under:

‘Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.’

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

An information is considered to be obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The amendments provided examples of circumstances that may result in information being obscured.

An entity should apply the amendments prospectively for annual periods beginning on or after 1 April 2020.

The amendments to the definition of material are not expected to have a significant impact on the financial statements of the Company.

(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 2019	1,209	1,209
Additions	-	-
Disposals	-	-
Balance as at 31 March 2020	**1,209**	**1,209**
Balance as at 1 April 2020	1,209	1,209
Additions	-	-
Disposals	-	-
Balance as at 31 March 2021	**1,209**	**1,209**
Accumulated Depreciation		
Balance as at 1 April 2019	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2020	**-**	**-**
Balance as at 1 April 2020	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2021	**-**	**-**
Net carrying value		
As at 31 March 2020	1,209	1,209
As at 31 March 2021	1,209	1,209

Financial assets

2.2 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with banks		
In current accounts	6	10
Cash and cash equivalents	**6**	**10**

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.3 Share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
150,000 equity shares of Rs. 10/- each (31 March 2020: 150,000)	1,500	1,500
200 equity shares of Rs. 100/- each (31 March 2020: 200)	20	20
Issued equity capital		
134,613 equity shares of Rs. 10/- each fully paid-up (31 March 2020: 134,613)	1,346	1,346
Subscribed and fully paid-up		
134,613 equity shares of Rs. 10/- each fully paid-up (31 March 2020: 134,613)	1,346	1,346
	1,346	**1,346**

(a) Reconciliation of the equity shares outstanding is set out below:

Particulars	For the year ended 31 March 2021		For the year ended 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares/share capital	1,34,613	1,346	1,34,613	1,346
Add/Less: During the year	-	-	-	-
Closing number of equity shares/share capital	**1,34,613**	**1,346**	**1,34,613**	**1,346**

(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 2021		As at 31 March 2020	
	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)	1,34,513	99.9%	1,34,513	99.9%
Dr. Reddy's Bio-Sciences Limited	100	0.1%	100	0.1%

Financial liabilities

2.4 Borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Unsecured		
Long term borrowings from holding company	7	7
	7	**7**

2.5 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Current		
Accrued expenses	125	110
	125	**110**

2.6 Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Rates and taxes	3	3
Auditors' remuneration (Audit fee)	15	15
Bank charges	1	1
	19	**19**

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.7 Earnings Per Share

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Loss for the year	(19)	(19)
Weighted average number of equity shares		
outstanding during the year - Basic	1,34,613	1,34,613
outstanding during the year - Diluted	1,34,613	1,34,613
Earnings Per Share:		
Basic (face value of Rs.10/-)	(0.14)	(0.14)
Diluted (face value of Rs.10/-)	(0.14)	(0.14)

2.8 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

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 from/to related parties:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Dr. Reddy's Laboratories Limited		
Borrowings	7	7

2.9 Employee benefits
Ind AS 19 is not applicable to the company during the year as there are no employees .

2.10 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.

2.11 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, 2021 and March 31, 2020.

2.12 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.

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.13 Impairment of Assets

In the opinion of the management, there is no impairment of its assets as on 31 March 2021 requiring recognition in terms of Ind AS 36

2.14 Financial Instruments

The carrying value and fair value of financial instruments as at 31 March 2021 and 31 March 2020 were as follows:

	Carrying Values		Fair Values		Hierarchy
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	
Financial assets					
At amortised cost					
Cash and cash equivalents	6	10	6	10	Level-3
Total	**6**	**10**	**6**	**10**	
Financial liabilities					
At amortised cost					
Borrowings	7	7	7	7	Level-3
Other financial liabilities	125	110	125	110	Level-3
Total	**132**	**117**	**132**	**117**	

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.

2.15 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.

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.16 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 2021 and 31 March 2020

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowings	7	7
Other financial liabilities	125	110
Total debts	**132**	**117**
Equity	1,346	1,346
Other Equity	(263)	(244)
Total Capital	**1,083**	**1,102**
Capital and debt	**1,215**	**1,219**
Gearing ratio (%)	**11%**	**10%**

2.17 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

for and on behalf of the Board of Directors of
Cheminor Investments Limited
CIN: U67120TG1990PLC010931

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2021

Independent Auditors' Report

To the Members of

Chirotech Technology limited

We have audited the accompanying financial statements of **Chirotech Technology limited** a company incorporated and administered outside India, which comprises the Balance sheet as at 31 March 2021, 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 2021;
(b) in the case of the Statement of Profit and Loss (including Other Comprehensive Income), of the Profit 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

S R V V Surya Rao Ponnada
Partner
Membership No. 202367
UDIN NO. 21202367AAABXZ9123

Place: Hyderabad
Date: 11th May 2021

Chirotech Technology Limited
Balance Sheet
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non current assets			
Property, plant and equipment		-	-
Financial assets			
Other financial assets	2.1	12,18,241	11,33,548
Deferred tax assets, net		-	-
Other non current assets		-	-
Total non current assets		**12,18,241**	**11,33,548**
Current assets			
Inventories		-	-
Financial assets			
Trade receivables	2.2	10,221	10,426
Cash and cash equivalents	2.3	14,424	919
Other assets	2.4	1,96,311	1,81,535
Other current assets	2.5	9	8
Total current assets		**2,20,965**	**1,92,888**
Total assets		**14,39,206**	**13,26,436**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.6	10,60,004	10,60,004
Other equity		2,17,275	1,06,025
Total equity		**12,77,279**	**11,66,029**
Non-current liabilities			
Deferred tax Liabilities, net		0	9,544
Current liabilities			
Financial Liabilities			
Trade payables	2.7	5	-
Other current financial liabilities	2.8	85,203	79,072
Provisions		-	-
Current tax liabilities, net		8,525	8,568
Other current liabilities	2.9	68,194	63,223
Total Liabilities		**1,61,927**	**1,60,407**
Total equity and liabilities		**14,39,206**	**13,26,436**
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 **Chirotech Technology Limited**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

S Kushwaha
Director

M V Narasimham
Director

Place: Hyderabad
Date: 11 May 2021

Chirotech Technology Limited
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 2021	For the year ended 31 March 2020
Revenue from operations		-	-
Other Income	2.10	12,304	15,025
Total Income		**12,304**	**15,025**
Expenses			
Cost of material consumed		-	8
Employee benefits expense		-	-
Depreciation and amortisation expense		-	-
Finance costs		-	-
Other expenses	2.11	5	231
Total expense		**5**	**239**
Profit/(Loss) before tax		**12,299**	**14,786**
Tax expense			
Current tax		2,346	2,813
Deferred tax		(10,302)	-
Profit/(Loss) for the year		**20,255**	**11,973**
Other Comprehensive income			
A. (i) Items that will not be reclassifled to proflt 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	2.12	90,995	37,168
(ii) lncome tax relating to items that will be reclassified to profit or loss			
Total Comprehensive income		**1,11,250**	**49,141**
Earnings per share:			
Basic - Par value of GBP 1 per share		0.10	0.06
Diluted - Par value of GBP 1 per share		0.10	0.06
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 **Chirotech Technology Limited**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

S Kushwaha
Director

M V Narasimham
Director

Place: Hyderabad
Date: 11 May 2021

Chirotech Technology Limited

Statement of Changes in Equity

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Total equity

Particulars	Share Capital		Other components of equity				Total Equity
			Reserves and Surplus			Other comprehensive income	
	Shares	Amount	Share Premium	Share based payment reserve	Retained Earnings	Foreign currency translation reserve	
Balance as of 1 April 2019	**20,77,80,570**	**10,60,004**	**7,40,439**	**(21)**	**(4,36,494)**	**(2,47,040)**	11,16,888
Profit / (Loss) for the period		-	-	-	11,973	37,168	49,141
Balance as of 31 March 2020	**20,77,80,570**	**10,60,004**	**7,40,439**	**(21)**	**(4,24,521)**	**(2,09,873)**	**11,66,029**
Profit / (Loss) for the period					20,255	90,995	1,11,250
Balance as of 31 March 2021	**20,77,80,570**	**10,60,004**	**7,40,439**	**(21)**	**(4,04,266)**	**(1,18,878)**	**12,77,279**

As per our report of even date attached

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Place: Hyderabad
Date: 11 May 2021

for and on behalf of the Board of Directors of
Chirotech Technology Limited

S Kushwaha
Director

M V Narasimham
Director

Chirotech Technology Limited
Cash Flow Statement
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Operating activities		
Profit/(Loss) before taxation	12,299	14,786
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	-	-
Finance income	-	(15,025)
Finance costs	-	-
Net foreign exchange differences	90,782	37,530
Allowances for sales returns	-	-
Provision/(reversal of provision) for inventory obsolescence,net	-	-
Allowances for doubtful advances, net	-	-
Operating cash flows before working capital changes	**1,03,081**	**37,291**
Working capital adjustments:		
Trade receivables	205	(382)
Inventories	-	-
Trade and other payables	5	-
Other assets & liabilities,net	(2,992)	(660)
	1,00,299	**36,249**
Income tax paid	(3,052)	-
Net cash flows from operating activities	**97,247**	**36,249**
Net cash flows used in investing activities		
Purchase of property, plant and equipment	-	-
Finance income received	-	-
Other financial assets	(84,694)	(43,505)
	(84,694)	**(43,505)**
Net cash flows from/ (used in) financing activities		
Interest paid		
Proceeds from issuance of share capital	-	-
	-	-
Net increase / (decrease) in cash and cash equivalents	12,553	(7,256)
Cash and cash equivalents at the beginning of the year	919	8,241
Effect of foreign exchange loss on cash and cash equivalents	952	(66)
Cash and cash equivalents at the end of the year	**14,424**	**919**
Notes to the cash flow statement:		
Cash and cash equivalents at the end of the year	14,424	919
Cash and bank balances at the end of the year	**14,424**	**919**

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

for and on behalf of the Board of Directors of
Chirotech Technology Limited

PSRVV Surya Rao
Partner
Membership No. 202367

S Kushwaha
Director

Place: Hyderabad
Date: 11 May 2021

M V Narasimham
Director

Chirotech Technology Limited

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

Chirotech Technology Limited (" the Company") incorporated in England & Wales , is a 100% subsidiary of Dr. Reddy's Laboratories (EU) Limited.

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

Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, sales tax 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

The Company enters into certain dossier sales, licensing and supply arrangements with various parties. Income from licensing arrangements is generally recognised over the term of the contract. 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.

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.

Chirotech Technology Limited

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. 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 machinery	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 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.

Chirotech Technology Limited

Significant Accounting Policies & Notes to financial statements

(All amounts in Indian Rupees thousands, 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.

