Dr.Reddy's

FOR HEALTH. FOR LIFE.

Connecting science, technology and innovation

Subsidiary Companies Financials 2020-21

Part-B

Good Health Can't Wait.

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Financial Statements

Dr. Reddy's Farmacêutica do Brasil Ltda.

December 31, 2020
with Independent Auditor's Report

Dr. Reddy’s Farmacêutica do Brasil Ltda.

Financial statements

December 31, 2020

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A free translation from Portuguese into English of Independent Auditor's Report on Financial Statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil

Independent auditor's report on financial statements

The Management and Members of
Dr. Reddy's Farmacêutica do Brasil Ltda.
São Paulo – SP

Opinion

We have audited the financial statements of Dr. Reddy's Farmacêutica do Brasil Ltda. (the "Company"), which comprise the statement of financial position as at December 31, 2020 and the related statements of profit or loss, of comprehensive income (loss), of changes in equity, and of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and cash flows for the year then ended in accordance with the accounting practices adopted in Brazil.

Basis for opinion

We conducted our audit in accordance with Brazilian and International Standards on Auditing. 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 relevant ethical principles set forth in the Code of Professional Ethics for Accountants, the professional standards issued by Brazil's National Association of State Boards of Accountancy (CFC) and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

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

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

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

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 of 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 Brazilian 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 Brazilian and International Standards on Auditing, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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.

- Obtained 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.
- Evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluded 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.
- Evaluated 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 scope and timing of the planned audit procedures and significant audit findings, including deficiencies in internal control that we may have identified during our audit.

São Paulo, February 26, 2021.

ERNST & YOUNG
Auditores Independentes S.S.
CRC-2SP034519/O-6

Felipe Safra Dória de Azevedo
Accountant CRC-1SP264144/O-0

A free translation from Portuguese into English of financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil

Dr. Reddy's Farmacêutica do Brasil Ltda.

Statement of financial position
December 31, 2020 and 2019
(In thousands of reais – R$)

	Note	2020	2019
Assets			
Current assets			
Cash and cash equivalents	5	**8,788**	3,794
Trade accounts receivable	6	**22,822**	26,739
Transactions with related parties	13	**1,385**	524
Inventories	7	**15,132**	14,709
Taxes recoverable	8	**1,427**	5,366
Advances to employees		**266**	264
Advances to suppliers		**1,810**	1,957
Prepaid expenses		**430**	41
Total current assets		**52,062**	53,394
Noncurrent assets			
Judicial deposits		**203**	171
Property and equipment	10	**5,775**	3,720
Intangible assets	10	**665**	-
Total noncurrent assets		**6,643**	3,891
Total assets		**58,705**	57,285

Dr. Reddy's Farmacêutica do Brasil Ltda.

Statement of financial position
December 31, 2020 and 2019
(In thousands of reais – R$)

	Note	2020	2019
Liabilities and equity			
Current liabilities			
Trade accounts payable	12	**1,399**	2,380
Loans and financing	11	**50,427**	50,057
Transactions with related parties	13	**23,349**	22,567
Related-party loans	13	**267**	207
Labor obligations		**1,292**	1,091
Tax obligations		**897**	1,373
Other accounts payable		**3,291**	1,414
Total current liabilities		**80,922**	79,089
Equity			
Capital	14	**36,249**	36,249
Accumulated losses		**(58,466)**	(58,053)
Total equity		**(22,217)**	(21,804)
Total liabilities and equity		**58,705**	57,285

See accompanying notes.

Dr. Reddy's Farmacêutica do Brasil Ltda.

Statement of profit or loss
Years ended December 31, 2020 and 2019
(In thousands of reais – R$)

	Note	2020	2019
Net revenue	15	**98,566**	108,038
Cost of sales	16	**(45,846)**	(52,083)
Gross profit		**52,720**	55,955
Operating expenses	17		
General and administrative expenses		**(16,192)**	(20,709)
Personnel		**(20,874)**	(18,358)
Tax		**(381)**	(203)
Depreciation and amortization		**(927)**	(820)
Other operating income (expenses), net		**563**	570
		(37,811)	(39,520)
Operating income before finance income (costs)		**14,909**	16,436
Finance costs		**(15,635)**	(19,795)
Finance income		**860**	11,974
Finance income (costs)	18	**(14,775)**	(7,821)
Income before income and social contribution taxes		**134**	8,615
Income and social contribution taxes	9	**(548)**	(62)
Net income for the year		**(414)**	8,553

See accompanying notes.

Dr. Reddy's Farmacêutica do Brasil Ltda.

Statement of comprehensive income
Years ended December 31, 2020 and 2019
(In thousands of reais – R$)

	2020	2019
Income/(loss) for the year	**(414)**	8,553
Other comprehensive income (loss)	**-**	-
Total comprehensive income (loss) for the year	**(414)**	8,553

See accompanying notes.

Dr. Reddy's Farmacêutica do Brasil Ltda.

Statement of changes in equity
Years ended December 31, 2020 and 2019
(In thousands of reais – R$)

	Capital	Accumulated (losses)	Total
Balances at December 31, 2018	36,249	(66,605)	(30,356)
Net income for the year	-	8,553	8,553
Balances at December 31, 2019	36,249	(58,052)	(21,803)
Net income for the year	**-**	**(414)**	**(414)**
Balances at December 31, 2020	**36,249**	**(58,466)**	**(22,217)**

See accompanying notes.

Dr. Reddy's Farmacêutica do Brasil Ltda.

Statement of cash flows
Years ended December 31, 2020 and 2019
(In thousands of reais – R$)

	Note	2020	2019
Cash flow from operating activities			
Income before Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL)		**(414)**	8,553
Adjustments to reconcile net income to net cash from operating activities:			
Depreciation and amortization	10	**927**	820
Gain (loss) on disposal of permanent assets	10	**-**	217
(Reversal of) allowance for expected credit losses	6	**(33)**	1,453
Provision for inventory losses		**1,949**	(1,205)
Provision for interest on loans	7	**427**	-
Income and social contribution taxes		**(548)**	-
Cash flow from operating activities			
Trade accounts receivable		**3,923**	(5,589)
Transactions with related parties		**(835)**	(75)
Inventories		**(2,372)**	2,657
Taxes recoverable		**3,939**	(951)
Prepaid expenses		**(389)**	167
Other assets		**113**	(981)
Trade accounts payable		**(982)**	(10,474)
Transactions with related parties		**782**	5,430
Tax obligations		**71**	(3,079)
Labor obligations and social charges		**202**	(58)
Other accounts payable and provisions		**1,877**	398
Net cash from (used in) operating activities		**8,637**	(2,717)
Cash flow from investing activities			
Acquisition of property and equipment	10	**(2,981)**	(1,428)
Acquisition of intangible assets	10	**(665)**	
Net cash from (used in) investing activities		**(3,646)**	(1,428)
Cash flow from financing activities			
Related-party loans	13	**60**	(43,673)
Bank loans	11	**(57)**	50,057
Net cash from (used in) financing activities		**3**	6,384
Increase (decrease) in cash and cash equivalents:		**4,994**	2,239
Cash and cash equivalents at beginning of year		**3,794**	1,555
Cash and cash equivalents at end of year		**8,788**	3,794
Increase (decrease) in cash and cash equivalents		**4,994**	2,239

See accompanying notes.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements
December 31, 2020 and 2019
(In thousands of reais)

1. Operations

The Company is primarily engaged in importing, exporting, selling and distributing raw materials and pharmaceutical products, medicines subject to special control, cosmetic and nutritional products, medical equipment items, health products and materials for medical, hospital or laboratory use, and food products, wholesale of goods in general, with no predominance of food or agribusiness inputs, as well as storing referred to items in own or third-party establishments, providing services in general relating to the products mentioned above, including advisory or intermediation services, and holding interest in other companies as a member or shareholder and performing all activities relating to the normal course of business that are not subject to specific government authorization.

Dr. Reddy’s Laboratories Ltda. was established in the beginning of 2000 and was operational until 2008. In 2008, in order to focus on large high-potential markets, management decided to license the business in Brazil to a partner. In mid-2015, management decided to restructure the Brazilian subsidiaries in order to perform operations in Brazil under its own management. The Company decided to focus on the oncology portfolio at first. In 2017, the Company obtained the Brazilian Sanitation Surveillance Agency (ANVISA) approval for product Cabazitaxel and began to sell this product in May 2017. In 2018, product Fulvestranto was approved and in 2019, the Company has approximately 20 registered products.

In August 2017, the Company began its commercial operations. Counting on a team of experienced professionals, a strong portfolio and structure, the Company is prepared for a challenging journey to become a reference in the oncology segment until 2021. The Company’s objective is to supply medicines and support the medical fraternity of patients in a country where less than 25% of the population has access to private treatment.

The Company’s administrative offices are located at Rua George Ohn, 206 - Torre A - Brooklin Novo, São Paulo, state of São Paulo (SP).

2. Basis of preparation and presentation of financial statements

The Company’s financial statements for the year ended December 31, 2020 have been prepared and are presented in accordance with the accounting practices adopted in Brazil, including the pronouncements issued by the Brazilian FASB (CPC) and approved by Brazil’s National Association of State Boards of Accountancy (CFC).

The Company adopted all standards, revised standards and interpretations issued by the CPC that were effective as of December 31, 2020.

2. Basis of preparation and presentation of financial statements (Continued)

The financial statements have been prepared in the ordinary course of business. Management identified no material uncertainty regarding the Company's ability to continue as a going concern over the next 12 months.

The financial statements have been prepared on a historical cost basis, except for the valuation of certain assets and liabilities, such as financial instruments, which have been measured at fair value.

Estimates

These financial statements have been prepared under various measurement bases used in accounting estimates. The accounting estimates involved in the preparation of the financial statements were based on both objective and subjective factors and on management's judgment to determine the appropriate amount to be recorded in the financial statements. Significant items subject to these estimates and assumptions include selection of useful lives and impairment of property and equipment, measurement of financial assets at fair value and under the present value adjustment method, as well as assessment of other risks to determine other provisions, including provision for contingencies.

The settlement of transactions involving these estimates may result in amounts significantly different from those recorded in the financial statements due to uncertainties inherent in the estimation process. The Company reviews its estimates and assumptions at least once a year.

The Company's functional currency is the Brazilian Real, which is the same currency used to prepare and present its financial statements.

3. Significant accounting policies adopted in the preparation of financial statements

a) Financial instruments

Financial instruments are initially recognized at fair value, plus costs directly attributable to their acquisition or issue. Subsequent measurement occurs at each reporting date according to the rules established for each category of financial asset or liability.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

3. Significant accounting policies adopted in the preparation of financial statements (Continued)

a) Financial instruments (Continued)

i) *Financial assets*

Initial recognition and measurement

The financial assets held by Company and that fall within the scope of CPC 38 are classified as financial assets at fair value through profit or loss, loans and receivables. The Company classifies its financial assets upon initial recognition.

Financial assets are initially recognized and measured at fair value through profit or loss and transactions costs are charged to profit or loss for the year. Receivables are recognized at amortized cost.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

The Company's financial assets include cash and cash equivalents, trade accounts receivable, related-party receivables and judicial deposits.

Subsequent measurement

Financial assets at fair value through profit or loss: these are measured at fair value at each reporting date. Interest rates, monetary difference, foreign exchange difference and changes deriving from fair value measurement are recognized in the statement of profit or loss for the year as finance income or costs, as incurred. Financial assets are classified at fair value through profit or loss when acquired for the purposes of being sold or repurchased in the short term, with corresponding gains or losses recognized as finance income or costs.

Receivables: these are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these financial assets are measured at amortized cost using the effective interest method. Interest income, monetary difference and foreign exchange difference, less impairment losses, when applicable, are recognized in the statement of profit or loss for the year as finance income or costs, as incurred.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

3. Significant accounting policies adopted in the preparation of financial statements (Continued)

a) Financial instruments (Continued)

i) *Financial assets* (Continued)

Derecognition of financial assets

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

- The rights to receive cash flows from the asset have expired; and
- 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 agreement, without transferring or retaining substantially all the risks and rewards of the asset or transferring control of the asset, such asset is maintained and the Company recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

The Company assesses, at each reporting date, whether there is an indication that a financial asset or group of financial assets may be impaired. A financial asset or group of financial assets is considered impaired if (and only if) there is objective evidence resulting from one or more events occurring after initial recognition of the asset (a “loss event”), and if referred to event has an impact on estimated future cash flows of the financial asset or group of financial assets, which may be reliably measured. Evidence of impairment may include indications that the debtors (or group of debtors) are going through significant financial difficulties, delay or default in amortization of interest or principal, are likely to file for bankruptcy or another type of financial reorganization, and when this data indicates a measurable decrease in future cash flows such as variations in late-payment interest or economic conditions correlated with default events.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

3. Significant accounting policies adopted in the preparation of financial statements (Continued)

a) Financial instruments (Continued)

i) *Financial assets* (Continued)

Impairment of financial assets (Continued)

The loss amount is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses not incurred), discounted at the financial asset's original effective interest rate. An asset's carrying amount is decreased through a provision, and the impairment value is recognized in profit or loss for the year. Interest income is recorded in the financial statements as part of finance income.

If, in a subsequent period, the impairment value decreases and this reduction may be objectively associated with an event occurring after the provision was recorded (such as a better credit rating of the debtor), the impairment loss previously recorded is reversed in the statement of profit or loss for the year. If a write-off is subsequently recovered, this recovery is also recorded in the statement of profit or loss.

In case there is objective evidence of impairment, the loss amount is calculated as the difference between carrying value of the assets and present value of the estimated cash flows (less expected credit losses not yet incurred). The present value of estimated cash flows is discounted at the original interest rate of financial assets. If a financial asset is subject to a floating interest rate, the discount to measure any impairment losses will be the effective interest rate at the present date.

The asset's carrying amount is decreased through a provision, and the impairment value is recognized in profit or loss for the year. Finance income continues to be accumulated on the carrying amount reduced at the interest rate used to discount future cash flows in order to measure the impairment loss. In addition, interest income is recorded as part of finance income in the statement of profit or loss for the year. Loans and receivables, and respective provisions, are written off when these amounts are not expected to be recovered in the future, and all guarantees have been realized or transferred to the Company. If, in the subsequent year, the estimated impairment loss amount changes due to an event occurring after recognition, an adjustment is recorded in the provision account. If a write-off is subsequently recovered, this recovery is credited to finance costs in the statement of profit or loss for the year.

3. Significant accounting policies adopted in the preparation of financial statements (Continued)

a) Financial instruments (Continued)

ii) *Financial liabilities*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, accounts payable, or derivatives designated as hedging instruments, as appropriate.

Financial liabilities are recognized initially at fair value and, in the case of loans and financing and accounts payable, plus directly attributable transaction costs.

Subsequent measurement

After initial recognition, the Company measures all financial liabilities at amortized cost using the effective interest method.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

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

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, to realize the assets and settle the liabilities simultaneously.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

3. Significant accounting policies adopted in the preparation of financial statements (Continued)

b) Cash and cash equivalents

Cash and cash equivalents are held so as to meet short-term cash commitments, rather than for investment or other purposes. The Company considers cash equivalents a short-term investment readily convertible to a known amount of cash and subject to an insignificant risk of changes in value.

Accordingly, an investment normally qualifies as cash equivalent when it is redeemable in the short term, e.g., within three months or less from the investment date.

c) Trade accounts receivable and allowance for expected credit losses on accounts receivable and contract assets

Trade accounts receivable are recorded at their billed amount, adjusted to present value where applicable.

An allowance for expected credit losses has been recognized at an amount deemed sufficient by management to cover any losses on realization of receivables.

The allowance for expected credit losses is recognized based on percentages for each class of notes overdue and in accordance with the customer’s risk rating. Management is of the understanding that, in doing so, the Company reflects the real historical rate of notes not received from customers. Restatements of this allowance are reflected directly in profit or loss of each year.

d) Inventories

Inventories are valued at the lower of cost and net realizable value. In measuring cost, the average historical acquisition or build-up cost is considered, plus expenses with transportation, storage and unrecoverable taxes. Inventory amounts recorded do not exceed market value and provisions for losses are recorded whenever deemed necessary by management.

Net realizable value is the selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Provisions for slow-moving, obsolete or discontinued items, or items close to expiry date are recorded based on monthly estimates derived from analyses conducted by management.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

3. Significant accounting policies adopted in the preparation of financial statements (Continued)

e) Impairment of nonfinancial assets

Management annually tests the net book value of the assets in order to determine whether there are any events or changes in economic, operating or technological circumstances that may indicate impairment. When such evidence is identified and the net book value exceeds the recoverable amount, a provision for impairment is recorded so as to adjust the net book value to the recoverable amount.

f) Property and equipment

Property and equipment items are stated at cost, net of accumulated depreciation and/or accumulated impairment losses, if any. Such cost includes the cost of replacing equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant property and equipment items are replaced, these items are recorded as individual assets, with specific depreciation and useful lives. Likewise, when a major replacement is performed, its cost is recognized in the carrying amount of the equipment item as a replacement, if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit and loss for the year as incurred.

Property and equipment items and any significant parts are written off when sold or when no future economic benefits are likely to flow to the Company from the use or sale of these assets.

Gains or losses, if any, arising on disposal of assets are recognized in profit or loss.

The residual values, useful lives and methods of depreciation of assets are reviewed at each year end and adjusted prospectively, if appropriate.

g) Other assets and liabilities

An asset is recognized in the statement of financial position when its future economic benefits are likely to flow to the Company and its cost or value can be reliably measured.

A liability is recognized in the statement of financial position when the Company has a legal or constructive obligation arising from past events, the settlement of which is expected to result in an outflow of economic benefits. The provisions are recorded based on the best estimate of the risk involved.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

3. Significant accounting policies adopted in the preparation of financial statements (Continued)

g) Other assets and liabilities (Continued)

Determining the estimated obligation relating to tax, civil and labor contingencies involves management's professional judgment. The Company is party to various proceedings of a tax, civil and labor nature relating to various matters and arising in the normal course of business. The Company records a provision for probable losses on proceedings that may be reliably estimated. Management's judgment is based on the opinion of the Company's external legal advisors. The balances are adjusted in order to reflect changes in the circumstances referring to ongoing proceedings. Actual results may differ from those estimates.

These amounts are restated, when applicable, at the exchange rates and related finance charges, under the terms of the agreements in effect, in order to reflect the amounts incurred up to the reporting date. Noncurrent items are adjusted to present value when appropriate.

Assets and liabilities are classified as current when their realization or settlement is likely to occur within the next twelve months. Otherwise, they are stated as noncurrent.

h) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss for the year net of any reimbursement.

i) Determination of profit or loss

Profit or loss from transactions is recorded on an accrual basis. Sales revenues are presented net, less tax and discounts thereon, which are classified as a reduction of revenues.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

3. Significant accounting policies adopted in the preparation of financial statements (Continued)

i) Determination of profit or loss (Continued)

Sales revenues are recorded in profit or loss when their amount can be reliably measured, all risks and rewards of ownership are transferred to the buyer, the Company does not hold any control over or responsibility for the product sold, and economic benefits are likely to flow to the Company. Revenue is not recognized if there is a significant uncertainty about its realization. Revenues are measured at the fair value of the consideration received, excluding discounts, rebates and taxes or charges on sales.

In addition, the following recognition criteria must be satisfied for revenues to be recognized:

i) *Revenue recognition*

CPC 47 – Revenue from Contracts with Customers establishes a comprehensive framework to determine if, when and at what amount revenue is recognized.

a) *Sale of goods*

Revenue from the sale of goods is recognized at fair value and when all risks and rewards of ownership are transferred to the buyer, the Company no longer holds control over or responsibility for the goods sold, and economic benefits are likely to flow to the Company. Revenues are not recognized if there is significant uncertainty as to realization thereof.

b) *Returns and cancellations*

Returns and cancellations are recognized when they occur and at the customer’s request, on an accrual basis.

ii) *Cost of goods sold*

COGS comprises cost of acquisitions net of discounts received from suppliers, taxes recoverable, changes in inventory, and logistics costs.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

3. Significant accounting policies adopted in the preparation of financial statements (Continued)

i) Determination of profit or loss (Continued)

iii) *Selling expenses*

Selling expenses comprise all expenses relating to the sale of goods such as events, marketing, occupancy, sales awards and promotion materials, among others.

iv) *General and administrative expenses*

General and administrative expenses refer to indirect expenses and cost of corporate units, including procurement and supplies.

v) *Finance income (costs)*

Interest income and expenses are recognized as “Finance income/costs” using the effective interest method. Net revenue is measured at the fair value of the consideration received, less discounts, rebates, and taxes on sales.

j) Taxation

Current and deferred income and social contribution taxes

Income taxes include both income and social contribution taxes. Income tax is computed on taxable profit at the rate of 15%, plus a surtax of 10% on profits exceeding R$ 240 thousand over 12 months, whereas social contribution tax is calculated at the rate of 9% on taxable profit, recognized on an accrual basis.

Income and social contribution tax expenses comprise current and deferred taxes and are recorded in profit or loss unless they relate to items directly recognized in equity or in other comprehensive income.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

3. Significant accounting policies adopted in the preparation of financial statements (Continued)

j) Taxation (Continued)

Other taxes

Revenues from sales in the domestic market and services are subject to the following taxes and contributions, at the following statutory rates:

Tax	Rates
IPI - Federal Value-Added Tax	0%
ICMS - State Value-Added Tax	7% to 20%
PIS - Contribution Tax on Gross Revenue for Social Integration Program	1.65% and 2.1%
COFINS - Contribution Tax on Gross Revenue for Social Security Financing	7.6% and 9.9%

These charges are presented as sales deductions in the statement of profit or loss. Credits deriving from non-cumulative PIS/COFINS are presented net of inventory build-up costs and, as such, reduce costs of goods sold, upon realization of these inventories. Additionally, the Company is subject to the ICMS Substitution Regime, applied under the terms of the agreements entered into by the Brazilian states.

k) Foreign currency transactions

Foreign currency transactions are initially recognized at the quotation of the corresponding currencies at the date when the transaction qualifies for recognition. However, in product resale transactions that are 100% intercompany transactions, invoices are recorded in local currency and the supplier assumes 100% of the foreign exchange differences.

Monetary assets and liabilities denominated in foreign currency are translated into reais at the market quotation rate at the reporting date. Differences arising upon payment or translation of monetary items are recorded under finance income (costs).

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

3. Significant accounting policies adopted in the preparation of financial statements (Continued)

l) Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosures of contingent liabilities at year end. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. In the process of applying the Company's accounting policies, management has made the following judgments, estimates and assumptions, which have the most significant effect on the amounts recognized in the financial statements:

l.1) *Fair value of financial instruments*

When not obtainable in active markets, the fair value of financial assets and liabilities recorded in the financial statements is measured based on the hierarchy established by Accounting Pronouncement CPC 38, which sets out certain valuation techniques, including the discounted cash flow (DCF) model. The inputs of these models are taken from observable markets where possible, or from information on comparable market transactions. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. The fair value of financial instruments actively traded on organized markets is determined based on quoted market prices, at the reporting date, without deducting operating costs. When not actively traded, fair value is based on valuation techniques defined by the Company and consistent with usual market practices. These techniques include the use of recent market transactions between independent parties, benchmarking of the fair value of similar financial instruments, analysis of discounted cash flows or other valuation models.

When the fair values of financial assets and financial liabilities recorded in the statement of financial position cannot be observed in active markets, their fair value is measured using valuation techniques including the discounted cash flow (DCF) model. The inputs used in these models are obtained on the market, whenever possible. When such inputs are not available, judgment is required to determine fair value.

3. Significant accounting policies adopted in the preparation of financial statements (Continued)

I) Significant accounting judgments, estimates and assumptions (Continued)

I.1) *Fair value of financial instruments* (Continued)

Judgment includes considerations of inputs such as liquidity risk, credit risk and volatility.

Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

I.2) *Provision for contingencies*

Provisions are recognized for all contingencies related to legal proceedings for which an outflow of funds to settle the contingency/obligation is considered probable and a reasonable estimate can be made. Assessment of the likelihood of loss includes analysis of available evidence, the hierarchy of laws, available case law, the most recent court decisions and their relevance in the legal system, as well as the opinion of external legal advisors. Provisions are reviewed and adjusted to take into consideration any changes in circumstances, such as applicable statutes of limitation, tax audit conclusions, or additional exposures identified based on new matters or court decisions.

4. New or revised accounting pronouncements

4.1. New or revised pronouncements first-time adopted in 2020

The Company applied for the first time certain standards and amendments to standards, which are effective for annual periods beginning on or after January 1, 2020. The Company has decided not to early adopt any other standard, interpretation or amendment that has been issued but is not yet effective.

Amendments to CPC 15 (R1): Definition of a business

The amendment to CPC 15 (R1) clarifies that to be considered a business, an integrated set of activities and assets must include, at a minimum, an input and a substantive process that, together, significantly contribute to the ability to create output.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. New or revised accounting pronouncements (Continued)

4.1. New or revised pronouncements first-time adopted in 2020 (Continued)

Amendment to CPC 15 (R1): Definition of a business (Continued)

Furthermore, it clarifies that a business can exist without including all of the inputs and processes needed to create outputs. These amendments had no impact on the financial statements of the Company, but may impact future periods should the Company enter into any business combinations.

Amendments to CPC 38, CPC 40 (R1) and CPC 48: Interest Rate Benchmark Reform

The amendments to CPC 38 and CPC 48 provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments have no impact on the financial statements of the Company as it does not have any interest rate hedge relationships.

Amendments to CPC 26 (R1) and CPC 23: Definition of material

The amendments provide a new definition of material that states “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.

These amendments had no impact on the financial statements of, nor is there expected to be any future impact to the Company.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

4. New or revised accounting pronouncements (Continued)

4.1. New or revised pronouncements first-time adopted in 2020 (Continued)

Amendment to CPC 15 (R1): Definition of a business (Continued)

Amendments to CPC 06 (R2): Covid-19 related rent concessions

The amendments provide relief to lessees from applying CPC 06 (R2) guidance on lease modification accounting for rent concessions arising as a direct consequence of the Covid-19 pandemic.

As a practical expedient, a lessee may elect not to assess whether a Covid-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the Covid-19 related rent concession the same way it would account for the change under CPC 06 (R2), if the change were not a lease modification.

This amendment had no impact on the financial statements of the Company.

Revision of CPC 00 (R2): Conceptual Framework for Financial Reporting

The revised pronouncement includes some new concepts, updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts.

These amendments had no impact on the financial statements of the Company.

5. Cash and cash equivalents

	2020	2019
Cash and banks	**310**	7
Short-term investments	**8,478**	3,787
	8,788	3,794

Cash equivalents are held so as to meet short-term cash commitments, rather than for investment or other purposes. The Company considers cash equivalents short-term term investments readily convertible to a known amount of cash and subject to a low risk of changes in value.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

5. Cash and cash equivalents (Continued)

Short-term investments substantially refer to Bank Deposit Certificates (CDBs) and fixed-income funds subject to rates ranging from 80% and 85% of the Interbank Deposit Certificate (CDI), redeemable within 30 days as from the investment date.