Chirotech Technology Limited

Notes to the Financial Statements

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Financial Assets

	As at 31 March 2021	As at 31 March 2020
2.1 : Other non current financial assets		
Other non current financial assets	12,18,241	11,33,548
	12,18,241	**11,33,548**

2.2 : Trade receivables	As at 31 March 2021	As at 31 March 2020
(Unsecured,considered good)		
Balances receivable from holding company and other group companies	10,221	10,426
Receivables from other parties	(0)	(0)
	10,221	**10,426**

	As at 31 March 2021	As at 31 March 2020
2.3 : Cash and cash equivalents		
Balances with banks:		
- On current accounts	14,424	919
	14,424	**919**

	As at 31 March 2021	As at 31 March 2020
2.4 : Other current financial assets		
Balances receivable from holding company and other group companies	1,73,997	1,60,828
Other assets	22,314	20,707
	1,96,311	**1,81,535**

Other Assets

	As at 31 March 2021	As at 31 March 2020
2.5: Other current assets		
(Unsecured, considered good)		
Balance with statutory agencies	9	8
	9	**8**

Chirotech Technology Limited

Notes to the Financial Statements

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 2: Notes to the financial statements

2.6 : Share capital

	As at 31 March 2021	As at 31 March 2020
Authorised Share Capital		
20,77,80,570 (31 March 2020 : 20,77,80,570) equity shares of GBP 0.1 each	10,60,004	10,60,004
Issued equity capital		
20,77,80,570 (31 March 2020 : 20,77,80,570) equity shares of GBP 0.1 each	10,60,004	10,60,004
Subscribed and fully paid-up		
20,77,80,570 (31 March 2020 : 20,77,80,570) equity shares of GBP 0.1 each	10,60,004	10,60,004
	10,60,004	**10,60,004**

(a) **Reconciliation of the equity shares outstanding is set out below:**

Particulars	As at 31 March 2021		As at 31 March 2020	
	No.of equity shares	Amount	No.of equity shares	Amount
Number of shares outstanding at the beginning of the year	20,77,80,570	10,60,004	20,77,80,570	10,60,004
Shares issued during the year	-	-	-	-
Number of shares outstanding at the end of the year	**20,77,80,570**	**10,60,004**	**20,77,80,570**	**10,60,004**

(b) **Details of shareholders holding more than 5% shares in the Company**

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of equity shares	% of equity shares	No. of equity shares	% of equity shares
Dr. Reddy's Laboratories (EU) Limited	20,77,80,570	100%	20,77,80,570	100%

Financial Liabilities

	As at 31 March 2021	As at 31 March 2020
2.7 : Trade Payables		
Payables to holding company and other group companies	-	-
Other payables	5	-
	5	**-**

	As at 31 March 2021	As at 31 March 2020
2.8 : Other current financial liabilities		
Other liabilities payable to holding/group companies	85,203	79,072
	85,203	**79,072**

Other Liabilities

	As at 31 March 2021	As at 31 March 2020
2.9 : Other Current Liabilities		
Other liabilities	68,194	63,223
	68,194	**63,223**

Chirotech Technology Limited
Notes to Financial Statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.10 : Other income		
Interest income	-	15,025
Foreign exchange gain,net	12,304	-
	12,304	**15,025**

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.11 : Other expenses		
Foreign exchange loss, net	-	228
Other general expenses	5	3
	5	**231**

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.12 : Other comprehensive income		
Foreign currency translation reserve	90,995	37,168
	90,995	**37,168**

Chirotech Technology Limited

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:

2.13 Going Concern

The accounts have not been prepared on Going Concern basis. No material adjustments arose as a result of ceasing to apply the going concern basis.

2.14 Related Party Transactions

a) The following is a summary of related party transactions

Particulars	As at 31 March 2021	As at 31 March 2020
Interest Income from holding company or other group companies:		
Dr. Reddy's Laboratories (EU) Limited	0	15,025

b) The company has the following amounts due from/to related parties :

Particulars	As at 31 March 2021	As at 31 March 2020
Due from holding company and other group companies(included in other current financial asset):		
Dr. Reddy's Laboratories India	12,060	11,332
Dr. Reddy's Laboratories (EU) Limited	1,60,941	1,48,571
Dr. Reddy’s Laboratories (UK) Limited	996	924
Due to holding company and other group companies(included in other current financial liabilities):		
Dr. Reddy's Laboratories (EU) Limited	85,203	79,072
Due from holding company and other group companies(included in other non current financial asset):		
Dr. Reddy's Laboratories (EU) Limited	12,18,241	11,33,547
Due from holding company and other group companies(included in trade receivable):		
Dr. Reddy's Laboratories (EU) Limited	5,545	5,146
Aurigene Pharmaceutical Services Limited	2,774	-
Dr. Reddy's Laboratories India	1,903	5,280

2.15 Taxation

a. Current Taxes

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the company.

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 for FY 21.

2.16 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.

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Place: Hyderabad
Date: 11 May 2021

for and on behalf of the Board of Directors of Chirotech Technology Limited

S Kushwaha
Director

M V Narasimham
Director

DRL IMPEX LIMITED
Regd. Office: 8-2-337, Road No. 3, Banjara Hills, Hyderabad – 500034.
CIN: U65990TG1986PLC006695, E-mail : shares@drreddys.com
Tel: +91 40 4900 2900 Fax: - +91 40 4900 2999

Board's Report

Dear Members,

Your Directors are pleased to present the 34th Board's Report of the Company for the year ended 31 March 2021.

Financial Highlights

The following table gives the financial highlights of the Company for the financial year 2020-21 as compared to the previous financial year:

(Rs. in thousands)

Particulars	31 March 2021	31 March 2020
Profit/(Loss) for the period after taxation	(27)	(61)
Balance brought forward	(761,863)	(761,802)
Balance carried forward to Balance Sheet	(761,890)	(761,863)

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

In view of the loss, your directors do not recommend any dividend for the financial year ending 31 March 2021.

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 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: 11 May 2020, 27 July 2020, 26 October 2019, 2 December 2020 and 27 January 2021.

Board of Directors and Key Managerial Personnel

Pursuant to provisions of Section 152 of the Companies Act, 2013, Mr. Kiran Yanamandra (DIN: 07762357), retires by rotation at the ensuing AGM and being eligible, seeks re-appointment. The board recommends his re-appointment for approval at the ensuing AGM.

The brief profile of Mr. Yanamandra is given in the notice convening 34th AGM, for reference of shareholders.

There is no change in key managerial personnel during the year under review.

Further, the Company was not required to have independent directors during the year 2020-21. Hence, the declaration by independent directors under section 149(6) is not applicable.

Board Evaluation

The evaluation of the performance of the board, and individual directors was undertaken during the year, on the basis of parameters determined by the board.

For the board evaluation, each director completed a questionnaire that involved peer evaluation and feedback on the processes of the board. The contribution and impact of individual members was evaluated on a number of parameters, such as level of engagement, independence of judgment, and contributions to enhance the board's overall effectiveness. Peer ratings on certain parameters, positive attributes and improvement areas, if any, for each director were provided to them on a confidential basis.

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 2020-21 and of the loss 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 ultimate 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.

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 I".**

The details of related party disclosures form part of the notes to the financial statements provided in this annual report.

Statutory Auditors

M/s. Alka Zanwar & Co, Chartered Accountants (Firm Registration No: 000501S) were appointed as statutory auditors for a period of 5 years commencing from the conclusion of 30th AGM till the conclusion of the 35th AGM, subject to ratification by shareholders every year, as may be applicable, in place of M/s. A. Ramachandra Rao & Co., Chartered Accountants.

However, 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. Alka Zanwar & Co, Chartered Accountants continue to be the statutory auditors of the Company till the conclusion of 35th AGM, as approved by the shareholders at the 30th AGM of the Company.

Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2014 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. D V Rao & Associates, practicing company secretaries (Membership no. FCS 8888 and Certificate of Practice no. 12123) was appointed to conduct secretarial audit of the Company for FY2021. The secretarial audit report for FY2021 is attached as **"Annexure II"** to this Report.

Based on the consent received from M/s. D V Rao & Associates, Practicing Company Secretaries, the Board has appointed M/s. D V Rao & Associates, Practicing Company Secretaries, as Secretarial Auditor of the Company for FY2022.

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 auditor in their report or by the practicing company secretary in the secretarial audit 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

None

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, 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 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, 2021	**Kiran Yanamandra**	**M V Narasimham**
Place: Hyderabad	Director	Director
	DIN: 07762357	DIN: 02677423

Annexure- I

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

Kiran Yanamandra
Director
DIN: 07762357

M V Narasimham
Director
DIN: 02677423

DVRao & ASSOCIATES

FORM NO. MR-3

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

To
The Members
M/s. DRL Impex Limited
CIN: U65990TG1986PLC006695
Hyderabad

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. **DRL Impex Limited** (hereinafter called 'the Company') for the year ended **31st March, 2021**. Secretarial Audit was conducted in a manner that provided me reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions/clauses of:

1) The Companies Act, 2013 (the Act) and the rules made there under;

2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder is not applicable to the company;

3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial borrowings;

5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) are not applicable to the Company:

CS
D V RAO & ASSOCIATES COMPANY SECRETARIES
Plot No. 54, Sri Sai Residency, Mega Hills, Madhapur, Hyderabad, Telangana - 500 081
+91 40 4025 1888 | 4021 1888 | +91 9989 345 999 | info@dvraoassociates.com
www.dvraoassociates.com

D V Rao & Associates Company Secretaries CP:12123

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d. The Securities and Exchange Board of India (Share Based Employee Benefit) Regulations, 2014;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and

i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6) The Management has not identified any other laws as may be applicable specifically to the company.

I have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards issued and amended by The Institute of Company Secretaries of India;

b. The Listing Agreement entered into by the Company - **Not applicable.**

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations and Guidelines and standards etc., mentioned above.

I further report that

a. The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

D V Rao & Associates Company Secretaries CP:12123

b. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c. All decisions at the Board meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

Based on the review of periodic compliance reports submitted to the Board of Directors,

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the Company has no specific events/actions having a major bearing on the Company's affairs in pursuance of the above-referred laws, rules, regulations, guidelines and standards, etc.

For **D V Rao & Associates**
Company Secretaries

Date: 11th May, 2021
Place: Hyderabad

CS Vasudeva Rao Devaki
Practicing Company Secretary
FCS # 8888 | COP # 12123
UDIN: F008888C000272525

This Report is to be read with our letter which is annexed as **'Annexure A'** and forms an integral part of this report.

'Annexure-A'

To
The Members
M/s. DRL Impex Limited
Hyderabad

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The compliance by the company of the applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed by me since the same have been subject to review by statutory auditors and other professionals.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
8. Under the situation of Covid-19 pandemic prevailing during certain part of audit period, the audit for that part of the period was conducted with the verification of all the documents, records and other information electronically as provided by the management.

For **D V Rao & Associates**
Company Secretaries

D V Rao & Associates
CP:12123
Company Secretaries

Date: 11th May, 2021
Place: Hyderabad

CS Vasudeva Rao Devaki
Practicing Company Secretary
FCS # 8888; COP # 12123

ANNEXURE III

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31 March, 2021
[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	U65990TG1986PLC006695
ii)	Registration Date	August 18, 1986
iii)	Name of the Company	DRL Impex Limited
iv)	Category/Sub-Category of the Company	Public 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

Sr. no.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held*	Applicable Section
1	Idea2Enterprises (India) Private Limited	8-2-337, Road no. 3, Banjara Hills, Hyderabad – 500 034	U72200TG2000PTC034473	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	76,000,000	76,000,000	100	0	76,000,000	76,000,000	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	76,000,000	76,000,000	100	0	76,000,000	76,000,000	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**	**76,000,000**	**76,000,000**	**100**	**0**	**76,000,000**	**76,000,000**	**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**	**76,000,000**	**76,000,000***	**100**	**0**	**76,000,000**	**76,000,000(*)**	**100**	**99.92**

(*) Out of 76,000,000 equity shares, 6 equity shares are held by six individuals as nominee shareholders on behalf of Idea2Enterprises (India) Private 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	Idea2Enterprises (India) Private Limited*	76,000,000	100	0	76,000,000	100	0	100
		76,000,000	**100**	**0**	**76,000,000**	**100**	**0**	**0**

*Idea2Enterprises (India) Private Limited is a subsidiary of Dr. Reddy's Laboratories Limited. The ultimate holding company of DRL Impex Limited is Dr. Reddy's Laboratories Limited.