6. Trade accounts receivable

	2020	2019
Domestic customers	**24,872**	28,795
Allowance for doubtful accounts	**(2,050)**	(2,056)
	22,822	26,739

Aging list of trade accounts receivable

Description	2020	2019
Falling due	**19,747**	24,025
Overdue within 30 days	**246**	755
Overdue from 31 to 60 days	**31**	551
Overdue from 61 to 90 days	**583**	933
Overdue from 91 to 360 days	**2,201**	1,078
Overdue for more than 360 days	**2,095**	1,453
	24,872	28,795

Allowance for doubtful accounts

	2020	2019
Opening balance	**(2,056)**	(603)
Reversal	**6**	(1,453)
Closing balance	**(2,050)**	(2,056)

7. Inventories

	2020	2019
Finished products	**20,131**	18,064
Inventory in transit	**305**	-
Provision for inventory losses	**(5,304)**	(3,355)
	15,132	14,709

The amount of provision for inventory losses refers to adjustment to its realizable value, in addition to discontinued materials and items whose validity date is close to expiry date.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

7. Inventories (Continued)

Changes in provision for inventory loss are as follows:

	2020	2019
Opening balance	**(3,355)**	(4,560)
Additions	**(50,920)**	-
Reversals	**48,971**	1,205
Closing balance	**(5,304)**	(3,355)

8. Taxes recoverable

	2020	2019
Prepayment of income and social contribution taxes	**354**	3,222
ICMS recoverable	**908**	2,031
Other taxes recoverable	**166**	113
	1,427	5,366
Current	**1,427**	5,366
Noncurrent	**-**	-
	1,427	5,366

9. Income and social contribution taxes

Reconciliation of expense calculated by applying combined statutory rates to income and social contribution tax expense recorded in profit or loss is as follows:

Description	2020	2019
Income/(loss) before income and social contribution taxes	**134**	8,615
Tax charges at statutory rate – 34%	**(46)**	(2,929)
Adjustments to effective rate:		
Prior years' tax losses offset	**(249)**	129
Deferred taxes not recorded on temporary differences	**593**	4,204
Tax benefit	**(33)**	-
Permanent and other differences	**191**	(1,466)
Net tax charges in profit or loss	**(548)**	(62)
Effective rate	**409%**	1%

Deferred income and social contribution taxes resulting from temporary differences and income and social contribution tax losses were not recorded since the Company does not expect to realize these amounts. Unrecorded assets at December 31, 2020 referring to temporary differences amount to R$1,745, income tax losses to R$40,622 and social contribution tax losses to R$40,911

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

10. Property and equipment and intangible assets

	Annual depreciation rate	2019	Additions	Write-offs	2020
Acquisition cost					
Facilities	4%	7	**-**	-	**7**
Machinery and equipment	10%	2,852	**1,842**	-	**4,694**
Furniture and fixtures	10%	688	**20**	-	**708**
IT equipment	20%	463	**71**	-	**534**
Vehicles	20%	682	**-**	-	**682**
Improvements in real properties	20%	1,573	**1,049**	-	**2,622**
Right of use - software	20%	-	**665**		**665**
		6,266	**3,646**	-	**9,912**
Accumulated depreciation					
Accumulated depreciation - facilities	4%	(1)	**-**	-	**(1)**
Accumulated depreciation – machinery and equipment	10%	(1,212)	**(372)**	-	**(1,584)**
Accumulated depreciation - furniture and fixtures	10%	(298)	**(103)**	-	**(401)**
Accumulated depreciation – IT equipment	20%	(179)	**(73)**	-	**(252)**
Vehicles	20%	(130)	**(96)**	-	**(226)**
Accumulated depreciation – leasehold improvements	20%	(726)	**(283)**	-	**(1,009)**
Accumulated amortization – right of use of software		-	-	-	-
		(2,546)	**(927)**	-	**(3,473)**
Property and equipment, net		3,720	**2,720**	-	**6,439**

As at December 31, 2020 and 2019, the Company recorded no property and equipment items given in guarantee, nor impairment of property and equipment items.

11. Loans

Bank loans

	Interest rate (%)	Maturity	2020	2019
Current				
Loans and financing (i)	4.00% p.a.	04/12/2021	**50,427**	50,057
			50,427	50,057

On October 4, 2019, the Company conducted the 1st issue of commercial promissory notes in a single series for public distribution with restricted placement efforts, under the terms of CVM Ruling No. 566 of July 31, 2015. One (1) promissory note was issued, maturing on October 4, 2020, with yield corresponding to the nominal unit value, subject to interest of 6.00% (six per cent) p.a., totaling R$50,000. In 2020, costs allocated relating to the issue of promissory notes until settlement of the transaction amounted to R$57 (R$50 on October 16, 2020). On October 14, 2020, a loan in the amount of R$50,000 was raised at a rate of 4% p.a., maturing on April 12, 2021. These funds will be fully used for reinforcing working capital and/or extending the Company financial liabilities.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

12. Trade accounts payable

	2020	2019
Trade accounts payable (i)	**1,399**	2,380
	1,399	2,380

(i) As at December 31, 2020, the Company recorded no amounts payable to foreign related parties. Other intercompany transactions are presented in Note 13.

13. Transactions with related parties

Commercial transactions

As at December 31, 2020 and 20189, asset and liability balances as well as the transactions that had an impact on profit or loss for the year, referring to related-party transactions, which derive from transactions between the Company and its parent and Group companies, are as follows:

Acquisition of goods - related parties	**current assets**		**Current liabilities**	
	2020	**2019**	**2020**	**2019**
Dr. Reddy's Ltda. - India	**1,385**	524	**23,349**	22,567
	1,385	524	**23,349**	22,567

Loans – related parties	**Current assets**		**Current liabilities**	
	2019	**2018**	**2019**	**2018**
Dr. Reddy's Ltda. - India (loan)	-	-	-	-
Dr. Reddy's Ltda. - Swiss (loan)	-	-	267	207
	-	-	267	207

Changes in reversal of losses on doubtful accounts are as follows:

	2020	2019
Opening balance	**(27)**	-
Additions	**-**	(27)
Reversals	**27**	-
Closing balance	**-**	(27)

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
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14. Capital

a) Capital

As at December 31, 2020 and 2019, capital amounts to R$36,249, divided into 36,249 units of interest at the par value of R$1.00 (in reais), held as follows:

Members	Number of units of interest	Capital - R$	% Capital
Dr. Reddy's Laboratories LTD.	36,248	36,248	99%
K. Satish Reddy	1	1.00	1%
	36,249	**36,249**	**100%**

15. Net revenue

	2020	2019
Sales revenue	**107,732**	122,865
Returns and cancellations	**(887)**	(3,869)
Gross sales revenue	**106,845**	118,996
Sales taxes	**(8,279)**	(10,958)
Net operating revenue	**98,566**	108,038

16. Cost of sales

	2020	2019
Cost of sales	**(43,897)**	(52,831)
Provision for/(reversal of) inventory losses	**(1,949)**	1,205
Other costs	**-**	(457)
	(45,846)	(52,083)

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

17. Expenses by nature

	2020	2019
Personnel	**(20,874)**	(18,358)
Total personnel expenses	**(20,874)**	(18,358)
Property lease	**(634)**	(415)
Freight and cartages	**(1,625)**	(1,436)
Legal services	**(774)**	(354)
Accounting services	**(647)**	(395)
Vehicle lease	**(697)**	(531)
Travel and lodging	**(433)**	(690)
Condominium fees	**(325)**	(301)
Product registration	**(163)**	(842)
Laboratory materials	**(9,247)**	(10,668)
Meetings/conferences - sales	**(1,678)**	(3,598)
Allowance for expected credit losses - reversal	**33**	(1,479)
Total general and administrative expenses	**(16,192)**	(20,709)
Tax expenses	**(381)**	(203)
Total tax expenses	**(381)**	(203)
Depreciation and amortization	**(927)**	(820)
Total depreciation and amortization	**(927)**	(820)
Other operating income	**563**	570
	(37,811)	(39,520)

18. Finance income (costs)

	2020	2019
Finance income		
Interest income	**68**	13
Foreign exchange gains	**748**	11,951
Other finance income	**44**	10
	860	11,974
Finance costs		
Restatement expenses	**(23)**	(29)
Foreign exchange losses	**(8,342)**	(15,306)
Other interest and discounts	**(7,270)**	(4,460)
	(15,635)	(19,795)
	(14,775)	(7,821)

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

19. Financial instruments

Financial instruments currently used by the Company comprise cash and cash equivalents, trade accounts receivable, related-party transactions recorded in the financial statements under the criteria described in Note 3.

These instruments are managed through operating strategies aimed at liquidity, profitability and risk mitigation.

The Company adopts the policy of eliminating market risks, avoiding exposure to market value fluctuations, and operating only with instruments that enable risk control. The Company does not engage in transactions of a speculative nature involving derivative financial instruments or any other risk assets.

As at December 31, 2020 and 2019, major financial instruments (assets and liabilities) and their valuation criteria are as follows:

- Cash and cash equivalents (Note 5): market value of checking account balances held in top-tier banks approximates book value.
- Trade accounts receivable (Note 6): these amounts are recorded at the sale invoice amounts less any returns. Allowance for doubtful accounts is recorded under criteria established in the Company’s internal policy.
- Trade accounts payable: these are recorded at the amount of the tax documents received referring to purchases and services provided. Balances in foreign currency are translated into current currency at the exchange rate provided by the Central Bank of Brazil.
- Intercompany receivables and payables (Note 13): these are stated at their carrying amount, since there are no similar instruments in the market.

Considerations on risk

The risk factors that affect the Company's financial instruments are as follows:

Financial credit risk

The Company’s sale policy considers the level of credit risk to which the Company is willing to be subject in the course of its business. Credit analysis and customer selection are procedures adopted in order to mitigate any default problems in accounts receivable. In order to cover expected credit losses, allowances have been recorded in an amount deemed sufficient by management.

Dr. Reddy´s Farmacêutica do Brasil Ltda.

Notes to financial statements (Continued)
December 31, 2020 and 2019
(In thousands of reais)

19. Financial instruments (Continued)

Considerations on risk (Continued)

Liquidity risk

Liquidity risk is the risk that the Company will not have sufficient net funds to honor its financial commitments, due to mismatching of maturity or volume between forecast receipts and payments. To manage cash liquidity in domestic and foreign currency, future cash outflow and inflow assumptions are determined and monitored by the treasury function on a daily basis.

Currency and interest rate risks

Currency and interest rate risks refer to the risk that the fair value of future cash flows of a financial instrument will fluctuate due to exchange rate fluctuations. The Company exposure to the currency risk refers mostly to trade accounts payable balance, since the goods imported by the Company are pegged to the US dollar. The Company does not conduct hedging transactions in Brazil. In order to mitigate the impact of unexpected losses deriving from exchange fluctuation, the Company conducts related-party transactions in reais, to transfer the risk abroad, where hedging transactions are maintained.

20. Provision for civil, tax and labor contingencies

The Company is a party to civil claims whose likelihood of a favorable and unfavorable outcome is rated as possible by management, together with the Company's legal advisors. Accordingly, no provision was recorded.

As at December 31, 2020, the Company recorded R$316 referring to a pain and suffering lawsuit claiming indemnification with likelihood of loss, and R$534 relating to a declaratory judgment on non-infringement with likelihood of success.0}

21. Insurance coverage

The Company takes out insurance coverage using top-tier brokers and insurance companies for assets subject to risks at amounts deemed sufficient by management to cover claims, if any, considering the nature of its activity. The scope of our auditors did not include issuing an opinion on the risk assumptions adopted, considering their nature.

The Company maintains insurance coverage at an amount considered appropriate to cover the risks involved in its operation.

Dr Reddy's Laboratories (Australia) Pty Ltd

ACN 120 092 408

Financial Statements - 31 March 2021

Dr Reddy's Laboratories (Australia) Pty Ltd
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General information

The financial statements cover Dr Reddy's Laboratories (Australia) Pty Ltd as an individual entity. The financial statements are presented in Australian dollars, which is Dr Reddy's Laboratories (Australia) Pty Ltd's functional and presentation currency.

Dr Reddy's Laboratories (Australia) Pty Ltd is a company limited by shares, incorporated and domiciled in Australia. Its registered office and principal place of business is:

Dr Reddy's Laboratories (Australia) Pty Ltd
Suite 3.03 Level 3, 390 St Kilda Road
Melbourne VIC 3004

The financial statements were authorised for issue, in accordance with a resolution of directors, on 10th May 2021. The directors have the power to amend and reissue the financial statements.

Dr Reddy's Laboratories (Australia) Pty Ltd
Directors' report
31 March 2021

The directors present their report, together with the financial statements, on the company for the year ended 31 March 2021.

Directors

The following persons were directors of the company during the whole of the financial year and up to the date of this report, unless otherwise stated:

Motupalli Venkata Ramana
Sunil Kumar Chebrolu
Venkata Ananth Sarma Goparaju

Principal activities

The principal activity of Dr Reddy's Laboratories (Australia) Pty Ltd during the financial year was the marketing and distribution of pharmaceuticals in Australia and the Pacific Islands.

No significant change in the nature of these activities occurred during the year.

Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Review of operations

The profit for the company after providing for income tax amounted to $608,723 (31 March 2020: $271,499).

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the company during the financial year.

Likely developments and expected results of operations

Information on likely developments in the operations of the company and the expected results of operations have not been included in this report because the directors believe it would be likely to result in unreasonable prejudice to the company.

Environmental regulation

The company is not subject to any significant environmental regulation under Australian Commonwealth or State law.

Indemnity and insurance of officers

The company has indemnified the directors and executives of the company for costs incurred, in their capacity as a director or executive, for which they may be held personally liable, except where there is a lack of good faith.

During the financial year, the company paid a premium in respect of a contract to insure the directors and executives of the company against a liability to the extent permitted by the Corporations Act 2001. The contract of insurance prohibits disclosure of the nature of the liability and the amount of the premium.

Indemnity and insurance of auditor

The company has not, during or since the end of the financial year, indemnified or agreed to indemnify the auditor of the company or any related entity against a liability incurred by the auditor.

During the financial year, the company has not paid a premium in respect of a contract to insure the auditor of the company or any related entity.

Dr Reddy's Laboratories (Australia) Pty Ltd
Directors' report
31 March 2021

Proceedings on behalf of the company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the company, or to intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or part of those proceedings.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out immediately after this directors' report.

This report is made in accordance with a resolution of directors, pursuant to section 298(2)(a) of the Corporations Act 2001.

On behalf of the directors

DocuSigned by:
Vikram Kotibhaskar
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Vikram Pradeep Kotibhaskar
Country Head

Venkata Ananth Sarma Goparaju
Director

10th May 2021

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Auditor's Independence Declaration

To the Directors of Dr Reddy's Laboratories (Australia) Pty Ltd

In accordance with the requirements of section 307C of the *Corporations Act 2001*, as lead auditor for the audit of Dr Reddy's Laboratories (Australia) Pty Ltd for the year ended 31 March 2021, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

D G Ng
Partner – Audit & Assurance

Melbourne, 10 May 2021

Dr Reddy's Laboratories (Australia) Pty Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 March 2021

	Note	2021 $	2020 $
Revenue			
Revenue		17,395,611	15,405,579
Cost of sales		(13,868,599)	(11,762,460)
Gross profit		3,527,012	3,643,119
Other income		150	893
Interest revenue calculated using the effective interest method		453	1,579
Expenses			
Employee benefits expense		(1,452,213)	(1,338,359)
Depreciation and amortisation expense	4	(268,818)	(749,157)
Product registration and testing expenses		(440,703)	(505,356)
Finance costs	4	(82,759)	(240,711)
Marketing and advertising expenses		(56,575)	(61,571)
Other expenses	4	(356,665)	(355,218)
Profit before income tax expense		869,882	395,219
Income tax expense	5	(261,159)	(123,720)
Profit after income tax expense for the year attributable to the owners of Dr Reddy's Laboratories (Australia) Pty Ltd	19	608,723	271,499
Other comprehensive income for the year, net of tax		-	-
Total comprehensive income for the year attributable to the owners of Dr Reddy's Laboratories (Australia) Pty Ltd		608,723	271,499

The above statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes

Dr Reddy's Laboratories (Australia) Pty Ltd
Statement of financial position
As at 31 March 2021

	Note	2021 $	2020 $
Assets			
Current assets			
Cash and cash equivalents	6	605,990	1,216,566
Trade and other receivables	7	5,571,766	3,347,564
Inventories	8	2,281,729	1,877,308
Total current assets		8,459,485	6,441,438
Non-current assets			
Plant and equipment	10	33,005	44,980
Right-of-use assets	9	78,957	138,173
Intangible assets	11	1,156,600	1,027,432
Deferred tax assets	12	1,215,432	1,494,356
Total non-current assets		2,483,994	2,704,941
Total assets		10,943,479	9,146,379
Liabilities			
Current liabilities			
Trade and other payables	13	9,337,913	6,601,694
Lease liabilities	15	67,029	56,489
Employee benefits	16	130,622	70,335
Total current liabilities		9,535,564	6,728,518
Non-current liabilities			
Borrowings	14	5,177,298	6,709,310
Lease liabilities	15	18,966	87,858
Deferred tax liabilities	17	23,687	41,452
Total non-current liabilities		5,219,951	6,838,620
Total liabilities		14,755,515	13,567,138
Net liabilities		(3,812,036)	(4,420,759)
Equity			
Issued capital	18	1,000,000	1,000,000
Accumulated losses	19	(4,812,036)	(5,420,759)
Total deficiency in equity		(3,812,036)	(4,420,759)

The above statement of financial position should be read in conjunction with the accompanying notes

Dr Reddy's Laboratories (Australia) Pty Ltd
Statement of changes in equity
For the year ended 31 March 2021

	Issued capital $	Accumulated losses $	Total deficiency in equity $
Balance at 1 April 2019	1,000,000	(5,692,258)	(4,692,258)
Profit after income tax expense for the year	-	271,499	271,499
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	271,499	271,499
Balance at 31 March 2020	1,000,000	(5,420,759)	(4,420,759)

	Issued capital $	Accumulated losses $	Total deficiency in equity $
Balance at 1 April 2020	1,000,000	(5,420,759)	(4,420,759)
Profit after income tax expense for the year	-	608,723	608,723
Other comprehensive income for the year, net of tax	-	-	-
Total comprehensive income for the year	-	608,723	608,723
Balance at 31 March 2021	1,000,000	(4,812,036)	(3,812,036)

The above statement of changes in equity should be read in conjunction with the accompanying notes

Dr Reddy's Laboratories (Australia) Pty Ltd
Statement of cash flows
For the year ended 31 March 2021

	Note	2021 $	2020 $
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		16,875,956	17,414,372
Payments to suppliers and employees (inclusive of GST)		(15,487,066)	(15,772,825)
		1,388,890	1,641,547
Interest and other costs of finance		(75,542)	(232,569)
Interest received		453	1,579
Net cash from operating activities		1,313,801	1,410,557
Cash flows from investing activities			
Payments for plant and equipment	10	(5,195)	(46,766)
Payments for intangible assets	11	(321,600)	(351,700)
Net cash used in investing activities		(326,795)	(398,466)
Cash flows from financing activities			
Proceeds from borrowings/(Net repayment of borrowings) from parent entity		(1,513,047)	(307,565)
Repayment of lease liability		(77,318)	(18,498)
Payments of finance charges on lease liabilities		(7,217)	(8,142)
Net cash used in financing activities		(1,597,582)	(334,205)
Net increase/(decrease) in cash and cash equivalents		(610,576)	677,886
Cash and cash equivalents at the beginning of the financial year		1,216,566	538,680
Cash and cash equivalents at the end of the financial year	6	605,990	1,216,566

The above statement of cash flows should be read in conjunction with the accompanying notes

Note 1. General Information and statement of compliance

The financial report includes the financial statements and notes of Dr Reddy's Laboratories (Australia) Pty Ltd.

These financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the Corporations Act 2001. The financial report is presented in Australian dollars, which is also the company's functional currency.

General purpose financial statements have been prepared as a requirement of section 3CA of the Tax Administration Act 1953 as Dr Reddy's Laboratories (Australia) Pty Ltd is defined as a Significant Global Entity.

Dr Reddy's Laboratories (Australia) Pty Ltd is a for-profit entity for the purpose of preparing the financial statements.

The financial statements for the year ended 31 March 2021 were approved and authorised for issue by the Board of Directors.

Note 2. Significant accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New or amended Accounting Standards and Interpretations adopted
The company has adopted all of the new or amended Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') that are mandatory for the current reporting period.

Any new or amended Accounting Standards or Interpretations that are not yet mandatory have not been early adopted.

Basis of preparation
These general purpose financial statements have been prepared in accordance with Australian Accounting Standards - Reduced Disclosure Requirements and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the Corporations Act 2001, as appropriate for for-profit oriented entities.

Historical cost convention
The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial instruments.

Critical accounting estimates
The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

Foreign currency translation
The financial statements are presented in Australian dollars, which is Dr Reddy's Laboratories (Australia) Pty Ltd's functional and presentation currency.

Foreign currency transactions
Foreign currency transactions are translated into Australian dollars using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at financial year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Note 2. Significant accounting policies (continued)

Revenue recognition
The company recognises revenue as follows:

Revenue from contracts with customers
Revenue is recognised at an amount that reflects the consideration to which the company is expected to be entitled in exchange for transferring goods or services to a customer. For each contract with a customer, the company: identifies the contract with a customer; identifies the performance obligations in the contract; determines the transaction price which takes into account estimates of variable consideration and the time value of money; allocates the transaction price to the separate performance obligations on the basis of the relative stand-alone selling price of each distinct good or service to be delivered; and recognises revenue when or as each performance obligation is satisfied in a manner that depicts the transfer to the customer of the goods or services promised.

Variable consideration within the transaction price, if any, reflects concessions provided to the customer such as discounts, rebates and refunds, any potential bonuses receivable from the customer and any other contingent events. Such estimates are determined using either the 'expected value' or 'most likely amount' method. The measurement of variable consideration is subject to a constraining principle whereby revenue will only be recognised to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. The measurement constraint continues until the uncertainty associated with the variable consideration is subsequently resolved. Amounts received that are subject to the constraining principle are recognised as a refund liability.

Sale of goods
Revenue from the sale of goods is recognised at the point in time when the customer obtains control of the goods, which is generally at the time of delivery.

Interest revenue
Interest revenue is recognised as interest accrues using the effective interest method. This is a method of calculating the amortised cost of a financial asset and allocating the interest income over the relevant period using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

Other revenue
Other revenue is recognised when it is received or when the right to receive payment is established.

Income tax
The income tax expense or benefit for the period is the tax payable on that period's taxable income based on the applicable income tax rate for each jurisdiction, adjusted by the changes in deferred tax assets and liabilities attributable to temporary differences, unused tax losses and the adjustment recognised for prior periods, where applicable.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to be applied when the assets are recovered or liabilities are settled, based on those tax rates that are enacted or substantively enacted, except for:

- When the deferred income tax asset or liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting nor taxable profits; or
- When the taxable temporary difference is associated with interests in subsidiaries, associates or joint ventures, and the timing of the reversal can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of recognised and unrecognised deferred tax assets are reviewed at each reporting date. Deferred tax assets recognised are reduced to the extent that it is no longer probable that future taxable profits will be available for the carrying amount to be recovered. Previously unrecognised deferred tax assets are recognised to the extent that it is probable that there are future taxable profits available to recover the asset.

Note 2. Significant accounting policies (continued)

Deferred tax assets and liabilities are offset only where there is a legally enforceable right to offset current tax assets against current tax liabilities and deferred tax assets against deferred tax liabilities; and they relate to the same taxable authority on either the same taxable entity or different taxable entities which intend to settle simultaneously.

Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

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

Cash and cash equivalents

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Trade and other receivables

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for expected credit losses. Trade receivables are generally due for settlement within 30 days.

The company has applied the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance. To measure the expected credit losses, trade receivables have been grouped based on days overdue.

Other receivables are recognised at amortised cost, less any allowance for expected credit losses.

Inventories

Finished goods are stated at the lower of cost and net realisable value on a 'weighted average cost' basis. Cost comprises of purchase and delivery costs, net of rebates and discounts received or receivable.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Financial instruments

Recognition, initial measurement and de-recognition

Financial assets and financial liabilities are recognised on the company's statement of financial position when the company becomes a party to the contractual provisions of the instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Note 2. Significant accounting policies (continued)

Classification and subsequent measurement of financial assets
Except for those trade receivables that do not contain a significant financing component and are measured at the transaction price, all financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets other than those designated and effective as hedging instruments are classified into the following categories upon initial recognition:
- amortised cost
- fair value through profit or loss (FVPL)
- equity instruments at fair value through other comprehensive income (FVOCI)
- debt instruments at fair value through other comprehensive income (FVOCI)

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within other expenses.

Financial assets at amortised cost
Financial assets with contractual cash flows representing solely payments of principal and interest and held within a business model of 'hold to collect' contractual cash flows are accounted for at amortised cost using the effective interest method. The company's trade and most other receivables fall into this category of financial instruments that were previously classified as loans and receivables under AASB 139.

Impairment of financial assets
Impairment of financial assets AASB 9's new forward-looking impairment model applies to the company's trade receivables. The application of the new impairment model depends on whether there has been a significant increase in credit risk.

Intangible assets
Contractual arrangements
Contractual arrangements relate to the costs of establishing exclusive supplier and customer relationships. Contractual arrangements have a finite useful life and are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of contractual arrangements over their estimated useful lives of 5 years. Amortisation commences from the time when the contractual arrangements are ready for use i.e. when the contracts have been signed by the relevant parties.

Capitalised product development costs and license fees
Research expenditure is recognised as an expenses as incurred. Cost incurred on development projects and licences (relating to the testing of new or improved products and registration of the products with regulatory bodies) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its cost can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including the costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense when incurred. Development costs previously recognised as an expense are not recorded as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life. Capitalised development costs and licenses are amortised over 5 years.

Plant and equipment
Each class of plant and equipment is carried at cost less, where applicable, any accumulated depreciation and impairment losses. Cost includes all directly attributable expenditure incurred including costs to get the asset ready for its use as intended by management. Cost includes an estimate of any expenditure expected to be incurred at the end of the asset's useful life, including restoration, rehabilitation and decommissioning costs.

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. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Note 2. Significant accounting policies (continued)

Plant and equipment is stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Depreciation is calculated on a straight-line basis to write off the net cost of each item of plant and equipment over their expected useful lives as follows:

Office equipment	30% - 37.5%
Furniture and fixtures	10% - 20%

The residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each reporting date.

An item of plant and equipment is derecognised upon disposal or when there is no future economic benefit to the company. Gains and losses between the carrying amount and the disposal proceeds are taken to profit or loss.

Right-of-use assets
A right-of-use asset is recognised at the commencement date of a lease. The right-of-use asset is measured at cost, which comprises the initial amount of the lease liability, adjusted for, as applicable, any lease payments made at or before the commencement date net of any lease incentives received, any initial direct costs incurred, and, except where included in the cost of inventories, an estimate of costs expected to be incurred for dismantling and removing the underlying asset, and restoring the site or asset.

Right-of-use assets are depreciated on a straight-line basis over the unexpired period of the lease or the estimated useful life of the asset, whichever is the shorter. Where the company expects to obtain ownership of the leased asset at the end of the lease term, the depreciation is over its estimated useful life. Right-of use assets are subject to impairment or adjusted for any re-measurement of lease liabilities.

The company has elected not to recognise a right-of-use asset and corresponding lease liability for short-term leases with terms of 12 months or less and leases of low-value assets. Lease payments on these assets are expensed to profit or loss as incurred.

Impairment of non-financial assets
Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Other non-financial assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Recoverable amount is the higher of an asset's fair value less costs of disposal and value-in-use. The value-in-use is the present value of the estimated future cash flows relating to the asset using a pre-tax discount rate specific to the asset or cash-generating unit to which the asset belongs. Assets that do not have independent cash flows are grouped together to form a cash-generating unit.

Trade and other payables
These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured and are usually paid within 30 days of recognition.

Borrowings
Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

Where there is an unconditional right to defer settlement of the liability for at least 12 months after the reporting date, the loans or borrowings are classified as non-current.

Note 2. Significant accounting policies (continued)

Lease liabilities
A lease liability is recognised at the commencement date of a lease. The lease liability is initially recognised at the present value of the lease payments to be made over the term of the lease, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the company's incremental borrowing rate. Lease payments comprise of fixed payments less any lease incentives receivable, variable lease payments that depend on an index or a rate, amounts expected to be paid under residual value guarantees, exercise price of a purchase option when the exercise of the option is reasonably certain to occur, and any anticipated termination penalties. The variable lease payments that do not depend on an index or a rate are expensed in the period in which they are incurred.

Lease liabilities are measured at amortised cost using the effective interest method. The carrying amounts are remeasured if there is a change in the following: future lease payments arising from a change in an index or a rate used; residual guarantee; lease term; certainty of a purchase option and termination penalties. When a lease liability is remeasured, an adjustment is made to the corresponding right-of use asset, or to profit or loss if the carrying amount of the right-of-use asset is fully written down.

Finance costs
Finance costs attributable to qualifying assets are capitalised as part of the asset. All other finance costs are expensed in the period in which they are incurred.