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	76,000,000	100	76,000,000	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	**76,000,000**	**100**	**76,000,000**	**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	Mr.Venkatanarasimham Mannam (Director)*	01.04.2020	1	0	0	-	1	0
		31.03.2021	1	0	0	-	1	0
2	Mr. Kiran Yanamandra (Director)*	01.04.2020	1	0	0	-	1	0
		31.03.2021	1	0	0	-	1	0
3	Ms. Namrata (Director)(	01.04.2020	0	0	0	-	0	0
		31.03.2021	0	0	0	-	0	0
B.	**KEY MANAGEMENT PERSONNEL (KMPs)**							
1	Mr. Narayana Reddy Vuyyuru (CEO)	01.04.2020	0	0	0	-	0	0
		31.03.2021	0	0	0	-	0	0
2	Mr. Sujit Kumar Mahato (CFO)*	01.04.2020	1	0	0	-	1	0
		31.03.2021	1	0	0	-	1	0
3	Mr. Amit Agarwal (CS)	01.04.2020	0	0	0	-	0	0
		31.03.2021	0	0	0	-	0	0

* Held as Nominee shareholders of the Idea2Enterprises (India) Private Limited, Holding Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(in Rs.)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (April 1, 2020)				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	108,54,274	-	108,54,274
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	**108,54,274**	-	**108,54,274**
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-
Indebtedness at the end of the financial year (March 31, 2021)				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	108,54,274	-	108,54,274
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	**108,54,274**	-	**108,54,274**

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** – No remuneration was \paid to the Key Managerial Personnel.

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, 2021
Place: Hyderabad

Kiran Yanamandra
Director
DIN: 07762357

M V Narasimham
Director
DIN: 02677423

DRL IMPEX LIMITED
Regd. Office: 8-2-337, Road No. 3, Banjara Hills, Hyderabad – 500034.
CIN: U65990TG1986PLC006695, E-mail : shares@drreddys.com

Tel: +91 40 4900 2900 Fax: - +91 40 4900 2999

NOTICE

Notice is hereby given that the 34th Annual General Meeting (AGM) of the members of DRL Impex Limited (CIN: U65990TG1986PLC006695) will be held on Thursday, July 15, 2021, at 04.30 pm at the registered office of the Company at 8-2-337, Road No. 3, Banjara Hills, Hyderabad, Telangana - 500 034 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the financial year ended March 31, 2021 including the audited balance sheet as at March 31, 2021 and the statement of the profit and loss of the Company for the year ended on that date along with the reports of the board of directors and the auditors thereon.

2. To re-appoint Mr. Kiran Yanamandra (DIN: 07762357), who retires by rotation, and being eligible, offers himself for re-appointment.

NOTES:

1. The statement pursuant to Section 102(1) of the Companies Act, 2013 and the rules made thereunder in respect of special business set out in the notice, and Secretarial Standard on General Meetings (SS-2) is annexed hereto.

2. **A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument of proxy in order to be effective, must be deposited at the Registered Office of the Company, duly completed and signed not less than 48 hours before the commencement of the meeting.**

   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the board resolution authorizing their representative to attend and vote on their behalf at the Meeting.

4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company, at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.

5. The requirement to place the matter relating to the appointment of statutory auditors for ratification by members at every AGM is omitted vide notification dated 7 May 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, resolution for ratification of the appointment of statutory auditors who were appointed for a period of five years at the 30th AGM held on 11 July 2017 is not proposed at this AGM.

6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

7. The Register of Contracts or Arrangements in which directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

By order of the Board

Amit Agarwal
Company Secretary
ACS- 34096
8-2-337, Road No. 3,
Banjara Hills, Hyderabad,
Telangana - 500 034

Place: Hyderabad
Date: May 11, 2021

ANNEXURE TO NOTICE OF AGM

Statement pursuant to Secretarial Standard on General Meetings (SS-2).

Item No: 1

Mr. Kiran Yanamandra (DIN: 07762357) aged 42 years, is a B.Com graduate, an MBA and an Associate member of Institute of Cost Accountants of India. He has over 16 years of experience in Corporate Treasury and Business Finance functions, Forex and Interest Rate Hedging, Long Term Financing, Investment into Debt Markets and Capital Structuring. He is currently leading the Treasury function of Dr. Reddy's Laboratories Limited (ultimate holding company). He is also a Director on the Board of Imperial Credit Private Limited, Cheminor Investments Limited, Dr. Reddy's Research Foundation and Dr. Reddy's Bio-Sciences Limited. He is also a trustee in Dr. Reddy's Laboratories Gratuity Fund, DRL Employees' Benevolent Fund and Dr. Reddy's Employees ESOS Trust.

The Company has received an intimation in for DIR-8 pursuant to rule 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014, from Mr. Yanamandra to the effect that he is not disqualified in accordance with Section 164(2) of the Companies Act, 2013.

He has attended all meetings of the Board held during the financial year 2020-21.

He holds one equity share in the Company as a nominee of Idea2Enterprises (India) Private Limited.

None of the Directors/ Key Managerial Personnel of the Company and their relatives other than Mr. Kiran Yanamandra and his relatives are concerned or interested the resolution as set out in item no. 1.

The Board recommends the resolution set forth in item no. 1 for approval of the members.

By order of the Board

Amit Agarwal
Company Secretary
ACS-34096
8-2-337, Road No. 3,
Banjara Hills, Hyderabad,
Telangana - 500 034

Place: Hyderabad
Date: May 11, 2021

Alka Zanwar & Co.
Chartered Accountants

To
Members
DRL Impex Limited

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the standalone Financial Statements of **DRL Impex Limited ("the Company)"),** which comprise the Balance sheet as at March 31, 2021, and the Statement of Profit and Loss, including the statement of Other Comprehensive Income, Statement of cash flows and the Statement of Changes in Equity for the year then ended, and notes to the standalone 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 financial statements give the information required by the Companies Act, 2013, as amended ("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, 2021, and its loss including other comprehensive income, and 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 standalone 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.16 in the standalone financial statements, which indicates, that *notwithstanding the fact that the company has incurred eroded its net worth fully and has incurred cash losses during the current and previous years, the standalone financial statements have been prepared on Going Concern basis* due to the continued support of the Parent to the Company. Our opinion is not modified in respect of this matter.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Other than matter described in the Material Uncertainty related to Going Concern, we have determined that there are no key audit matters to communicate in our report.

Management's Responsibility for the Standalone 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 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

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Chartered Accountants

standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone 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 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 March 31, 2021, and its loss (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 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 March31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31,2021frombeing 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.

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.

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Chartered Accountants

(h) With reference to the matters to be included under Section 143(16) of the Companies Act, based on the information provided and explanations offered, the company has not employed any managerial personnel and hence the provisions of the Companies Act, 2013 relating to Managerial remuneration are not applicable to the Company.

Place : Hyderabad
Date: 11/05/2021.

for Alka Zanwar& Co.
Chartered Accountants
ICAI Firm registration number: 000501S
Alka Zanwar
Alka Zanwar
Proprietor
Membership No.206739
UDIN : 21206739AAAAAZ7958

Alka Zanwar & Co.
Chartered Accountants

ANNEXURE TO THE AUDITORS' REPORT
(DRL Impex 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 and explanations offered to us, the provisions of provident fund, employees' state insurance, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess are not applicable to the company. The Company is regular in depositing the undisputed statutory dues of Income tax 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 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.

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Office: Flat No.205, 3rd Floor, Reliance Krishna Apartments, Hill Fort Road, Hyderabad - 500 004
Cell : 9849172508 E-mail : alkazanwarandco@gmail.com

Alka Zanwar & 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 standalone 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) Based on the explanations provided to us, in our opinion, 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: 11/05/2021

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 005015
Alka Zanwar
Alka Zanwar
Proprietor
Membership No.206739
UDIN : 21206739AAAAAZ7958

Alka Zanwar & Co.
Chartered Accountants

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF
DRL Impex 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 DRL Impex Limited, as of March 31, 2021 in conjunction with our audit of the standalone 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 standalone 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 standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

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Chartered Accountants

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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 standalone 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, 2021, 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: 11/05/2021.

for Alka Zanwar& Co.
Chartered Accountants
ICAI Firm registration number: 000501S
Alka Zanwar
Alka Zanwar
Proprietor
Membership No.206739
UDIN : 21206739AAAAAZ7958

Office: Flat No.205, 3rd Floor, Reliance Krishna Apartments, Hill Fort Road, Hyderabad - 500 004
Cell : 9849172508 E-mail : alkazanwarandco@gmail.com

DRL Impex Limited
Balance Sheet
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	6,111	6,111
Tax asset (net)	2.3	4,656	4,656
		10,767	**10,767**
Current assets			
Financial assets			
Cash and cash equivalents	2.2	129	185
		129	**185**
Total assets		**10,896**	**10,952**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.4	7,60,000	7,60,000
Other equity		(7,61,890)	(7,61,863)
		(1,890)	**(1,863)**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.5	10,854	10,854
Deferred tax liability	2.6	-	29
		10,854	**10,883**
Current liabilities			
Financial liabilities			
Trade payables	2.7		
Dues of micro enterprises and small enterprises		-	-
Dues of creditors other than micro enterprises and small enterprises		82	82
Other financial liabilities	2.8	1,850	1,850
		1,932	**1,932**
Total equity and liabilities		**10,896**	**10,952**

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

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

for and on behalf of the Board of Directors of
DRL Impex Limited
CIN: U65990TG1986PLC006695

per Alka Zanwar
Proprietor
ICAI Firm registration number: 206739

Narayana Reddy Vuyyuru
Chief Executive Officer

Venkatanarasimham Mannam
Director
DIN : 0002677423

Kiran Yanamandra
Director
DIN : 0007762357

Place: Hyderabad
Date: 11-May-2021

Sujit Kumar Mahato
Chief Financial Officer

Amit Agarwal
Company Secretary

DRL Impex 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 2021	For the year ended 31 March 2020
Income			
Revenue from operations		-	-
Other income	2.9	-	34
Total income		**-**	**34**
Expenses			
Other expenses	2.10	56	95
Total expenses		**56**	**95**
Profit/(Loss) before tax		**(56)**	**(61)**
Tax expense			
Current tax		-	-
Deferred tax		(29)	-
Profit/(Loss) for the year		**(27)**	**(61)**
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		**(27)**	**(61)**
Earnings per share:	2.11		
Basic earnings per share of Rs. 10/- each		(0.00)	(0.00)
Diluted earnings per share of Rs. 10/- each		(0.00)	(0.00)