Employee benefits
Short-term employee benefits
Liabilities for wages and salaries, including non-monetary benefits, annual leave and long service leave expected to be settled wholly within 12 months of the reporting date are measured at the amounts expected to be paid when the liabilities are settled.

Other long-term employee benefits
The liability for annual leave and long service leave not expected to be settled within 12 months of the reporting date are measured at the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expect future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on high quality corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Issued capital
Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Goods and Services Tax ('GST') and other similar taxes
Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the tax authority. In this case it is recognised as part of the cost of the acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the tax authority is included in other receivables or other payables in the statement of financial position.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the tax authority, are presented as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the tax authority.

Net liability position
At 31 March 2021, the company had a net current asset deficiency of $1,076,259 (current assets less current liabilities) and net asset deficiency of $3,812,036(total assets less total liabilities).

Note 2. Significant accounting policies (continued)

The Directors have assessed the likely impact of the net liability position on the Company and have concluded that, for the 12 months from the date of signing the financial statements, that this will not impact the ability of the Company to continue operating. That conclusion has been reached because:

- The parent entity of the company has committed to supporting the company and will not withdraw their support for a period of at least 12 months.

Note 3. Critical accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Coronavirus (COVID-19) pandemic
Judgement has been exercised in considering the impacts that the Coronavirus (COVID-19) pandemic has had, or may have, on the company based on known information. This consideration extends to the nature of the products and services offered, customers, supply chain, staffing and geographic regions in which the company operates. Other than as addressed in specific notes, there does not currently appear to be either any significant impact upon the financial statements or any significant uncertainties with respect to events or conditions which may impact the company unfavourably as at the reporting date or subsequently as a result of the Coronavirus (COVID-19) pandemic.

Provision for impairment of inventories
The provision for impairment of inventories assessment requires a degree of estimation and judgement. The level of the provision is assessed by taking into account the recent sales experience, the ageing of inventories and other factors that affect inventory obsolescence.

Estimation of useful lives of assets
The company determines the estimated useful lives and related depreciation and amortisation charges for its property, plant and equipment, right-of use assets and finite life intangible assets. The useful lives could change significantly as a result of technical innovations or some other event. The depreciation and amortisation charge will increase where the useful lives are less than previously estimated lives, or technically obsolete or non-strategic assets that have been abandoned or sold will be written off or written down.

Income tax
The company is subject to income taxes in the jurisdictions in which it operates. Significant judgement is required in determining the provision for income tax. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The company recognises liabilities for anticipated tax audit issues based on the company's current understanding of the tax law. Where the final tax outcome of these matters is different from the carrying amounts, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Recovery of deferred tax assets
Deferred tax assets are recognised for deductible temporary differences only if the company considers it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Note 3. Critical accounting judgements, estimates and assumptions (continued)

Lease term
The lease term is a significant component in the measurement of both the right-of-use asset and lease liability. Judgement is exercised in determining whether there is reasonable certainty that an option to extend the lease or purchase the underlying asset will be exercised, or an option to terminate the lease will not be exercised, when ascertaining the periods to be included in the lease term. In determining the lease term, all facts and circumstances that create an economical incentive to exercise an extension option, or not to exercise a termination option, are considered at the lease commencement date. Factors considered may include the importance of the asset to the company's operations; comparison of terms and conditions to prevailing market rates; incurrence of significant penalties; existence of significant leasehold improvements; and the costs and disruption to replace the asset. The company reassesses whether it is reasonably certain to exercise an extension option, or not exercise a termination option, if there is a significant event or significant change in circumstances.

Incremental borrowing rate
Where the interest rate implicit in a lease cannot be readily determined, an incremental borrowing rate is estimated to discount future lease payments to measure the present value of the lease liability at the lease commencement date. Such a rate is based on what the company estimates it would have to pay a third party to borrow the funds necessary to obtain an asset of a similar value to the right-of-use asset, with similar terms, security and economic environment.

Employee benefits provision
As discussed in note 2, the liability for employee benefits expected to be settled more than 12 months from the reporting date are recognised and measured at the present value of the estimated future cash flows to be made in respect of all employees at the reporting date. In determining the present value of the liability, estimates of attrition rates and pay increases through promotion and inflation have been taken into account.

Note 4. Expenses

	2021 $	2020 $
Profit before income tax includes the following specific expenses:		
Finance costs		
Interest and finance charges paid/payable on borrowings	75,542	232,569
Interest and finance charges paid/payable on lease liabilities	7,217	8,142
Finance costs expensed	82,759	240,711
Net foreign exchange gain/loss		
Net foreign exchange (gain)/loss	(24,030)	8,565
Depreciation and amortisation expense		
Depreciation of property, plant and equipment	17,171	49,686
Depreciation of right-of-use assets	59,216	24,672
Amortisation of intangibles	192,432	674,799
Total depreciation and amortisation expense	268,819	749,157

Note 5. Income tax expense

	2021 $	2020 $
Income tax expense		
Deferred tax - origination and reversal of temporary differences	261,159	123,720
Aggregate income tax expense	261,159	123,720
Deferred tax included in income tax expense comprises:		
Decrease in deferred tax assets (note 12)	278,924	83,590
Increase/(decrease) in deferred tax liabilities (note 17)	(17,765)	40,130
Deferred tax - origination and reversal of temporary differences	261,159	123,720
Numerical reconciliation of income tax expense and tax at the statutory rate		
Profit before income tax expense	869,882	395,219
Tax at the statutory tax rate of 30%	260,965	118,566
Tax effect amounts which are not deductible/(taxable) in calculating taxable income:		
Entertainment expenses	215	2,749
Under/ (over) provision of income tax in prior year	-	2,405
Other non-deductible expenditure	(21)	-
Income tax expense	261,159	123,720

Note 6. Cash and cash equivalents

	2021 $	2020 $
Current assets		
Cash at bank	605,990	1,216,566

Note 7. Trade and other receivables

	2021 $	2020 $
Current assets		
Trade receivables	5,519,809	3,260,442
Sundry debtors and prepayments	51,957	87,122
	5,571,766	3,347,564

Note 8. Inventories

	2021 $	2020 $
Current assets		
Finished goods - at cost	3,586,413	2,470,712
Less: Provision for obsolete inventory	(1,304,684)	(593,404)
	2,281,729	1,877,308

Note 9. Right-of-use assets

	2021 $	2020 $
Non-current assets		
Land and buildings - right-of-use	162,845	162,845
Less: Accumulated depreciation	(83,888)	(24,672)
	78,957	138,173

	Land and buildings $
Balance at 1 April 2020	138,173
Depreciation expense	(59,216)
Balance at 31 March 2021	78,957

The total cash outflow for leases in 2021 was $84,535.

Note 10. Plant and equipment

	2021 $	2020 $
Non-current assets		
Fixtures and fittings - at cost	399,014	399,014
Less: Accumulated depreciation	(376,148)	(363,379)
	22,866	35,635
Office equipment - at cost	95,777	90,582
Less: Accumulated depreciation	(85,638)	(81,237)
	10,139	9,345
	33,005	44,980

Note 10. Plant and equipment (continued)

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Office equipment $	Furniture and fittings $	Total $
Balance at 1 April 2020	9,345	35,635	44,980
Additions	5,195	-	5,195
Depreciation expense	(4,401)	(12,769)	(17,170)
Balance at 31 March 2021	10,139	22,866	33,005

Note 11. Intangible assets

	2021 $	**2020** $
Non-current assets		
Capitalised legal costs	627,209	627,209
Less: Accumulated amortisation and impairment losses	(627,209)	(627,209)
	-	-
Capitalised product development costs and licence fees	6,792,716	6,471,116
Less: Accumulated amortisation and impairment losses	(5,636,116)	(5,443,684)
	1,156,600	1,027,432
	1,156,600	1,027,432

Reconciliations
Reconciliations of the written down values at the beginning and end of the current financial year are set out below:

	Capitalised legal costs $	Capitalised product development costs & licence fees $	Total $
Balance at 1 April 2020	-	1,027,432	1,027,432
Additions	-	321,600	321,600
Amortisation expense	-	(192,432)	(192,432)
Balance at 31 March 2021	-	1,156,600	1,156,600

Note 12. Deferred tax assets

	2021 $	2020 $
Deferred tax asset comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Property, plant and equipment	37,916	45,789
Employee benefits	91,853	72,484
Leases	25,798	43,304
Accrued expenses	80,970	49,131
Provision for stock adjustment	213,383	178,021
	449,920	388,729
Carry forward tax losses	765,512	1,105,627
Deferred tax asset	1,215,432	1,494,356
Movements:		
Opening balance	1,494,356	1,577,946
Charged to profit or loss (note 5)	(278,924)	(83,590)
Closing balance	1,215,432	1,494,356

Note 13. Trade and other payables

	2021 $	2020 $
Current liabilities		
Trade payables	310,880	475,953
Amounts payable to related parties	8,371,478	5,776,159
Withholding tax payable	1,838	5,400
Sundry creditors	653,717	344,182
	9,337,913	6,601,694

The entity holds a bank guarantee for a balance of $1,000 (2020: $1,000).

Note 14. Borrowings

	2021 $	2020 $
Non-current liabilities		
Loans payable to parent entity	5,177,298	6,709,310

Note 15. Lease liabilities

	2021 $	2020 $
Current liabilities		
Lease liabilities	67,029	56,489
Non-current liabilities		
Lease liabilities	18,966	87,858
	85,995	144,347

Note 16. Employee benefits

	2021 $	2020 $
Current liabilities		
Employee benefits	130,622	70,335

Note 17. Deferred tax liabilities

	2021 $	2020 $
Non-current liabilities		
Deferred tax liability comprises temporary differences attributable to:		
Amounts recognised in profit or loss:		
Right of return assets	23,687	41,452
Deferred tax liability	23,687	41,452
Movements:		
Opening balance	41,452	1,322
Charged/(credited) to profit or loss (note 5)	(17,765)	40,130
Closing balance	23,687	41,452

Dr Reddy's Laboratories (Australia) Pty Ltd
Notes to the financial statements
31 March 2021

Note 18. Issued capital

	2021 Shares	2020 Shares	2021 $	2020 $
Ordinary shares - fully paid	1,000,000	1,000,000	1,000,000	1,000,000

Ordinary shares
Ordinary shares entitle the holder to participate in dividends and the proceeds on the winding up of the company in proportion to the number of and amounts paid on the shares held. The fully paid ordinary shares have no par value and the company does not have a limited amount of authorised capital.

On a show of hands every member present at a meeting in person or by proxy shall have one vote and upon a poll each share shall have one vote.

Note 19. Accumulated losses

	2021 $	2020 $
Accumulated losses at the beginning of the financial year	(5,420,759)	(5,692,258)
Profit after income tax expense for the year	608,723	271,499
Accumulated losses at the end of the financial year	(4,812,036)	(5,420,759)

Note 20. Dividends

There were no dividends paid, recommended or declared during the current or previous financial year.

Note 21. Key management personnel disclosures

Compensation
The aggregate compensation made to directors and other members of key management personnel of the company is set out below:

	2021 $	2020 $
Aggregate compensation	425,754	379,109

Note 22. Parent and ultimate parent

The entity's parent is Dr. Reddy's Laboratories International SA based in Switzerland and the ultimate parent company is Dr. Reddy's Laboratories India Ltd.

Note 23. Contingent liabilities

There are no contingent liabilities as at the end of the current reporting year or prior reporting year.

Note 24. Related party transactions

Key management personnel
Disclosures relating to key management personnel are set out in note 21.

Transactions with related parties
The following transactions occurred with related parties:

	2021 $	2020 $
Sale of goods and services:		
Sale of goods to other related party	25,950	114,257
Payment for goods and services:		
Purchase of goods from related parties	13,193,503	10,874,184
Payment for other expenses:		
Interest paid to ultimate parent entity	75,542	232,569

Receivable from and payable to related parties
The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2021 $	2020 $
Current receivables:		
Trade receivables from other related party	-	5,236
Current payables:		
Trade payables to ultimate parent entity	8,371,478	5,776,159

Loans to/from related parties
The following balances are outstanding at the reporting date in relation to loans with related parties:

	2021 $	2020 $
Non-current borrowings:		
Loan payable to ultimate parent entity	5,177,298	6,709,310

Note 25. Events after the reporting period

No matter or circumstance has arisen since 31 March 2021 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

Dr Reddy's Laboratories (Australia) Pty Ltd
Directors' declaration
31 March 2021

In the directors' opinion:

- the attached financial statements and notes comply with the Corporations Act 2001, the Australian Accounting Standards - Reduced Disclosure Requirements, the Corporations Regulations 2001 and other mandatory professional reporting requirements;

- the attached financial statements and notes give a true and fair view of the company's financial position as at 31 March 2021 and of its performance for the financial year ended on that date; and

- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors made pursuant to section 295(5)(a) of the Corporations Act 2001.

On behalf of the directors

DocuSigned by:
Vikram Kotibhaskar
246AC366C70B479...

DocuSigned by:
CD27FBB858BF42F...

Vikram Pradeep Kotibhaskar
Country Head

Venkata Ananth Sarma Goparaju
Director

10th May 2021

Grant Thornton

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Melbourne Victoria 3008

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Independent Auditor's Report

To the Members of Dr Reddy's Laboratories (Australia) Pty Ltd

Report on the audit of the financial report

Opinion

We have audited the financial report of Dr Reddy's Laboratories (Australia) Pty Ltd (the Company), which comprises the statement of financial position as at 31 March 2021, the statement of profit or loss and other 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, and the Directors' declaration.

In our opinion, the accompanying financial report of the Company is in accordance with the *Corporations Act 2001*, including:

a giving a true and fair view of the Company's financial position as at 31 March 2021 and of its performance for the year ended on that date; and

b complying with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of our report. We are independent of the Company in accordance with the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Information other than the financial report and auditor's report thereon

The Directors are responsible for the other information. The other information comprises the information included in the Company's annual report for the year ended 31 March 2021 but does not include the financial report and our auditor's report thereon.

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

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

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

Responsibilities of the Directors' for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards – Reduced Disclosure Requirements and the *Corporations Act 2001*. The Directors' responsibility also includes such internal control as the Directors determine is necessary to enable the preparation of the financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 the Australian Auditing Standards 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 this financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/auditors_responsibilities/ar4.pdf. This description forms part of our auditor's report.