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

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

for and on behalf of the Board of Directors of
DRL Impex Limited
CIN: U65990TG1986PLC006695

per Alka Zanwar
Proprietor
ICAI Firm registration number: 206739

Narayana Reddy Vuyyuru
Chief Executive Officer

Venkatanarasimham Mannam
Director
DIN : 0002677423

Kiran Yanamandra
Director
DIN : 0007762357

Place: Hyderabad
Date: 11-May-2021

Sujit Kumar Mahato
Chief Financial Officer

Amit Agarwal
Company Secretary

DRL Impex 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	Retained earnings			
Balance as at 1 April 2019	**7,60,00,000**	**7,60,000**	**(7,61,802)**	**-**	**(7,61,802)**	**(1,802)**
Profit for the year	-	-	(61)	-	**(61)**	**(61)**
Balance as of 31 March 2020	**7,60,00,000**	**7,60,000**	**(7,61,863)**	**-**	**(7,61,863)**	**(1,863)**
Balance as at 1 April 2020	**7,60,00,000**	**7,60,000**	**(7,61,863)**	**-**	**(7,61,863)**	**(1,863)**
Loss for the year	-	-	(27)	-	(27)	**(27)**
Balance as of 31 March 2021	**7,60,00,000**	**7,60,000**	**(7,61,890)**	**-**	**(7,61,890)**	**(1,890)**

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

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

for and on behalf of the Board of Directors of
DRL Impex Limited
CIN: U65990TG1986PLC006695

per Alka Zanwar
Proprietor
ICAI Firm registration number: 206739

Narayana Reddy Vuyyuru
Chief Executive Officer

Venkatanarasimham Mannam
Director
DIN : 0002677423

Kiran Yanamandra
Director
DIN : 0007762357

Place: Hyderabad
Date: 11-May-2021

Sujit Kumar Mahato
Chief Financial Officer

Amit Agarwal
Company Secretary

DRL Impex 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 2021	For the year ended 31 March 2020
Cash flows from/(used in) operating activities		
Loss before taxation	(56)	(61)
Adjustments:		
Fair value gain on financial instruments at fair value through profit or loss	-	223
Profit on sale of mutual funds	-	(257)
Changes in operating assets and liabilities:		
Other liabilities	-	(3,165)
Cash generated from operations	**(56)**	**(3,260)**
Income taxes paid, net	-	(24)
Net cash from operating activities	**(56)**	**(3,284)**
Cash flows from/(used in) investing activities		
Proceeds/(Purchase) from/of sale of investments	-	3,257
Net cash used in investing activities	**-**	**3,257**
Cash flows from/(used in) financing activities		
Net cash used in financing activities	**-**	**-**
Net increase / (decrease) in cash and cash equivalents	(56)	(27)
Cash and cash equivalents at the beginning of the year (Refer note 2.2)	185	212
Cash and cash equivalents at the end of the year (Refer note 2.2)	**129**	**185**

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

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

for and on behalf of the Board of Directors of
DRL Impex Limited
CIN: U65990TG1986PLC006695

per Alka Zanwar
Proprietor
ICAI Firm registration number: 206739

Narayana Reddy Vuyyuru
Chief Executive Officer

Venkatanarasimham Mannam
Director
DIN : 0002677423

Kiran Yanamandra
Director
DIN : 0007762357

Place: Hyderabad
Date: 11-May-2021

Sujit Kumar Mahato
Chief Financial Officer

Amit Agarwal
Company Secretary

1.1 Description of the Company

The financial statements comprise of DRL Impex Limited ("the Company") for the year ended 31 March 2021. The company is a public 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 2021 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 2021. These financial statements were authorised for issuance by the Company's Board of Directors on 11 May 2021.

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

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services.

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.

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

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.

j) **New Standards adopted by the Company**

On 24 July 2020, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind AS as summarised below:

Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Refined definition of term 'material' and related clarifications.

The amendments provided a new definition to the word material as under:

'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

An information is considered to be obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The amendments provided examples of circumstances that may result in information being obscured.

An entity should apply the amendments prospectively for annual periods beginning on or after 1 April 2020.

The amendments to the definition of material are not expected to have a significant impact on the financial statements of the Company.

DRL Impex 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 2019	6,111	6,111
Additions	-	-
Disposals	-	-
Balance as at 31 March 2020	**6,111**	**6,111**
Balance as at 1 April 2020	6,111	6,111
Additions		
Disposals		
Balance as at 31 March 2021	**6,111**	**6,111**
Accumulated Depreciation		
Balance as at 1 April 2019	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2020	**-**	**-**
Balance as at 1 April 2020	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2021	**-**	**-**
Net carrying value		
As at 31 March 2020	6,111	6,111
As at 31 March 2021	6,111	6,111

Financial assets

2.2 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with banks		
In current accounts	129	185
Cash and cash equivalents	**129**	**185**

2.3 Tax asset

Particulars	As at 31 March 2021	As at 31 March 2020
Current		
Advance tax net of provison for tax	4,656	4,656
	4,656	**4,656**

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.4 Share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
77,000,000 equity shares of Rs. 10/- each (31 March 2020: 77,000,000)	7,70,000	7,70,000
Issued equity capital		
76,000,000 equity shares of Rs. 10/- each fully paid-up (31 March 2020: 76,000,000)	7,60,000	7,60,000
Subscribed and fully paid-up		
76,000,000 equity shares of Rs. 10/- each fully paid-up (31 March 2020: 76,000,000)	7,60,000	7,60,000
	7,60,000	**7,60,000**

(a) Reconciliation of the equity shares outstanding is set out below:

Particulars	For the year ended 31 March 2021		For the year ended 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares/share capital	7,60,00,000	7,60,000	7,60,00,000	7,60,000
Add/Less: During the year	-	-	-	-
Closing number of equity shares/share capital	**7,60,00,000**	**7,60,000**	**7,60,00,000**	**7,60,000**

(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 2021		As at 31 March 2020	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Idea2Enterprises (India) Private Limited (including shares held by nominees)	7,60,00,000	100.00	7,60,00,000	100.00

Financial liabilities

2.5 Borrowings

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Unsecured		
Long term borrowings from ultimate holding company	10,854	10,854
	10,854	**10,854**

2.6 Deferred tax liability

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax liability	-	29
	-	**29**

2.7 Trade payables

Particulars	As at 31 March 2021	As at 31 March 2020
Dues of micro enterprises and small enterprises	-	-
Dues of creditors other than micro enterprises and small enterprises	82	82
	82	**82**

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.8 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Current		
Accrued expenses	50	50
Due to holding company	1,800	1,800
	1,850	**1,850**

2.9 Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit on sale of mutual funds, net	-	257
Fair value gain/(loss) on financial instruments through profit or loss	-	(223)
	-	**34**

2.10 Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Legal and professional	35	70
Rates and taxes	6	6
Auditors' remuneration (Audit fee)	15	15
Bank charges	-	4
	56	**95**

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.11 Earnings Per Share

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit / (Loss) for the year	(27)	(61)
Weighted average number of equity shares		
outstanding during the year - Basic	7,60,00,000	7,60,00,000
outstanding during the year - Diluted	7,60,00,000	7,60,00,000
Earnings Per Share:		
Basic (face value of Rs.10/-)	(0.00)	(0.00)
Diluted (face value of Rs.10/-)	(0.00)	(0.00)

2.12 Related Parties

A. List of related parties:

Name of the party	Nature of relationship
Dr. Reddy's Laboratories Limited	Ultimate holding Company
Idea2enterprises (India) Private Limited	Holding Company

B. Particulars of related parties transactions:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Repayment of other financial liabilities		
Dr. Reddy's Laboratories Limited	-	3,200

C.The Company has the following amounts due to related parties:

	For the year ended 31 March 2021	For the year ended 31 March 2020
i. Dr. Reddy's Laboratories Limited		
Other current liabilities	1,800	1,800
Borrowings	10,854	10,854

2.13 Employee benefits

Ind AS 19 is not applicable to the company during the year as there are no employees .

2.14 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.

2.15 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, 2021 and March 31, 2020.

2.16 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.

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.17 Impairment of Assets

In the opinion of the management, there is no impairment of its assets as on 31 March 2021 requiring recognition in terms of Ind AS 36.

2.18 Financial Instruments

The carrying value and fair value of financial instruments as at 31 March 2021 and 31 March 2020 were as follows:

	Carrying Values		Fair Values		Hierarchy
	31 March 2021	**31 March 2020**	**31 March 2021**	**31 March 2020**	
Financial assets					
At amortised cost					
Cash and cash equivalents	129	185	129	185	Level 3
Total	**129**	**185**	**129**	**185**	
Financial liabilities					
At amortised cost					
Borrowings	10,854	10,854	10,854	10,854	Level 3
Trade payables	82	82	82	82	Level 3
Other financial liabilities	1,850	1,850	1,850	1,850	Level 3
Total	**12,786**	**12,786**	**12,786**	**12,786**	

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.

2.19 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.

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.20 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 2021 and 31 March 2020.

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowings	10,854	10,854
Other financial liabilities	1,850	1,850
Total debts	**12,704**	**12,704**
Equity	7,60,000	7,60,000
Other Equity	(7,61,890)	(7,61,863)
Total Capital	**(1,890)**	**(1,863)**
Capital and debt	**10,814**	**10,841**
Gearing ratio (%)	117%	117%

2.21 Subsequent events

There are no significant events that occurred after the balance sheet date.

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

per Alka Zanwar
Proprietor
ICAI Firm registration number: 206739

for and on behalf of the Board of Directors of
DRL Impex Limited
CIN: U65990TG1986PLC006695

Narayana Reddy Vuyyuru
Chief Executive Officer

Venkatanarasimham Mannam
Director
DIN : 0002677423

Kiran Yanamandra
Director
DIN : 0007762357

Place: Hyderabad
Date: 11-May-2021

Sujit Kumar Mahato
Chief Financial Officer

Amit Agarwal
Company Secretary

DR. REDDY'S BIO-SCIENCES LIMITED
Regd. Office : 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034, Telangana, India
CIN : U72200TG2000PLC034765, E-mail : shares@drreddys.com
Tel : +91 40 4900 2900 Fax : +91 40 4900 2999

Board's Report

Dear Members,

Your directors are pleased to present the 21st Board's Report of the Company for the year ended 31 March 2021.

Financial Highlights

The following table gives the financial highlights of the Company for the financial year 2020-21 as compared to the previous financial year:

(Rs. in thousands)

Particulars	31 March 2021	31 March 2020
Profit/(Loss) for the period after taxation	(28,423)	(44,366)
Balance brought forward	(3,27,846)	(2,83,480)
Balance carried forward to Balance Sheet	(3,56,269)	(3,27,846)

State of Company's Affairs

The Company holds land and building 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

In view of the loss, your directors do not recommend any dividend for the financial year ending 31 March 2021.

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.

Public Deposits

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013. Accordingly, no disclosure or reporting is required in respect of details relating to deposits.

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 particular of loans, guarantees and investments under section 186 of the Companies Act. 2013, form part of the notes to financial statements provided in this Annual Report.

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: 11 May 2020, 27 July 2020, 26 October 2020, 2 December 2020 and 27 January 2021.

Board of Directors and Key Managerial Personnel (KMP)

Pursuant to provisions of Section 152 of the Companies Act, 2013, Mr. Sujit Kumar Mahato (DIN: 07599067), retires by rotation at the ensuing AGM and being eligible, seeks re-appointment. The board recommends his re-appointment for approval at the ensuing AGM.

The brief profile of Mr. Sujit Kumar Mahato is given in the notice convening 21st AGM, for reference of shareholders.

There is no change in key managerial personnel during the year under review.

Further, the Company was not required to have independent directors during the year 2020-21. Hence, the declaration by independent directors under section 149(6) is not applicable.

Board Evaluation

The evaluation of the performance of the board, and individual directors was undertaken during the year, on the basis of parameters pre-determined by the board.

For the board evaluation, each director completed a questionnaire that involved peer evaluation and feedback on the processes of the board. The contribution and impact of individual members was evaluated on a number of parameters, such as level of engagement, independence of judgment, and contributions to enhance the board's overall effectiveness. Peer ratings on certain parameters, positive attributes and improvement areas, if any, for each director were provided to them on a confidential basis.

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 2020-21 and of the loss 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.

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, if any, referred to in Section 188(1) in Form AOC-2 is attached as **"Annexure I".**

The details of related party disclosures form part of the notes to the financial statements provided in this Annual Report.

Statutory Auditor

M/s. Alka Zanwar & Co, Chartered Accountants (Firm Registration No: 000501S) were appointed as statutory auditors for a period of 5 years commencing from the conclusion of 17th AGM till the conclusion of the 22nd AGM, subject to ratification by shareholders every year, as may be applicable, in place of M/s. A. Ramachandra Rao & Co., Chartered Accountants.

However, 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. Alka Zanwar & Co, Chartered Accountants continue to be the statutory auditors of the Company till the conclusion of 22nd AGM, as approved by the shareholders at the 17th AGM of the Company.

Secretarial Auditor

Pursuant to Section 204 of the Companies Act, 2014 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, M/s. D V Rao & Associates, practicing company secretaries (Membership no. FCS 8888 and Certificate of Practice no. 12123) was appointed to conduct secretarial audit of the Company for FY2021. The secretarial audit report for FY2021 is attached as **"Annexure II"** to this Report.

Based on the consent received from M/s. D V Rao & Associates, Practicing Company Secretaries, the Board has appointed M/s. D V Rao & Associates, Practicing Company Secretaries, as Secretarial Auditor of the Company for FY2022.

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 auditor in their report or by the practicing company secretary in the secretarial audit 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

None.

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.

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 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, 2021	**Sujit Kumar Mahato**	**Kiran Yanamandra**
Place: Hyderabad	Director	Director
	DIN: 07599067	DIN: 07762357

Annexure- I

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

Sujit Kumar Mahato
Director
DIN: 07599067

Kiran Yanamandra
Director
DIN: 07762357

DVRao
& ASSOCIATES

FORM NO. MR-3

[Pursuant to Section 204 (1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021

To
The Members
Dr. Reddy's Bio-Sciences Limited
CIN: U72200TG2000PLC034765
Hyderabad.

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Dr. Reddy's Bio-Sciences Limited** (hereinafter called 'the Company') for the year ended **31st March, 2021**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2021, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions/clauses of:

1) The Companies Act, 2013 (the Act) and the rules made thereunder;

2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder is not applicable to the Company;

3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment and External Commercial Borrowings;

5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) are not applicable to the Company:

D V Rao & Associates CP: 12123 Company Secretaries

a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;

h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; and

i. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

6) The Management has not identified any other laws as may be specifically applicable to the company.

I have also examined compliance with the applicable clauses of the following:

a. Secretarial Standards issued and amended by The Institute of Company Secretaries of India;

b. The Listing Agreement entered into by the Company - **Not applicable.**

During the period under review, the Company has complied with applicable provisions of the Act, Rules, Regulations and Guidelines and standards etc., mentioned above.

D V Rao & Associates ★ CP:12123 ★ Company Secretaries

I further report that

a. The Board of Directors of the Company is duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

b. Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

c. All decisions at the Board meetings were carried out unanimously as recorded in the minutes of the meetings of the Board of Directors.

Based on the review of periodic compliance reports submitted to the Board of Directors,

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has following specific events/actions:

a. The Company has altered its articles of association to align with the provisions of the Companies Act, 2013, vide a special resolution passed by the shareholders at the annual general meeting held on 15th July, 2020.

For **D V Rao & Associates**
Company Secretaries

D V Rao & Associates ★ CP:12123 ★ Company Secretaries

Date: 11th May, 2021
Place: Hyderabad

CS Vasudeva Rao Devaki
Practicing Company Secretary
FCS # 8888 | COP # 12123
UDIN: F008888C000272492

This Report is to be read with our letter which is annexed as **'Annexure A'** and forms an integral part of this report.

'Annexure-A'

To
The Members
Dr. Reddy's Bio-Sciences Limited
Hyderabad.

My report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. I believe that the process and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events, etc.
5. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The compliance by the Company of the applicable financial laws like direct and indirect tax laws and maintenance of financial records and books of accounts has not been reviewed by me since the same have been subject to review by statutory auditors and other professionals.
7. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
8. Under the situation of Covid-19 pandemic prevailing during certain part of audit period, the audit for that part of the period was conducted with the verification of all the documents, records and other information electronically as provided by the management.

For **D V Rao & Associates**
Company Secretaries

D V Rao & Associates
CP:12123
Company Secretaries

CS Vasudeva Rao Devaki
Practicing Company Secretary
FCS # 8888 | COP # 12123

Date: 11th May, 2021
Place: Hyderabad

ANNEXURE III

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31 March, 2021
[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	U72200TG2000PLC034765
ii)	Registration Date	June 27, 2000
iii)	Name of the Company	Dr. Reddy's Bio-Sciences Limited
iv)	Category/Sub-Category of the Company	Public 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:

Sl. 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	100%	2(46)

* Represents aggregate % of shares held by the Company.

IV. SHAREHOLDING 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	58,932,070	58,932,070	100	0	58,932,070	58,932,070	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	58,932,070	58,932,070	100	0	58,932,070	58,932,070	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**	**58,932,070**	**58,932,070**	**100**	**0**	**58,932,070**	**58,932,070**	**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)									
i) Trust	0	0	0	0	0	0	0	0	0
ii) Clearing Member	0	0	0	0	0	0	0	0	0
iii) NRIs	0	0	0	0	0	0	0	0	0
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**	**58,932,070**	**58,932,070(*)**	**100**	**0**	**58,932,070**	**58,932,070(*)**	**100**	**0**

(*) Out of these equity shares, 60 equity shares are held by six individuals as nominee shareholders on behalf of Dr. Reddy's Laboratories Limited, Holding Company.

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	58,932,070	100	0	58,932,070	100	0	0
		58,932,070	**100**	**0**	**58,932,070**	**100**	**0**	**0**

iii) Change in Promoters' Shareholding

	Shareholding at the beginning of the year					Cumulative Shareholding during the year	
Name Dr. Reddy's Laboratories Limited	No. of Shares	% of total shares of the company	Date	Increase/(decrease) in shareholding	Reason	No. of Shares	% of total shares of the company
At the beginning of the year	58,932,070	100	-	-	-	58,932,070	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	**58,932,070**	**100**	-	-	-	**58,932,070**	**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. Satish Reddy (Director)*	01.04.2020	10	0	0	-	10	0
		31.03.2021	10	0	0	-	10	0
3	Mr. Sujit Kumar Mahato (Director)*	01.04.2020	10	0	0	-	10	0
		31.03.2021	10	0	0	-	10	0
4	Mr. Kiran Yanamandra (Director)*	01.04.2020	10	0	0	-	10	0
		31.03.2021	10	0	0	-	10	0
B. KEY MANAGEMENT PERSONNEL (KMPs)								
4	Mr. Venkatanarasimham Mannam* (Chief Financial Officer)	01.04.2020	10	0	0	-	10	0
		31.03.2021	10	0	0	-	10	0

5	Mr. V Viswanath (Chief Executive Officer)	01.04.2020	0	0	0	-	0	0
		31.03.2021	0	0	0	-	0	0
6	Ms. Archana Sastry N (Company Secretary)	01.04.2020	0	0	0	-	0	0
		31.03.2021	0	0	0	-	0	0

* Held as Nominee shareholders on behalf of Dr. Reddy's Laboratories Limited, Holding Company.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (in Rs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (April 1, 2020)				
i) Principal Amount	-	7,85,250	-	7,85,250
ii) Interest due but not paid	-	26,250	-	26,250
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	8,11,500	-	8,11,500
Change in Indebtedness during the financial year				
Addition	-	21,000	-	21,000
Reduction	-	-	-	-
Net Change	-	21,000	-	21,000
Indebtedness at the end of the financial year (March 31, 2021)				
i) Principal Amount	-	7,85,250	-	7,85,250
ii) Interest due but not paid	-	47,250	-	47,250
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	8,32,500	-	8,32,500

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 the directors.

C) **Remuneration of Key Managerial Personnel other than MD/WTD/Manager** – No remuneration was paid to the Key Managerial Personnel.

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, 2021
Place: Hyderabad

Sujit Kumar Mahato
Director
DIN: 07599067

Kiran Yanamandra
Director
DIN: 07762357

DR. REDDY'S BIO-SCIENCES LIMITED
Regd. Office : 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034, Telangana, India
CIN : U72200TG2000PLC034765, E-mail : shares@drreddys.com
Tel : +91 40 4900 2900 Fax : +91 40 4900 2999

NOTICE

Notice is hereby given that the 21st Annual General Meeting (AGM) of the members of Dr. Reddy's Bio-Sciences Limited (CIN: U72200TG2000PLC034765) will be held on Thursday, July 15, 2021, at 04.00 pm at the Registered Office of the Company at 8-2-337, Road No. 3, Banjara Hills, Hyderabad, Telangana - 500 034 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the financial year ended March 31, 2021 including the audited balance sheet as at March 31, 2021 and the statement of the profit and loss of the Company for the year ended on that date along with the reports of the board of directors and the auditors thereon.

2. To re-appoint Mr. Sujit Kumar Mahato (DIN: 07599067), who retires by rotation, and being eligible, offers himself for re-appointment.

NOTES:

1. The statement pursuant to Section 102(1) of the Companies Act, 2013 and the rules made thereunder in respect of the special business set out in the notice, and Secretarial Standard on General Meetings (SS-2) are annexed hereto.

2. **A member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote instead of himself/herself and the proxy need not be a member of the Company. The instrument of proxy in order to be effective, must be deposited at the Registered Office of the Company, duly completed and signed not less than 48 hours before the commencement of the meeting.**
   A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.

4. During the period beginning 24 hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, a member would be entitled to inspect the proxies lodged with the Company, at any time during the business hours of the Company, provided that not less than three days of notice in writing is given to the Company.

5. The requirement to place the matter relating to the appointment of statutory auditors for ratification by members at every AGM is omitted vide notification dated 7 May 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, resolution for ratification of the appointment of statutory auditors who were appointed for a period of five years at the 17th AGM held on 11 July 2017 is not proposed at this AGM.

6. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

7. The Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013, will be available for inspection by the members at the AGM.

By order of the Board

Archana Sastry N
Company Secretary
ACS- 30054
8-2-337, Road No. 3,
Banjara Hills, Hyderabad,
Telangana - 500 034

Place: Hyderabad
Date: May 11, 2021

ANNEXURE TO NOTICE OF AGM

Statement pursuant to Secretarial Standard on General Meetings (SS-2).