Grant Thornton

Grant Thornton Audit Pty Ltd
Chartered Accountants

D G Ng
Partner – Audit & Assurance

Melbourne, 10 May 2021

Independent Auditors' Report

To the Members of

Dr. Reddy's Laboratories B.V. (formerly Eurobridge Consulting B.V.)

We have audited the accompanying financial statements of **Dr. Reddy's Laboratories B.V. (formerly Eurobridge Consulting B.V.)** 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. 21202367AAABYF4574

Place: Hyderabad
Date: 11th May 2021

Dr. Reddy's Laboratories B.V. (formerly Eurobridge Consulting B.V.)
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			
Other Intangible assets	2.1	-	2,541,415
Financial assets			
Investments	2.2	-	-
		-	**2,541,415**
Current assets			
Financial assets			
Cash and cash equivalents	2.3	26,379	25,510
Other current assets	2.4	3	(0)
Total current assets		**26,382**	**25,510**
Total assets		**26,382**	**2,566,925**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.5	36,985	**36,985**
Other equity			
Retained earnings		(3,137,121)	**(361,188)**
Other reserves		511,905	474,691
Total equity		**(2,588,231)**	**150,488**
Non current liabilities			
Financial Liabilities			
Borrowings	2.6	2,354,617	2,165,478
		2,354,617	**2,165,478**
Current liabilities			
Financial Liabilities			
Trade payables	2.7	(324)	(313)
Other current financial liabilities	2.8	260,319	251,272
Total Liabilities		**259,995**	**250,959**
Total equity and liabilities		**26,382**	**2,566,925**

Significant accounting policies 1

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 **Dr. Reddy's Laboratories B.V.**

PSRVV Surya Rao
Partner
Membership No. 202367

Jasmine
Director

Hans Delnoij
Director

Place: Hyderabad
Date:

Dr. Reddy's Laboratories B.V. (formerly Eurobridge Consulting B.V.)

Statement of Profit and Loss

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

	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
Continuing operations			
Foreign exchange gain,net		-	-
Total Income		-	-
Expenses			
Employee benefit expenses	2.9	-	1,271
Finance costs	2.10	112,489	106,708
Selling and other expenses	2.11	2,663,444	18,340
Total expense		**2,775,933**	**126,320**
Loss before tax		**(2,775,933)**	**(126,320)**
Income tax expense		-	-
Loss for the year		**(2,775,933)**	**(126,320)**
Earnings per share:			
Basic earnings per share of EURO 10 each		(49,393.83)	(2,247.68)
Diluted earnings per share of EURO 10 each		(49,393.83)	(2,247.68)
Significant accounting policies	1		

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories B.V.**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Jasmine
Director

Hans Delnoij
Director

Place: Hyderabad
Date:

Dr. Reddy's Laboratories B.V. (formerly Eurobridge Consulting B.V.)

Statement of Changes in Equity

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

Total equity

Particulars	Share Capital		Reserves and Surplus			Total Equity
	Shares	Amount	Share Premium	Retained Earnings	Foreign currency translation reserve	
Balance as of 1 April 2020	**56,200**	**36,985**	**474,574**	**(361,188)**	**(15,681)**	**134,690**
Fresh issue		-	-			-
Foreign currency translation adjustments	-	-	-	-	53,012	53,012
Loss for the period	-	-	-	(2,775,933)	-	(2,775,933)
Balance as of 31 March 2021	**56,200**	**36,985**	**474,574**	**(3,137,121)**	**37,331**	**(2,588,231)**

Particulars	Share Capital		Reserves and Surplus			Total Equity
	Shares	Amount	Share Premium	Retained Earnings	Foreign currency translation reserve	
Balance as of 1 April 2019	**56,200**	**36,985**	**474,574**	**(234,868)**	**(15,798)**	**260,893**
Issue of equity shares	-	-	-	-	117	117
Loss for the period	-	-	-	(126,320)	-	(126,320)
Balance as of 31 March 2020	**56,200**	**36,985**	**474,574**	**(361,188)**	**(15,681)**	**134,690**

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories B.V.**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Jasmine
Director

Hans Delnoij
Director

Place: Hyderabad
Date:

Dr. Reddy's Laboratories B.V. (formerly Eurobridge Consulting B.V.)
Cash Flow Statement
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Operating activities		
Loss before taxation	(2,775,933)	(126,320)
Adjustments to reconcile profit before tax to net cash flows:		
Net foreign exchange differences	(84,798)	13,438
Finance costs	(112,489)	106,708
Impairment of intangibles	2,663,428	-
Loss on sale of investments	-	-
Operating cash flows before working capital changes	**(309,792)**	**(6,173)**
Working capital adjustments:		
Trade payables	-	(327)
Other assets and liabilities, net	9,032	77,351
	(300,760)	**70,851**
Income tax paid	-	-
Net cash flows from operating activities	**(300,760)**	**70,851**
Net cash flows used in investing activities		
Purchase of intangible assets	-	**(216,377)**
Sale of investments in subsidiaries		
Net cash flows used in investing activities	**-**	**(216,377)**
Net cash flows from/ (used in) financing activities		
Proceeds from issue of equity shares	-	-
Proceeds from / (Repayment of) long term borrowings,net	301,629	127,362
	301,629	**127,362**
Net increase / (decrease) in cash and cash equivalents	869	(18,165)
Cash and cash equivalents at the beginning of the year	25,510	41,614
Effect of foreign exchange loss on cash and cash equivalents	-	2,061
Cash and cash equivalents at the end of the year	**26,379**	**25,510**
Notes to the cash flow statement:		
Cash and cash equivalents at the end of the year	26,379	25,510
Cash and bank balances at the end of the year	**26,379**	**25,510**

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 **Euro Bridge Consulting B.V.**

PSRVV Surya Rao
Partner
Membership No. 202367

Jasmine
Director

Hans Delnoij
Director

Place: Hyderabad
Date:

Dr. Reddy's Laboratories B.V. (formerly Eurobridge Consulting B.V.)
Significant Accounting Policies & Notes to financial statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies

1.1 Description of the Company
Euro Bridge Consulting B.V. (" the Company") incorporated in Netherlands , is a 100% subsidiary of Reddy Netherlands B.V. with effect from 28 March 2018 *(formerly 100% subsidiary of Dr. Reddy's Research & Development B.V.).*

1.2 Basis of preparation of financial statements
The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

1.3 Use of estimates and judgments
The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.4 Significant accounting policies
Current and non-current classification
All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of financial statements.
Assets:
An asset is classified as current when it satisfies any of the following criteria:
a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realised within twelve months after the reporting date; or
d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
Liabilities:
A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

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

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

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

Revenue from contracts with customers
Sale of goods
Revenue is recognised when the control of the goods has been transferred to a third party, when the title passes to the customer, either upon shipment or upon receipt of goods by the customer and when the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product. Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.
Services Income
Revenue from services rendered, which primarily relate to contract research, is recognised in the statement of profit and loss as the underlying services are performed. Upfront non-refundable payments received under these arrangements are deferred and recognised as revenue over the expected period over which the related services are expected to be performed.
License fee
License fees primarily consist of income from the out-licensing of intellectual property, and other licensing and supply arrangements with various parties. Revenue from license fees is recognised when control transfers to the third party and the Company's performance obligations are satisfied. Some of these arrangements include certain performance obligations by the Company. Revenue from such arrangements is recognised in the period in which the Company completes all its performance obligations.

Interest income and dividend
Interest income primarily comprises of interest from term deposits with banks. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Dr. Reddy's Laboratories B.V. (formerly Eurobridge Consulting B.V.)
Significant Accounting Policies & Notes to financial statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies
Income tax
Income tax expense consists of current and deferred tax. Income tax expense is recognised in the statement of profit and loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:
• the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
• differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
• taxable temporary differences arising upon the initial recognition of goodwill.
Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Earnings per share
The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

Property, plant and equipment
Recognition and measurement
Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. General and specific borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.
When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.
Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in the statement of profit and loss.
The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of repairs and maintenance are recognised in the statement of profit and loss as incurred.
Items of property, plant and equipment acquired through exchange of non-monetary assets are measured at fair value, unless the exchange transaction lacks commercial substance or the fair value of either the asset received or asset given up is not reliably measurable, in which case the asset exchanged is recorded at the carrying amount of the asset given up.

Depreciation
Depreciation is recognised in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.
Leasehold improvements are depreciated over the period of the lease agreement or the useful life, whichever is shorter.
Depreciation methods, useful lives and residual values are reviewed at each reporting date and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.
The estimated useful lives are as follows:

	Years
Buildings	
- Factory and administrative buildings	20 to 30
- Ancillary structures	3 to 15
Plant and machinery	3 to 15
Furniture, fixtures and office equipment	3 to 10
Vehicles	4 to 5

Schedule II to the Companies Act, 2013 ("Schedule") prescribes the useful lives for various classes of tangible assets. For certain class of assets, based on the technical evaluation and assessment, the Company believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule.
Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other non-current assets. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

Other intangible assets
Other intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.
Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.
Intangible assets relating to products in development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognised immediately in the statement of profit and loss.
Amortisation
Amortisation is recognised in the statement of profit and loss on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the entity. Intangible assets that are not available for use are amortised from the date they are available for use.

Dr. Reddy's Laboratories B.V. (formerly Eurobridge Consulting B.V.)
Significant Accounting Policies & Notes to financial statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Note 1 Description of the Company and significant accounting policies

Inventories

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process.

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

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

Employee benefits

Short-term employee benefits

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

Defined contribution plans

The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

Provisions, contingent liabilities and contingent assets

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

Restructuring

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

Onerous contracts

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

Reimbursement rights

Expected reimbursements for expenditures required to settle a provision are recognised only when receipt of such reimbursements is virtually certain. Such reimbursements are recognised as a separate asset in the balance sheet, with a corresponding credit to the specific expense for which the provision has been made.

Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Financial instruments

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

Financial assets

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

Investments in subsidiaries

Investments in subsidiaries are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in subsidiaries , the difference between net disposal proceeds and the carrying amounts are recognised in the statement of profit and loss.

Impairment of trade receivables

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 18.

For this purpose, the Company follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

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

Financial liabilities

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

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

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

Cash and cash equivalents

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

Trade receivables

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

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Dr. Reddy's Laboratories B.V. (formerly Eurobridge Consulting B.V.)
Significant Accounting Policies & Notes to financial statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

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

1.5 Going Concern

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

1.6 Related Party Transactions

a. The company has the following related party transactions:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest expense to holding and other group companies		
Dr. Reddy's Research & Development B.V.	112,458	106,708

b. The company has the following amounts due from/to related parties :

Particulars	As at 31 March 2021	As at 31 March 2020
Due to holding company and other group companies(included in financial liabilities -borrowings and other current liabilities):		
Dr. Reddy's Research & Development B.V.	2,614,158	2,416,186
Reddy Netherlands B.V.	346	
Due from holding company and other group companies(included in financial liabilities -borrowings and other current liabilities):		
DRL Swiss	153	-

1.7 Taxation

a. Current Taxes

The Company is not liable to pay any current taxes on account of current year losses, brought forward losses and unabsorbed depreciation.

b. Deferred Taxes

The deferred tax liability has not been provided during the year as there is no liability arising out of any timing difference.

1.8 Provisions, Contingent Liabilities and Contingent Assets

Contingent liabilities and the crystallisation of these liabilities are dependent upon the outcome of court cases / arbitration / out of court settlement, disposal of appeals, the amount being called up, terms of contractual obligation, development and raising of demand by concerned parties, respectively. The Company has made adequate provisions, wherever required, in compliance with Ind AS 37 prescribed by the ICAI. Those contingent liabilities have arisen in the normal course of business and may not crystallise on the Company and may not have any material impact on the revenue.

Dr. Reddy's Laboratories B.V. (formerly Eurobridge Consulting B.V.)
Notes to Financial Statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.1 : Other intangible assets

Description	Gross Block					Amortisation				Net Block	
	As at 01.4.2020	Additions	Disposals	Forex	As at 31.03.2021	As at 01.4.2020	For the year	Disposals	As at 31.03.2021	As at 31.03.2021	As at 31.03.2020
Product related intangibles	2,541,415	-	2,663,428	122,013	-	-	-	-	-	-	2,541,415
										-	-
Total intangible assets	**2,541,415**	-	**2,663,428**		-	-	-	-	-	-	**2,541,415**
Previous Year	2,325,039	216,377	-		2,541,415	-	-	-	-	2,541,415	2,325,039

Dr. Reddy's Laboratories B.V. (formerly Eurobridge Consulting B.V.)

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

Note 2: Notes to the financial statements

Financial Assets

Investments carried at cost

	As at 31 March 2021	As at 31 March 2020
2.2: Investments in subsidiary companies		
OOO DRS LLC	-	-
	-	-

2.3 : Cash and cash equivalents	As at 31 March 2021	As at 31 March 2020
Balances with banks:		
- On current accounts	26,379	25,510
Cash and cash equivalents	26,379	25,510

Other non-financial assets

2.4 : Other current assets	As at 31 March 2021	As at 31 March 2020
Balances with statutory authorities	3	(0)
Other current assets	3	(0)

2.5 : Share capital	As at 31 March 2021	As at 31 March 2020
Authorised Share Capital		
100,000 (Previous year : 100,000) equity shares of Euro 10 each	55,863	55,863
Issued equity capital		
56,200 (Previous year : 56,200) equity shares of Euro 10 each	36,985	36,985
Subscribed and fully paid-up		
56,200 (Previous year : 56,200) equity shares of Euro 10 each	36,985	36,985
	36,985	36,985

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

Particulars	As at 31 March 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	56,200	36,985	56,200	36,985
Add:Shares issued during the year	-	-	-	-
Number of shares outstanding at the end of the year	**56,200**	**36,985**	**56,200**	**36,985**

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

The company has only one class of equity shares having a par value of Euro 10 per share. Each holder of equity shares is entitled to one vote per share.