ITEM NO: 1

Mr. Sujit Kumar Mahato (DIN: 07599067) aged 47 years, is a Chartered Accountant having 22 years of work experience. He worked as Finance Head of Dr. Reddy's Laboratories Limited (DRL) German operations from 2008 to 2012 and as Finance Head of DRL - Emerging Markets (including Russia, CIS, China, and other markets) from 2012 to 2014. He is currently leading the Global Financial Reporting Team of Dr. Reddy's Laboratories Limited (Holding Company). He is a director in the following wholly owned subsidiaries of Dr. Reddy's Laboratories Limited (holding company) – Svaas Wellness Limited (Formerly known as Regkinetics Services Limited), Idea2Enterprises (India) Private Limited, Imperial Credit Private Limited, Cheminor Investments Limited and CFO of DRL Impex Limited (a step-down wholly owned subsidiary of DRL). He is also a director of Dr. Reddy's Research Foundation. He is also a trustee in Dr. Reddy's Employees ESOS Trust.

The Company has received an intimation in for DIR-8 pursuant to Rule 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014, from Mr. Mahato to the effect that he is not disqualified in accordance with Section 164(2) of the Companies Act, 2013.

He has attended all meetings of the board held during the financial year 2020-21. He holds ten equity shares in the Company as a nominee shareholder of Dr. Reddy's Laboratories Limited (Holding Company).

None of the Directors/ Key Managerial Personnel of the Company and their relatives other than Mr. Sujit Kumar Mahato and his relatives are concerned or interested the resolution as set out in item no. 1.

The board recommends the resolution set forth in item no. 1 for approval of the members.

By order of the Board

Archana Sastry N
Company Secretary
ACS - 30054
8-2-337, Road No. 3,
Banjara Hills, Hyderabad,
Telangana - 500 034

Place: Hyderabad
Date: May 11, 2021

Alka Zanwar & Co.
Chartered Accountants

To
Members
Dr. Reddy's Bio-Sciences Limited

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the standalone Financial Statements of **Dr. Reddy's Bio-Sciences Limited ("the Company)"),** which comprise the Balance sheet as at March 31, 2021, and the Statement of Profit and Loss, including the statement of Other Comprehensive Income, Statement of cash flows and the Statement of Changes in Equity for the year then ended, and notes to the standalone 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 financial statements give the information required by the Companies Act, 2013, as amended ("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, 2021, and its loss including other comprehensive income, and 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 standalone 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 2.22 in the financial statements, which indicates that the Company incurred a net loss of Rs. 28423 during the year ended March 31, 2021and also incurred net loss of Rs. 44366 in the previous year ended March 31, 2020.Notwithstanding the fact that the company has incurred cash losses during the current year as well as during the previous year, the standalone financial statements have been prepared on Going Concern basis due to the continued support of the Parent to the Company. Our opinion is not modified in respect of this matter.

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. Other than matter described in the Material Uncertainty related to Going Concern, we have determined that there are no key audit matters to communicate in our report

Management's Responsibility for the Standalone 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 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

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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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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.

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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 standalone 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 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 March 31, 2021, and its loss (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 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 March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 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.

ii. The Company did not have anylong-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.

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Alka Zanwar & Co.
Chartered Accountants

(h) With reference to the matters to be included under Section 143(16) of the Companies Act, based on the information provided and explanations offered, the company has not employed any managerial personnel and hence the provisions of the Companies Act, 2013 relating to Managerial remuneration are not applicable to the Company

Place : Hyderabad
Date: 11/05/2021.

for Alka Zanwar& Co.
Chartered Accountants
ICAI Firm registration number: 000501S
Alka Zanwar
Alka Zanwar
Proprietor
Membership No.206739
UDIN : 21206739AAAAAY4046

Alka Zanwar & Co.
Chartered Accountants

ANNEXURE TO THE AUDITORS' REPORT
(Dr. Reddy's Bio-Sciences 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 and explanations offered to us, the provisions of provident fund, employees' state insurance, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess are not applicable to the company. The Company is regular in depositing the undisputed statutory dues of Income tax 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 and explanations given to us, there are no dues of VAT, customs duty, excise duty, service tax, cess to be deposited on account of any dispute. However an amount of Rs.1783.41 thousands is pending to be deposited on account Income-tax for AY 2016-17 pending a dispute before the Commissioner of Income-tax (Appeals).

(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.

ALKA ZANWAR & CO. CHARTERED ACCOUNTANTS HYDERABAD

Alka Zanwar & Co.
Chartered Accountants

(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 standalone 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: 11/05/2021.

for Alka Zanwar& Co.
Chartered Accountants
ICAI Firm registration number: 000501S
Alka Zanwar
Alka Zanwar
Proprietor
Membership No.206739
UDIN : 21206739AAAAAY4046

ZANWAR & CO. CHARTERED ACCOUNTANTS HYDERABAD

Alka Zanwar & Co.

Chartered Accountants

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF Dr. Reddy's Bio-Sciences 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 Dr. Reddy's Bio-Sciences Limited, as of March 31, 2021 in conjunction with our audit of the standalone 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 standalone 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 the standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;
(2)provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accountingprinciples, 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 standalone financial statements.

ALKA ZANWAR & CO. CHARTERED ACCOUNTANTS HYDERABAD

Alka

Alka Zanwar & Co.
Chartered Accountants

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, 2021, 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: 11/05/2021.

for AlkaZanwar& Co.
Chartered Accountants
ICAI **Firm** registration number: 000501S
Alka Zanwar
AlkaZanwar
Proprietor
Membership No.206739
UDIN : 21206739AAAAAY4046

ZANWAR & CO. CHARTERED ACCOUNTANTS HYDERABAD

Office: Flat No.205, 3rd Floor, Reliance Krishna Apartments, Hill Fort Road, Hyderabad - 500 004
Cell : 9849172508 E-mail : alkazanwarandco@gmail.com

Dr. Reddy's Bio-Sciences Limited
Balance Sheet
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	2,97,540	3,24,637
Capital Work-in-progress	2.2	2,742	-
Financial assets			
Investments	2.3	74	74
Other assets	2.6	-	2,242
		3,00,356	**3,26,953**
Current assets			
Financial assets			
Cash and cash equivalents	2.4	3,778	4,425
Other financial assets	2.5	108	1,307
		3,886	**5,732**
Total assets		**3,04,242**	**3,32,685**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.7	5,89,321	5,89,321
Other equity		(3,56,269)	(3,27,846)
		2,33,052	**2,61,475**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	2.8	785	785
		785	**785**
Current liabilities			
Financial liabilities			
Other financial liabilities	2.9	68,830	68,809
Liabilities for current tax (net)	2.1	1,575	1,616
		70,405	**70,425**
Total equity and liabilities		**3,04,242**	**3,32,685**

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

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

for and on behalf of the Board of Directors of
Dr. Reddy's Bio-Sciences Limited
CIN: U72200TG2000PLC034765

per Alka Zanwar
Proprietor
ICAI Firm registration number: 206739

Viswanath Vemuri
Chief Executive Officer

K Satish Reddy
Director
DIN : 00129701

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2021

Venkatanarasimham Mannam
Chief Financial Officer

Archana Sastry N
Company Secretary

Dr. Reddy's Bio-Sciences 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 2021	For the year ended 31 March 2020
Income			
Revenue from operations		-	-
Other income	2.11	549	699
Total income		**549**	**699**
Expenses			
Depreciation expense	2.12	27,097	40,340
Finance cost	2.13	21	26
Other expenses	2.14	1,854	4,699
Total expenses		**28,972**	**45,065**
Profit/(Loss) before tax		**(28,423)**	**(44,366)**
Tax expense			
Current tax		-	-
Deferred tax		-	-
Profit/(Loss) for the year		**(28,423)**	**(44,366)**
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		**(28,423)**	**(44,366)**
Earnings per share:	2.15		
Basic earnings per share of Rs. 10/- each		(0.48)	(0.79)
Diluted earnings per share of Rs. 10/- each		(0.48)	(0.79)

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

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

per Alka Zanwar
Proprietor
ICAI Firm registration number: 206739

for and on behalf of the Board of Directors of
Dr. Reddy's Bio-Sciences Limited
CIN: U72200TG2000PLC034765

Viswanath Vemuri
Chief Executive Officer

K Satish Reddy
Director
DIN : 00129701

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Chief Financial Officer

Archana Sastry N
Company Secretary

Place: Hyderabad
Date: 11-May-2021

Dr. Reddy's Bio-Sciences 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	Retained earnings			
Balance as at 1 April 2019	**5,40,22,070**	**5,40,221**	**(2,83,480)**	**-**	**(2,83,480)**	**2,56,741**
Shares issued during the year	**49,10,000**	**49,100**	**-**	**-**	**-**	**49,100**
Loss for the year			(44,366)	-	(44,366)	**(44,366)**
Balance as of 31 March 2020	**5,89,32,070**	**5,89,321**	**(3,27,846)**	**-**	**(3,27,846)**	**2,61,475**
Balance as at 1 April 2020	**5,89,32,070**	**5,89,321**	**(3,27,846)**	**-**	**(3,27,846)**	**2,61,475**
Shares issued during the year	-	-	-	-	-	-
Loss for the year	-	-	(28,423)	-	(28,423)	**(28,423)**
Balance as of 31 March 2021	**5,89,32,070**	**5,89,321**	**(3,56,269)**	**-**	**(3,56,269)**	**2,33,052**

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

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

for and on behalf of the Board of Directors of
Dr. Reddy's Bio-Sciences Limited
CIN: U72200TG2000PLC034765

per Alka Zanwar
Proprietor
ICAI Firm registration number: 206739

Viswanath Vemuri
Chief Executive Officer

K Satish Reddy
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DIN : 00129701

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2021

Venkatanarasimham Mannam
Chief Financial Officer

Archana Sastry N
Company Secretary

Dr. Reddy's Bio-Sciences 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 2021	For the year ended 31 March 2020
Cash flows from/(used in) operating activities		
Loss before taxation	(28,423)	(44,366)
Adjustments:		
Depreciation expense	27,097	40,340
Interest income received	(99)	(249)
Interest expense	21	26
Changes in operating assets and liabilities:		
Increase in other assets	1,179	(405)
Increase in other liabilities	-	935
Cash used in operations	**(225)**	**(3,719)**
Income taxes paid, net	(41)	(70)
Net cash used in operating activities	**(266)**	**(3,789)**
Cash flows from/(used in) investing activities		
Expenditures on property, plant and equipment including advances	(500)	(41,242)
Interest income received	119	224
Net cash used in investing activities	**(381)**	**(41,018)**
Cash flows from/(used in) financing activities		
Proceeds from issuance of equity shares	-	49,100
Proceeds from long-term borrowings	-	-
Interest paid	-	-
Net cash from financing activities	**-**	**49,100**
Net increase / (decrease) in cash and cash equivalents	(647)	4,293
Cash and cash equivalents at the beginning of the year (Refer note 2.4)	4,425	132
Cash and cash equivalents at the end of the year (Refer note 2.4)	**3,778**	**4,425**

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

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

per Alka Zanwar
Proprietor
ICAI Firm registration number: 206739

for and on behalf of the Board of Directors of
Dr. Reddy's Bio-Sciences Limited
CIN: U72200TG2000PLC034765

Viswanath Vemuri
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DIN : 0007599067

Place: Hyderabad
Date: 11-May-2021

Venkatanarasimham Mannam
Chief Financial Officer

Archana Sastry N
Company Secretary

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

1.1 Description of the Company

The financial statements comprise of Dr. Reddy's Bio-Sciences Limited (“the Company”) for the year ended 31 March 2021. The company is a public 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 2021 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 2021. These financial statements were authorised for issuance by the Company’s Board of Directors on 11 May 2021.

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.

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:

Particulars	Years
Buildings	
Factory and administrative buildings	20 - 50 years
Ancillary structures	3 - 15 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 as such under other non-current assets. Assets not ready for use are not depreciated but are tested for impairment.

c) **Leases**

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms and is included in revenue in the statement of profit or loss due to its operating nature. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

d) **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.

e) **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.

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) **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

h) **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.

i) **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.

j) **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.

k) **New Standards adopted by the Company**

On 24 July 2020, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind AS as summarised below:

Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Refined definition of term 'material' and related clarifications.

The amendments provided a new definition to the word material as under:

'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

An information is considered to be obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The amendments provided examples of circumstances that may result in information being obscured.

An entity should apply the amendments prospectively for annual periods beginning on or after 1 April 2020.

The amendments to the definition of material are not expected to have a significant impact on the financial statements of the Company.

Ind AS 116, Leases

Ind AS 116 has been amended to provide limited relief to lessees in respect of rent concessions arising due to COVID-19 pandemic. No relief has been allowed to the lessors.

The amendments provide a practical expedient that lessees may elect to not treat any rent concessions, provided by lessors as a direct consequence of COVID-19 pandemic, as lease modifications. However, to be eligible for this relief:

• the revised consideration for the lease should be less than or equal to the lease consideration immediately before the change, the rent concession should be for a period that does not extend beyond 30 June 2021 (for example, lease rents are reduced for a period upto 30 June 2021 and increased for periods thereafter); and

• there is no substantial modification to the other terms and conditions of the lease.

lessee should apply the amendments for annual reporting periods beginning on or after 1 April 2020. In case a lessee has not yet approved the financial statements for issue before the issuance of the amendments, then the same may be applied for annual reporting periods beginning on or after the 1 April 2019.

The aforesaid amendments had no impact on the financial statements of the Company.

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.1 Property, plant and equipment

Particulars	Land*	Buildings	Total
Gross carrying value			
Balance as at 1 April 2019	2,63,808	1,97,044	4,60,852
Additions	-	39,000	39,000
Disposals	-	-	-
Balance as at 31 March 2020	**2,63,808**	**2,36,044**	**4,99,852**
Balance as at 1 April 2020	2,63,808	2,36,044	4,99,852
Additions	-	-	-
Disposals	-	-	-
Balance as at 31 March 2021	**2,63,808**	**2,36,044**	**4,99,852**
Accumulated Depreciation			
Balance as at 1 April 2019	-	1,34,875	1,34,875
Depreciation for the year	-	40,340	40,340
Disposals	-	-	-
Balance as at 31 March 2020	**-**	**1,75,215**	**1,75,215**
Balance as at 1 April 2020	-	1,75,215	1,75,215
Depreciation for the year	-	27,097	27,097
Disposals	-	-	-
Balance as at 31 March 2021	**-**	**2,02,312**	**2,02,312**
Net carrying value			
As at 31 March 2020	2,63,808	60,829	3,24,637
As at 31 March 2021	2,63,808	33,732	2,97,540

* Includes Rs. 39,294 (31 March 2020: Rs. 39,294) given on operating lease
Refer note 2.18 for capital commitments

2.2 Capital Work-in-progress

Particulars	As at 31 March 2021	As at 31 March 2020
Opening balance	-	-
Additions during the year	2,742	-
Captalised during the year	-	-
Closing balance	**2,742**	**-**

Financial assets

2.3 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Investment carried at FVTPL (Unquoted)		
In an associates and joint ventures		
100 (31 March 2020: 100) equity shares of Rs. 10/- each in Idea2enterprises (India) Private Limited	73	73
100 (31 March 2020: 100) equity shares of Rs. 10/- each in Cheminor Investment Limited	1	1
Total non-current investments	**74**	**74**

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.4 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with banks		
In current accounts	278	1,925
In term deposit with banks (original maturities less than 3 months)	3,500	2,500
Cash and cash equivalents	**3,778**	**4,425**

2.5 Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Current		
Considered good, unsecured		
Lease rentals receivable	104	1,283
Interest receivable	4	24
	108	**1,307**

2.6 Other assets

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Considered good, unsecured		
Capital advance	-	2,242
	-	**2,242**

2.7 Share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
65,000,000 equity shares of Rs. 10/- each (31 March 2020: 65,000,000)	6,50,000	6,50,000
Issued equity capital		
58,932,070 equity shares of Rs. 10/- each fully paid-up (31 March 2020: 58,932,070)	5,89,321	5,89,321
Subscribed and fully paid-up		
58,932,070 equity shares of Rs. 10/- each fully paid-up (31 March 2020: 58,932,070)	5,89,321	5,89,321
	5,89,321	**5,89,321**

(a) Reconciliation of the equity shares outstanding is set out below:

Particulars	For the year ended 31 March 2021		For the year ended 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares/share capital	5,89,32,070	5,89,321	5,40,22,070	5,40,220.70
Add: Shares issued during the year	-	-	49,10,000	49,100
Closing number of equity shares/share capital	**5,89,32,070**	**5,89,321**	**5,89,32,070**	**5,89,321**

(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 2021		As at 31 March 2020	
	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)	5,89,32,070	100.00	5,89,32,070	100.00

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Financial liabilities

2.8 Borrowings

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Non-current		
Unsecured		
Long term borrowings from holding company	785	785
	785	**785**

2.9 Other financial liabilities

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Current		
Accrued expenses	13,667	13,667
Due to holding company	55,116	55,116
Interest payable to holding company	47	26
	68,830	**68,809**

2.10 Tax liabilities

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Current		
Income Taxes Payable	1,575	1,616
	1,575	**1,616**

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.11 Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Lease rentals from operating lease of land (Refer note 2.16)	450	450
Interest income	99	249
	549	**699**

2.12 Depreciation expense

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation of property, plant and equipment	27,097	40,340
	27,097	**40,340**

2.13 Finance cost

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense	21	26
	21	**26**

2.14 Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Legal and professional	35	70
Rates and taxes	1,804	4,601
Auditors’ remuneration (Audit fee)	15	15
Bank charges	-	13
	1,854	**4,699**

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.15 Earnings Per Share

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Loss for the year	(28,423)	(44,366)
Weighted average number of equity shares		
outstanding during the year - Basic	5,89,32,070	5,63,56,332
outstanding during the year - Diluted	5,89,32,070	5,63,56,332
Earnings Per Share:		
Basic (face value of Rs.10/-)	(0.48)	(0.79)
Diluted (face value of Rs.10/-)	(0.48)	(0.79)

2.16 Leases

The Company has given the land under operating lease arrangement. Total income recognised in statement of profit and loss on account of operating leases during the year amounts to Rs. 450 (previous year: Rs. 450).

The schedule of future minimum rental receipts in respect of non-cancellable operating leases is set out below:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Less than one year	4,50,000	4,50,000
Between one year to five years	18,00,000	18,00,000
More than five years	71,25,000	75,75,000

2.17 Related Parties

A. List of related parties:

Name of the party	Nature of relationship
Dr. Reddy's Laboratories Limited	Holding Company
Cheminor Investment Limied	Fellow Subsidiary
Idea2enterprises (India) Private Limited	Fellow Subsidiary
DRES Energy Private Limited	Associate of holding company

B. Particulars of related parties transactions:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Dr. Reddy's Laboratories Limited		
Interest expense	21	26
DRES Energy Private Limited		
Lease rentals	450	450

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

C.The Company has the following amounts due from/to related parties:

	For the year ended 31 March 2021	For the year ended 31 March 2020
i. Dr. Reddy's Laboratories Limited		
Other current liabilities	55,116	55,116
Borrowings	785	785
Interest payable	47	26
ii. Cheminor Investment Limied		
Investment	73	73
iii. Idea2enterprises (India) Private Limited		
Investment	1	1
iv. DRES Energy Private Limited		
Lease rentals receivable	104	1,283

2.18 Capital commitments

Particulars	As on 31 March 2021	As on 31 March 2020
Estimated amounts of contracts remaining to be executed on capital account and not provided for (net of advance)	7,841	8,339

2.19 Employee benefits

Ind AS 19 is not applicable to the company during the year as there are no employees .

2.20 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.

2.21 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, 2021 and March 31, 2020.

2.22 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.

2.23 Impairment of Assets

In the opinion of the management, there is no impairment of its assets as on 31 March 2021 requiring recognition in terms of Ind AS 36.

(All amounts in Indian Rupees thousands, except share data and where otherwise stated) 374

2.24 Financial Instruments

The carrying value and fair value of financial instruments as at 31 March 2021 and 31 March 2020 were as follows:

	Carrying Values		Fair Values		Hierarchy
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	
Financial assets					
At FVTPL					
Investments	74	74	74	74	Level-3
At amortised cost					
Cash and cash equivalents	3,778	4,425	3,778	4,425	Level-3
Other financial assets	108	1,307	108	1,307	Level-3
Total	**3,960**	**5,806**	**3,960**	**5,806**	
Financial liabilities					
At amortised cost					
Borrowings	785	785	785	785	Level-3
Other financial liabilities	68,830	68,809	68,830	68,809	Level-3
Total	**69,615**	**69,594**	**69,615**	**69,594**	

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.

2.25 Financial Risk Management

The Company’s activities expose to 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.

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.

(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.26 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 2021 and 31 March 2020 was 8% and 18%, respectively.

Particulars	As at 31 March 2021	As at 31 March 2020
Borrowings	785	785
Other financial liabilities	68,830	68,809
Total debts	**69,615**	**69,594**
Equity	5,89,321	5,89,321
Other Equity	(3,56,269)	(3,27,846)
Total Capital	**2,33,052**	**2,61,475**
Capital and debt	**3,02,667**	**3,31,069**
Gearing ratio (%)	23%	21%

2.27 Subsequent events
There are no significant events that occurred after the balance sheet date.

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

for and on behalf of the Board of Directors of
Dr. Reddy's Bio-Sciences Limited
CIN: U72200TG2000PLC034765

per Alka Zanwar
Proprietor
ICAI Firm registration number: 206739

Viswanath Vemuri
Chief Executive Officer

K Satish Reddy
Director
DIN : 00129701

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2021

Venkatanarasimham Mannam
Chief Financial Officer

Archana Sastry N
Company Secretary

DR. REDDY'S (BEIJING) PHARMACEUTICAL CO., LTD

FINANCIAL STATEMENTS AND REPORT OF THE AUDITORS FOR THE PERIOD FROM 19 AUGUST 2020 (DATE OF INCORPORATION) TO 31 DECEMBER 2020

[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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www.nortex.cn

[English Translation for Reference Only]

Report of the Auditors

Hu Nuode Shen Zi (2021) No. 099

To the Board of Directors of Dr. Reddy's (Beijing) Pharmaceutical Co., Ltd:

Opinion

We have audited the accompanying financial statements of Dr. Reddy's (Beijing) Pharmaceutical Co., Ltd (hereinafter "the Company"), which comprise the balance sheet as at 31 December 2020, the income statement, the cash flow statement and statement of changes in shareholders' equity for the period from 19 August 2020 (date of incorporation) to 31 December 2020 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 2020, 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, 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.