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of equity shares held	% holding in the class	No. of equity shares held	% holding in the class
Dr. Reddy's Research & Development B.V.	-	-	-	-
Reddy Netherlands B.V.	56,200	100%	56200	100%

Financial Liabilities

2.6 : Borrowings	As at 31 March 2021	As at 31 March 2020
Non-current Borrowings		
From other parties		
Long term borrowings from holding company and other group companies	2,354,617	2,165,478
	2,354,617	2,165,478

2.7 : Trade payables	As at 31 March 2021	As at 31 March 2020
Trade payables	(324)	(313)
	(324)	(313)

2.8 : Other financial liabilities	As at 31 March 2021	As at 31 March 2020
Other current financial liabilities		
Accrued expenses	585	564
Other liabilities payable to holding and other group companies	259,734	250,708
	260,319	251,272

2.9 : Employee benefit expenses	For the year ended 31 March 2021	For the year ended 31 March 2020
Salaries, wages and bonus	-	1,271
	-	1,271

2.10 : Finance costs	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest on long term borrowings	112,489	106,708
	112,489	106,708

2.11 : Selling and other expenses	For the year ended 31 March 2021	For the year ended 31 March 2020
Legal and professional	15	42
Loss on sale of investments	-	-
Impaiment of intangibles	2,663,428	
Other general expenses	-	18,298
	2,663,444	18,340

Independent Auditors' Report

To the Members of
Dr. Reddy's Laboratories (Canada) Inc.

We have audited the accompanying financial statements of **Dr. Reddy's Laboratories (Canada) 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 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. 21202367AAABXS4178

Place: Hyderabad
Date: 11th May 2021

Dr. Reddy's Laboratories (Canada) Inc.
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	2.1	5,503	6,075
Financial assets			
Other financial assets	2.2	987	903
Deferred tax assets, net		3,558	6,484
Other non current assets	2.3	17,012	31,910
Total non current assets		**27,060**	**45,372**
Current assets			
Inventories	2.4	3,82,801	2,50,146
Financial assets			
Trade receivables	2.5	2,28,879	1,30,621
Cash and cash equivalents	2.6	24,096	24,885
Other assets	2.7	290	265
Other current assets	2.8	14,020	82,372
Total current assets		**6,50,086**	**4,88,289**
Total assets		**6,77,146**	**5,33,661**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.9	21	21
Other equity		4,31,183	3,50,172
Total equity		**4,31,204**	**3,50,193**
Current liabilities			
Financial Liabilities			
Trade payables	2.10	2,10,085	1,38,873
Other current financial liabilities	2.11	11,127	10,238
Provisions	2.12	13,739	26,160
Current tax liabilities, net		-	-
Other current liabilities	2.13	10,991	8,197
Total Liabilities		**2,45,942**	**1,83,468**
Total equity and liabilities		**6,77,146**	**5,33,661**

Significant accounting policies 1

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories (Canada) Inc.**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

C Swaminathan
Director

Sunil Kumar Chebrolu
Director

Place: Hyderabad
Date: 11 May 2021

Dr. Reddy's Laboratories (Canada) Inc.
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	2.14	15,13,321	15,29,278
Other Income	2.15	1	72
Total Income		**15,13,322**	**15,29,350**
Expenses			
Cost of material consumed		12,88,189	13,37,672
Employee benefits expense	2.16	77,379	58,813
Depreciation and amortisation expense	2.17	1,101	1,184
Finance costs	2.18	-	-
Other expenses	2.19	81,618	69,954
Total expense		**14,48,287**	**14,67,623**
Profit/(Loss) before tax		**65,035**	**61,727**
Tax expense			
Current tax		13,807	15,728
Deferred tax		3,452	(1,826)
Profit/(Loss) for the year		**47,776**	**47,825**
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	2.20	33,235	2,348
(ii) Income tax relating to items that will be reclassified to profit or loss			
Total Comprehensive income		**81,011**	**50,173**
Earnings per share:			
Basic - Par value of CAD 1 per share		1,19,440.75	1,19,562.50
Diluted - Par value of CAD 1 per share		1,19,440.75	1,19,562.50
Significant accounting policies	1		

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories (Canada) Inc.**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

C Swaminathan
Director

Sunil Kumar Chebrolu
Director

Place: Hyderabad
Date: 11 May 2021

Dr. Reddy's Laboratories (Canada) Inc.

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	Retained Earnings	Foreign currency translation reserve	
Balance as of 1 April 2019	**400**	**21**	**2,09,202**	**90,797**	**-**	**3,00,020**
Profit / (Loss) for the period				47,825	2,348	50,173
Balance as of 31 March 2020	**400**	**21**	**2,09,202**	**1,38,622**	**2,348**	**3,50,193**
Profit / (Loss) for the period				47,776	33,235	81,011
Balance as of 31 March 2021	**400**	**21**	**2,09,202**	**1,86,398**	**35,583**	**4,31,204**

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories (Canada) Inc.**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

C Swaminathan
Director

Sunil Kumar Chebrolu
Director

Place: Hyderabad
Date: 11 May 2021

Dr. Reddy's Laboratories (Canada) Inc.
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	65,035	61,727
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	1,101	1,184
Finance income	(1)	(72)
Finance costs	-	-
Net foreign exchange differences	26,078	380
Allowances for sales returns	-	-
Provision/(reversal of provision) for inventory obsolescence,net	-	-
Allowances for doubtful advances, net	-	46
Operating cash flows before working capital changes	**92,213**	**63,266**
Working capital adjustments:		
Trade receivables	(98,258)	(89,324)
Inventories	(1,32,655)	3,27,239
Trade and other payables	71,212	(1,25,414)
Other assets & liabilities,net	56,699	(71,624)
	(10,789)	**1,04,143**
Income tax paid	3,793	(88,030)
Net cash flows from operating activities	**(6,996)**	**16,113**
Net cash flows used in investing activities		
Purchase of property, plant and equipment	-	(1,834)
Finance income received	1	72
	1	**(1,762)**
Net cash flows from/ (used in) financing activities		
Interest paid		
Proceeds from issuance of share capital	-	-
	-	-
Net increase / (decrease) in cash and cash equivalents	(6,995)	14,351
Cash and cash equivalents at the beginning of the year	24,885	8,920
Effect of foreign exchange loss on cash and cash equivalents	6,206	1,614
Cash and cash equivalents at the end of the year	**24,096**	**24,885**
Notes to the cash flow statement:		
Cash and cash equivalents at the end of the year	24,096	24,885
Cash and bank balances at the end of the year	**24,096**	**24,885**

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors
of **Dr. Reddy's Laboratories (Canada) Inc.**

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

C Swaminathan
Director

Place: Hyderabad
Date: 11 May 2021

Sunil Kumar Chebrolu
Director

Dr. Reddy's Laboratories (Canada) Inc.

Significant Accounting Policies & Notes to financial statements

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

Note 1: Significant Accounting Policies & Notes to Accounts:

Description of the Company

Dr. Reddy's Laboratories (Canada) Inc. (" the Company") incorporated in Canada , is a 100% subsidiary of Dr. Reddy's Laboratories SA.

Basis of preparation of financial statements

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

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.

Dr. Reddy's Laboratories (Canada) Inc.

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.

Dr. Reddy's Laboratories (Canada) Inc.

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.

Dr. Reddy's Laboratories (Canada) Inc.

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

Note 2: Notes to financial statements (continued)

2.1 : Property, plant and equipment

Description	Gross Block					Depreciation				Net Block	
	As at 1.04.2020	Additions	Deletions	Forex adjustments	As at 31.03.2021	As at 1.04.2020	For the year	exchange adjustments	As at 31.03.2021	As at 31.03.2021	As at 31.03.2020
Office Equipment	7,389	-	-	688	8,076	1,314	1,101	158	2,573	5,503	6,075
Plant and Machinery	1,921	-	-	179	2,100	1,921	-	179	2,100	(0)	(0)
TOTAL	**9,310**	**-**	**-**	**867**	**10,176**	**3,235**	**1,101**	**337**	**4,673**	**5,503**	**6,075**
Previous Year	**7,597**	**1,834**	**-**	**(122)**	**9,310**	**1,999**	**1,184**	**52**	**3,235**	**6,075**	**5,598**

Dr. Reddy's Laboratories (Canada) Inc.

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
2.2 : Other financial assets		
Security Deposits	987	903
	987	**903**

	As at 31 March 2021	As at 31 March 2020
2.3 : Other non current assets		
Advance income tax, net of provision	17,012	31,910
	17,012	**31,910**

	As at 31 March 2021	As at 31 March 2020
2.4 : Inventories		
Finished goods	3,82,574	2,49,622
Stock-in-trade (goods acquired for trading)	227	524
	3,82,801	**2,50,146**

	As at 31 March 2021	As at 31 March 2020
2.5 : Trade receivables		
(Unsecured,considered good)		
Receivables from other parties	2,28,879	1,30,621
	2,28,879	**1,30,621**

	As at 31 March 2021	As at 31 March 2020
2.6 : Cash and cash equivalents		
Balances with banks:		
- On current accounts	24,096	24,885
	24,096	**24,885**

	As at 31 March 2021	As at 31 March 2020
2.7 : Other Assets		
Balances receivable from holding company and other group companies	-	-
Other assets	290	265
	290	**265**

Other Assets

	As at 31 March 2021	As at 31 March 2020
2.8: Other current assets		
(Unsecured, considered good)		
Balance with statutory agencies	12,399	11,886
Other current assets	-	69,455
Prepaid expenses	1,621	1,031
	14,020	**82,372**

Dr. Reddy's Laboratories (Canada) Inc.

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

2.9 : Share capital

	As at 31 March 2021	As at 31 March 2020
Authorised Share Capital		
400 (31 March 2020 : 400) equity shares of CAD 1 each	21	21
Issued equity capital		
400 (31 March 2020 : 400) equity shares of CAD 1 each	21	21
Subscribed and fully paid-up		
400 (31 March 2020 : 400) equity shares of CAD 1 each	21	21
	21	**21**

(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	400	21	400	21
Shares issued during the year	-	-	-	-
Number of shares outstanding at the end of the year	**400**	**21**	**400**	**21**

(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 SA	400	100%	400	100%

Financial Liabilities

2.10 : Trade Payables

	As at 31 March 2021	As at 31 March 2020
Payables to holding company and other group companies	1,99,664	1,31,680
Other payables	10,421	7,193
	2,10,085	**1,38,873**

2.11 : Other current financial liabilities

	As at 31 March 2021	As at 31 March 2020
Accrued expenses	11,546	8,123
Other liabilities payable to holding/group companies	(419)	2,115
	11,127	**10,238**

2.12 : Provisions

	As at 31 March 2021	As at 31 March 2020
Refund liability	13,739	24,956
Compensated absences	-	1,204
	13,739	**26,160**

Other Liabilities

2.13 : Other Current Liabilities

	As at 31 March 2021	As at 31 March 2020
Salary and bonus payable	10,991	8,197
	10,991	**8,197**

Dr. Reddy's Laboratories (Canada) Inc.
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
2.14 : Revenue from operations		
Sales	15,13,321	15,29,278
	15,13,321	**15,29,278**

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.15 : Other income		
Interest income	1	72
	1	**72**

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.16 : Employee benefits expense		
Salaries, wages and bonus	72,699	52,632
Contribution to provident and other funds	1,625	1,976
Staff Welfare expenses	3,055	4,205
	77,379	**58,813**

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.17 : Depreciation and amortisation expense		
Depreciation of property,plant and equipment	1,101	1,184
	1,101	**1,184**

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.18 : Finance costs		
Interest on long term borrowings	-	-
	-	-

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.19 : Other expenses		
Legal and professional	15,037	8,364
Selling expenses	19,659	14,241
Travelling and conveyance	-	6,171
Communication	750	531
Rent	6,373	5,466
Insurance	654	356
Foreign exchange loss, net	1,660	4,947
Other general expenses	37,485	29,878
	81,618	**69,954**

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.20 : Other comprehensive income		
Foreign currency translation reserve	33,235	2,348
	33,235	**2,348**

Dr. Reddy's Laboratories (Canada) Inc.

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:

2.21 Related Party Transactions

a. The company has the following related party transactions:

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Purchases and services rendered from holding company or other group companies:		
Dr. Reddy's Laboratories Limited	12,88,189	13,37,672

b. The company has the following amounts due from/to related parties :

Particulars	As at 31 March 2021	As at 31 March 2020
Due to holding company and other group companies(included in other current financial liabilities):		
Dr. Reddy's Laboratories Inc.	-	2,116
Dr. Reddy's Laboratories Louisiana LLC	-	-
Due from holding company and other group companies(included in other current financial asset):		
Dr. Reddy's Laboratories Inc.	419	67,428
Dr. Reddy's Laboratories SA	6,562	
Due to holding company and other group companies(included in trade payables):		
Dr. Reddy's Laboratories SA	-	6,140
Dr. Reddy's Laboratories Inc.	1,23,448	(85,464)
Dr. Reddy's Laboratories Limited	82,777	(52,356)

2.22 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

Deferred tax asset, net included in the balance sheet comprises the following:

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax assets / (liabilities)		
Operating loss carry forward		
Current liabilities and provisions		
Other current assets	452	104
Accounts receivable	3,630	6,604
Property, plant and equipment	(524)	(224)
Deferred tax asset, net	**3,558**	**6,484**

2.23 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

for and on behalf of the Board of Directors
of **Dr. Reddy's Laboratories (Canada) Inc.**

PSRVV Surya Rao
Partner
Membership No. 202367

C Swaminathan
Director

Sunil Kumar Chebrolu
Director

Place: Hyderabad
Date: 11 May 2021

Independent Auditors' Report

To the Members of
Dr. Reddy's Laboratories Chile SPA.

We have audited the accompanying financial statements of **Dr. Reddy's Laboratories Chile SPA..**, 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. 21202367AAABXU6540

Place: Hyderabad
Date: 11th May 2021

Dr. Reddy's Laboratories Chile SPA.
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	298	409
Financial assets			
Other financial assets	2.2 B	57,678	33,592
		57,976	**34,001**
Current assets			
Inventories	2.4	84,007	85,110
Financial assets			
Trade receivables	2.2 A	77,080	1,03,298
Cash and cash equivalents	2.2 C	18,519	6,710
Current tax assets (Net)		985	597
Other current assets	2.3	5,131	7,603
		1,85,722	**2,03,318**
Total assets		**2,43,698**	**2,37,319**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.5	1,40,039	65,285
Other equity		(70,656)	(1,17,564)
		69,383	**(52,279)**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	2.6 A	1,16,535	1,18,018
		1,16,535	**1,18,018**
Current liabilities			
Financial Liabilities			
Trade payables	2.6 C	36,870	1,60,024
Other financial liabilities	2.6 B	16,064	9,841
Liabilities for current tax, net		-	-
Provisions	2.7	2,662	866
Other current liabilities	2.8	2,184	849
		57,780	**1,71,580**
Total equity and liabilities		**2,43,698**	**2,37,319**

The accompanying notes are an integral part of financial statements.