Shanghai Nortex Certified Public Accountants Co., Ltd.

Shanghai, China
15 March 2021

DR. REDDY'S (BEIJING) PHARMACEUTICAL CO., LTD

BALANCE SHEET AS AT 31 DECEMBER 2020

(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

ASSETS	Notes	31 December 2020
Current assets		
Cash at bank and on hand	6	6,102,211.17
Other current assets	7	14,621.62
Total current assets		6,116,832.79
TOTAL ASSETS		6,116,832.79
LIABILITIES AND OWNERS' EQUITY		
Current liabilities		
Taxes payable	9	8,735.31
Other payables	10	120,378.03
Total current liabilities		129,113.34
Total liabilities		129,113.34
Owner's equity		
Paid-in capital (USD 999,990)		6,548,334.52
Accummulated loss		(560,615.07)
Total owner's equity		5,987,719.45
TOTAL LIABILITIES AND OWNER'S EQUITY		6,116,832.79

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 (BEIJING) PHARMACEUTICAL CO., LTD

INCOME STATEMENT
FOR THE PERIOD FROM 19 AUGUST 2020 (DATE OF INCORPORATION) TO 31 DECEMBER 2020

(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

	Notes	Period from 19 August 2020 (date of incorporation) to 31 Decmeber 2020
Revenue from operations		-
Less: General and administrative expenses	11	(579,516.90)
Financial expenses - net	12	18,901.83
Including: Interest income		1,322.48
Total loss		(560,615.07)
Less: Income tax expenses	13	-
Net profit/(loss)		(560,615.07)
Net profit from continuing operations		(560,615.07)
Net profit from discontinued operations		-
Net other comprehensive income		-
Total comprehensive income		(560,615.07)

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 (BEIJING) PHARMACEUTICAL CO., LTD

CASH FLOW STATEMENTS
FOR THE PERIOD FROM 19 AUGUST 2020 (DATE OF INCORPORATION) TO 31 DECEMBER 2020

(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

	Notes	Period from 19 August 2020 (date of incorporation) to 31 Decmeber 2020
1. Cash flows from operating activities		
Cash received relating to other operating activities		1,322.48
Sub-total of cash inflows		1,322.48
Cash paid for goods and services		(132,202.79)
Cash paid to and on behalf of employees		(319,433.22)
Cash paid relating to other operating activities		(13,469.15)
Sub-total of cash outflows		(465,105.16)
Net cash flows from operating activities	14(a)	(463,782.68)
2. Net cash flows from investing activities		-
3. Cash flows from financing activities		
Cash received from capital contributions		6,548,334.52
Net cash flows from financing activities		6,548,334.52-
4. Effect of foreign exchange rate changes on cash		17,659.33
5. Net Increase in cash	14(b)	6,102,211.17
Add: Cash balance at period beginning		-
6. Cash balance at period end		6,102,211.17

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:

STATEMENT OF CHANGES IN OWNER'S EQUITY FOR THE PERIOD FROM 19 AUGUST 2020 (DATE OF INCORPORATION) TO 31 DECEMBER 2020

(All amounts in Rmb Yuan unless otherwise stated)
[English Translation for Reference Only]

	Paid-in capital	Accumulated Losses	Total owner's Equity
Balance at 19 August 2020 (Date of incorporation)	-	-	-
Changes of period			
Comprehensive income			
Current period loss	-	(560,615.07)	(560,615.07)
Other comprehensive income	-	-	-
Total comprehensive income	-	(560,615.07)	(560,615.07)
Capital contribution from shareholders	6,548,334.52	-	6,548,334.52
Balance at 31 December 2020	6,548,334.52	(560,615.07)	5,987,719.45

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 (Beijing) Pharmaceutical Co. Ltd. ("the Company") is a wholly foreign-owned enterprise incorporated in Beijing of the People's Republic of China on 19 August 2020 by Swiss parent Dr. Reddy's Laboratories SA. The company has an approved long-term operating period. The registered capital is USD 2,500,000.

The approved scope of business of the Company includes wholesales of medical, commissioned processing medical, goods import and export, import and export agency, technology import and export (Merchants in relation to quota license management, special regulations management should be carried out in accordance with the relevant government regulations.), economic and trade consulting, business management consulting, technology consulting, technology development, technology transfer.(Market subject independently choose opertiing projects and carry out business activities according to law; Wholesales of medical and other projects to be approved according to law should be carried out after and in accordance with government authorisaztions; It is not allowed to engage in the business activities prohibited or restricted by local and state industrial policies.)

These financial statements were authorised for issue by the Company's responsible person on 15 March 2021.

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 period from 18 August (date of incorporation) to 31 December 2020 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 2020 and of their financial performance, cash flows and other information for the period 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.

4 Summary of significant accounting policies and accounting estimates(Cont'd)

(b) Recording currency
The recording currency is Renminbi (RMB).

(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) 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.

(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.

4. Summary of significant accounting policies and accounting estimates(Cont'd)

(e) Employee benefits (Cont'd)

(2) Post-employment welfare (Cont'd)

Basic pension

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.

(f) 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.

(g) 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 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

6 Cash at bank and on hand

As at 31 December 2020 the cash at bank and on hand of the Company represented cash at bank.

7 Other current assets

	31 December 2020
Unverified input VAT	14,621.62

8 Employee benefits payable

	31 December 2020
Employee benefits payable(a)	-
Post-employement welfare(b)	-
	-

(a) Short-term benefits

	19 August 2020	Increase in the period	Decrease in the period	31 December 2020
Wages and salaries, bonuses, allowance and subsidies	-	301,530.45	(301,530.45)	-
Social health insurance	-	23,942.76	(23,942.76)	-
Housing funds	-	25,200.00	(25,200.00)	-
	-	350,673.21	(350,673.21)	-

(b) Post-employment welfare - defined contribution plan

According to The Notice of Extending Implementation Period for Temporary Exemption of Social Security of Enterprises promulgated by the Human Resources and Social Security Bureau, the Ministry of Finance and the State Tax Bureau, the company is exempted from the payment of basic pension insurance, work injury insurance and unemployment insurance for the period from 19 August 2020 (date of incorporation) to 31 December 2020.

9 Taxes payable

	31 December 2020
Individual income tax payable	8,735.31

10 Other payables

	31 December 2020
Rental and property	97,873.35
Individual social securities	22,504.68
	120,378.03

11 General and administrative expenses

	Period from 19 August 2020 (date of incorporation) to 31 Decmeber 2020
Labor cost	350,673.21
Professional service	124,719.61
Rental and management expense	90,924.62
Travel expense	12,719.46
Entertainment	480.00
	579,516.90

12 Financial incomes - net

	Period from 19 August 2020 (date of incorporation) to 31 Decmeber 2020
Bank charges	79.98
Less: Exchange gains	(17,659.33)
Interest income	(1,322.48)
	(18,901.83)

13 Income tax expenses

	Period from 19 August 2020 (date of incorporation) to 31 Decmeber 2020
Current income tax	-
Deferred income tax	-
	-

	Period from 19 August 2020 (date of incorporation) to 31 Decmeber 2020
Total profit/(loss)	(560,615.07)
Income tax expenses calculated at applicable tax rates (25%)	(140,153.77)
Tax effect of costs not deductible for tax purposes	120.00
Tax losses for which no deferred income tax asset was recognized	140,033.77
Income tax expenses	-

14 Notes to cash flow statement

(a) Reconciliation from net loss to cash flows from operating activities

	Period from 19 August 2020 (date of incorporation) to 31 Decmeber 2020
Net profit/(loss)	(560,615.07)
Less: Exchange gains	(17,659.33)
Increase in operating receivables	(14,621.62)
Add: Increase in operating payables	129,113.34
Net cash flows from operating activities	(463,782.68)

(b) Net increase in cash and cash equivalents

	Period from 19 August 2020 (date of incorporation) to 31 Decmeber 2020
Cash at end of period	6,102,211.17
Less: Cash at beginning of period	-
Net increase in cash	6,102,211.17

15 Related parties and related party transactions

(a) The parent company

(1) 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 Laboratories Limited incorporated in India.

(2) Registered capital and changes in registered capital of the parent company

	19 August 2020	Increase in current period	Decrease in current period	31 December 2020
	CHF			CHF
Dr.Reddy's Laboratories SA	105,640,410.00	-	-	105,640,410.00

(3) The percentages of share holding and voting rights in the Company held by the parent company:

	31 December 2020	
	Share holding	Voting rights
Dr.Reddy's Laboratories SA	100%	100%

16 Operating lease commitments

The future minimum lease payments due under the signed irrevocable operating leases contracts are summarised as follows:

	31 December 2020
Within 1 year	493,796.57
1 to 2 years	185,173.71
	678,970.28

17 Financial risk

The Company's activities expose it to a variety of financial risks: market risk (primarily 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 2020, the carrying amounts in RMB equivalent of the Company's assets and liabilities denominated in foreign currencies are summarized below:

	31 December 2020 USD
Financial assets denominated in foreign currency -	
Cash at bank and on hand	6,406.02
Financial liabilities denominated in foreign currency -	-

As at 31 December 2020, 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 RMB 320.30.

17 Financial risk (Cont'd)

(1) Market risk (Cont'd)

(b) Interest risk

The Company's interest rate risk arises from bank deposits. The bank deposit interest rates are negotiated with the bank on the basis of the same period interbank deposit interest rates. The bank deposit interest income fluctuates according to the floating rates. The Company's finance department continuously monitors the interest rate position of the Company. The Company makes adjustments timely with reference to the latest market conditions.

The interest-bearing assets not measured at fair value were not held by the Company as at 31 December 2020. The floating rates do not affect the Company's revenue and cash flow from operating activities.

(2) Credit risk

Credit risk is managed on the grouping basis. Credit risk mainly arises from cash at bank.

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.

The net value of cash at bank and on hand 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.

The financial assets and liabilities of the Company as at 31 December 2020 are expired within one year.

18 Fair value measurement

Based on the lowest level input that is significant to the fair value measurement in its entirety, the fair value hierarchy has the following levels:

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 (that is, as prices) or indirectly (that is, derived from prices).
Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

The Company's financial assets and liabilities carried at amortised cost are cash at bank and on hand and payables with the difference between their book value and fair value being insignificant.

19 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 2020, the company's asset-liability ratio is 2.11%.

DR. REDDY'S (BEIJING) PHARMACEUTICAL CO., LTD

SUPPLEMENTARY INFORMATION PROVIDED BY MANAGEMENT
FOR THE PERIOD FROM 19 AUGUST 2020 (DATE OF INCORPORATION) TO 31 DECEMBER 2020
[English translation for reference only]

- Reconciliation of Taxable Income

DR. REDDY'S (BEIJING) 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 period from 19 August 2020 (date of incorporation) to 31 December 2020

Total profit	(560,615.07)
Add : Entertainment expenses in excess of prescribed cap	480.00
Taxable Loss	(560,135.07)

Note: The final amount of taxable income should be determined based on assessment obtained from local tax bureau.