As per our report of even date attached

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

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories Chile SPA.**

PSRVV Surya Rao
Partner
Membership No.: 202367

M V Ramana
Director

Sameer Natu
Director

Place: Hyderabad
Date: 11 May 2021

Dr. Reddy's Laboratories Chile SPA.
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	2.9	2,68,005	2,18,583
Other income	2.10	38,930	1,335
Total income		**3,06,935**	**2,19,918**
Expenses			
Cost of materials consumed		1,79,082	1,18,917
(Increase) / decrease in inventories of finished goods, work-in-progress and stock-in-trade	2.11	1,103	19,465
Employee benefits expense	2.12	44,265	41,451
Depreciation expense	2.13	159	218
Finance costs	2.14	2,542	2,885
Selling and other expenses	2.15	36,342	79,186
Total expenses		**2,63,493**	**2,62,122**
Profit/ (Loss) before tax		**43,442**	**(42,204)**
Tax expense			
Current tax		3	7
Deferred tax		-	-
Profit /(Loss) for the year		**43,439**	**(42,211)**
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		**3,469**	**1,043**
(ii) lncome tax relating to items that will be reclassified to profit or loss			
Total comprehensive Gain/ (Loss) for the year		**46,908**	**(41,168)**
Earnings per share:			
Basic earnings per share of CLP 1/- each		3.40	(6.57)
Diluted earnings per share of CLP 1/- each		3.40	(6.57)

The accompanying notes are an integral part of financial statements.

As per our report of even date attached

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

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories Chile SPA.**

PSRVV Surya Rao
Partner
Membership No.: 202367

M V Ramana
Director

Sameer Natu
Director

Place: Hyderabad
Date: 11 May 2021

Dr. Reddy's Laboratories Chile SPA.
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	**65,285**	**(1,18,607)**	**1,043**	**(52,279)**
Issue of equity shares	74,754			74,754
Profit for the year	-	43,439	3,469	46,908
Balance as at 31 March 2021	**1,40,039**	**(75,168)**	**4,512**	**69,383**

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	65,285	(76,396)	-	(11,111)
Issue of equity shares				-
Profit for the year	-	(42,211)	1,043	(41,168)
Balance as at 31 March 2020	**65,285**	**(1,18,607)**	**1,043**	**(52,279)**

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of
Dr. Reddy's Laboratories Chile SPA.

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

PSRVV Surya Rao
Partner
Membership No.: 202367

M V Ramana
Director

Sameer Natu
Director

Place: Hyderabad
Date: 11 May 2021

Dr. Reddy's Laboratories Chile SPA.
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		
Profit/(Loss) before tax	**43,442**	**(42,204)**
Adjustments:		
Depreciation and amortisation expense	159	218
Foreign exchange loss / (gain), net	1,273	3,406
Provisions/ Allowance for Doubtful debts	3,951	
Finance costs	2,542	2,885
Changes in operating assets and liabilities:		
Trade receivables	22,267	(63,258)
Inventories	1,103	19,465
Trade payables	(1,23,154)	40,519
Other assets and liabilities, net	(12,651)	(19,917)
Cash generated from operations	**(61,068)**	**(58,886)**
Income tax paid, net		
Net cash from / (used in) operating activities	**(61,068)**	**(58,886)**
Cash flows from / (used in) investing activities		
Proceeds from sale of property, plant and equipment	-	1,410
Purchase of property, plant and equipment	0	(206)
Net cash used in investing activities	**0**	**1,203**
Cash flows from / (used in) financing activities		
Proceeds from issue of equity shares	74,754	
Proceeds from (repayment of) long-term loans and borrowings, net	(4,025)	58,719
Net cash from / (used in) financing activities	**70,729**	**58,719**
Net increase / (decrease) in cash and cash equivalents	9,661	1,037
Effect of exchange rate changes on cash and cash equivalents	2,148	(2,309)
Cash and cash equivalents at the beginning of the year	6,710	7,982
Cash and cash equivalents at the end of the year	**18,519**	**6,710**

The accompanying notes are an integral part of financial statements.

As per our report of even date attached

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

for and on behalf of the Board of Directors of **Dr. Reddy's Laboratories Chile SPA.**

PSRVV Surya Rao
Partner
Membership No.: 202367

M V Ramana
Director

Sameer Natu
Director

Place: Hyderabad
Date: 11 May 2021

Dr. Reddy's Laboratories Chile SPA.

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

Note 1 Description of the Company and significant accounting policies

1.1 Description of the Company

Dr. Reddy's Laboratories Chile SPA.(" the Company") incorporated in Chile , is a 100% subsidiary of Dr. Reddy's Laboratories Limited SA.

1.2 Basis of preparation of financial statements

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

1.3 Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.4 Significant accounting policies

a) Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of financial statements.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Company’s normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company’s normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

b) Foreign currency transactions

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

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

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

c) Revenue

Sale of goods

Revenue is recognised when the control of the goods has been transferred to a third party, when the title passes to the customer, either upon shipment or upon receipt of goods by the customer and when the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer’s acceptance of the product. Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

Services Income

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

License fee

License fees primarily consist of income from the out-licensing of intellectual property, and other licensing and supply arrangements with various parties. Revenue from license fees is recognised when control transfers to the third party and the Company’s performance obligations are satisfied. Some of these arrangements include certain performance obligations by the Company. Revenue from such arrangements is recognised in the period in which the Company completes all its performance obligations.

d) Interest income and dividend

Interest income primarily comprises of interest from term deposits with banks. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dividend income is recognised when the Company’s right to receive the payment is established, which is generally when shareholders approve the dividend.

Dr. Reddy's Laboratories Chile SPA.
(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.

Dr. Reddy's Laboratories Chile SPA.
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

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.

Dr. Reddy's Laboratories Chile SPA.

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

Note 2 Notes to the financial statements

2.1 Property, plant and equipment

Particulars	Gross carrying value					Accumulated depreciation					Net carrying value	
	As at 1 April 2020	Additions	Disposals	Forex	As at 31 March 2021	As at 1 April 2020	For the year	Disposals	Forex	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Furniture, fixtures and office equipment	1,192	-	-	168	1,360	783	159	-	120	1,062	298	409
Vehicles	(0)	-	-	-	(0)	(0)	-	-	-	(0)	(0)	(0)
Total	**1,192**	**-**	**-**	**168**	**1,360**	**783**	**159**	**-**	**120**	**1,062**	**298**	**409**
Previous Year	4,021	207	(2,818)	(217)	1,192	2,136	218	(1,408)	(163)	783	409	1,885

Dr. Reddy's Laboratories Chile SPA.

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

Note 2 Notes to the financial statements (continued)

2.2 Financial assets

2.2 A. Trade receivables

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good	77,080	1,03,298
	77,080	**1,03,298**

2.2 B. Other non-current financial assets

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Security deposits	57,678	33,592
	57,678	**33,592**

2.2 C. Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Balances with banks:		
- In current accounts	18,519	6,710
Cash on hand	-	-
	18,519	**6,710**

2.3 Other current assets

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Balances with statutory authorities	2,074	4,394
Others	3,057	3,209
	5,131	**7,603**

2.4 Inventories

	As at 31 March 2021	As at 31 March 2020
Finished goods	84,007	85,110
	84,007	**85,110**

Dr. Reddy's Laboratories Chile SPA.

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

Note 2 Notes to the financial statements (continued)

Dr. Reddy's Laboratories Chile SPA.

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

Note 2 Notes to the financial statements (continued)

2.5 Share capital

	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
14,545,775 equity shares of CLP 100/- each (31 March 2020 : 6,700,000)	1,40,039	68,091
Issued equity capital		
14,545,775 equity shares of CLP 100/- each (31 March 2020 : 6,423,875)	1,40,039	65,285
Subscribed and fully paid-up		
14,545,775 equity shares of CLP 100/- each (31 March 2020 : 6,423,875)	1,40,039	65,285
	1,40,039	**65,285**

(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	64,23,875	65,285	64,23,875	65,285
Add: Equity shares issued during the year	81,21,900	74,754	-	-
Number of shares outstanding at the end of the year	**1,45,45,775**	**1,40,039**	**64,23,875**	**65,285**

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

The Company has only one class of equity shares having a par value of CLP 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
Dr. Reddy's Laboratories SA	1,45,45,775	100.00	64,23,875	100.00

2.6 Financial Liabilities

2.6 A. Non-current borrowings

	As at 31 March 2021	As at 31 March 2020
Unsecured		
Long-term loans from related parties	1,16,535	1,18,018
	1,16,535	**1,18,018**

2.6 B. Other current financial liabilities

	As at 31 March 2021	As at 31 March 2020
Accrued expenses	16,064	9,841
	16,064	**9,841**

2.6 C. Trade payables

	As at 31 March 2021	As at 31 March 2020
Trade payables to holding and other group companies	36,870	1,60,024
	36,870	**1,60,024**

2.7 Current provisions

	As at 31 March 2021	As at 31 March 2020
Provision for Compensated absences	2,662	866
	2,662	**866**

2.8 Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Salary and bonus payable	136	119
Due to statutory authorities	898	730
Others	1,150	-
	2,184	**849**

Dr. Reddy's Laboratories Chile SPA.

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

Note 2 Notes to the financial statements (continued)

2.9 Sales

	For the year ended 31 March 2021	For the period ended 31 March 2020
Sales	2,68,005	2,18,581
Other operating revenue	-	2
	2,68,005	**2,18,583**

2.10 Other income

	For the year ended 31 March 2021	For the period ended 31 March 2020
Foreign exchange Gain, net	38,927	-
Miscellaneous other income	3	1,335
	38,930	**1,335**

2.11 Changes in inventories of finished goods, work-in-progress and stock-in-trade

		For the year ended 31 March 2021		For the period ended 31 March 2020
Opening				
Finished goods	85,110	85,110	1,04,575	1,04,575
Closing				
Finished goods	84,007	84,007	85,110	85,110
		1,103		**19,465**

2.12 Employee benefits expense

	For the year ended 31 March 2021	For the period ended 31 March 2020
Salaries, wages and bonus	44,265	41,451
	44,265	**41,451**

2.13 Depreciation expense

	For the year ended 31 March 2021	For the period ended 31 March 2020
Depreciation of property, plant and equipment	159	218
	159	**218**

2.14 Finance costs

	For the year ended 31 March 2021	For the period ended 31 March 2020
Interest on long-term borrowings	2,542	2,885
Interest on other borrowings	-	-
	2,542	**2,885**

2.15 Selling and other expenses

	For the year ended 31 March 2021	For the period ended 31 March 2020
Other selling expenses	21,525	16,194
Legal and professional	1,696	917
Travel and conveyance	-	128
Insurance	454	232
Rent	1,430	1,545
Rates and taxes	2,651	630
Communication	110	108
Foreign exchange loss, net	-	54,902
Allowance for credit losses	3,951	
Other general expenses	4,525	4,530
	36,342	**79,186**

Dr. Reddy's Laboratories Chile SPA.

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

Note 2 Notes to the financial statements (continued)

2.16 Going Concern

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

2.17 Related parties

a) The following is a summary of related party transactions

Particulars	For the year ended 31 March 2021	For the period ended 31 March 2020
Interest expense to holding company or other group companies:		
Dr. Reddy's Laboratories SA	2,542	2,885

b) The Company had the following amounts due from / to related parties

Particulars	As at 31 March 2021	As at 31 March 2020
Due to holding company and other group companies(included in borrowings):		
Dr. Reddy's Laboratories SA	1,16,535	1,18,018
Due to holding company and other group companies(included in trade payables and other liabilities):		
Dr. Reddy's Laboratories Limited	36,870	1,60,024

2.18 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.

2.19 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 **Dr. Reddy's Laboratories Chile SPA.**

PSRVV Surya Rao
Partner
Membership No.: 202367

M V Ramana
Director

Sameer Natu
Director

Place: Hyderabad
Date: 11 May 2021

REGISTERED NUMBER: 02177715 (England and Wales)

Strategic Report, Report of the Directors and

Financial Statements

for the Year Ended 31st March 2021

for

Dr Reddy's Laboratories (EU) Limited

Dr Reddy's Laboratories (EU) Limited (Registered number: 02177715)

Contents of the Financial Statements for the year ended 31st March 2021

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Dr Reddy's Laboratories (EU) Limited

Company Information for the year ended 31st March 2021

DIRECTORS:	V Mannam A Walker
SECRETARY:	S Kushwaha
REGISTERED OFFICE:	Steanard Lane Mirfield West Yorkshire WF14 8HZ
REGISTERED NUMBER:	02177715 (England and Wales)
SENIOR STATUTORY AUDITOR:	Alan Brocklehurst
AUDITORS:	cbaSadofskys Statutory Auditors Princes House Wright Street Hull East Yorkshire HU2 8HX
BANKERS:	Bank of Scotland Aldgate House 1/4 Market Place Hull HU1 1RA

Dr Reddy's Laboratories (EU) Limited (Registered number: 02177715)

Strategic Report
for the year ended 31st March 2021

The directors present their strategic report for the year ended 31st March 2021.

REVIEW OF BUSINESS
The key financial highlights are as follows:

	2021 £	2020 £	2019 £	2018 £
Turnover - United Kingdom	551,266	443,464	672,842	919,510
Turnover growth - United Kingdom	24.3%	-34.1%	-26.8%	-76.2%
Turnover - Europe and other countries	18,950,942	24,016,225	26,637,067	30,631,666
Turnover growth - Europe and other countries	-21.1%	-10.0%	-13.04%	72.4%
Profit before tax	4,482,398	7,429,501	10,118,425	9,770,363
Profit before tax margin	23.0%	30.4%	37.1%	31.0%

In financial year 2020-21, Dr Reddy's Laboratories (EU) Limited recorded overall sales of £19.5mn. Turnover has decreased by 20% due to reduction in key products volumes for customers in North America and Europe markets.

During the current year before tax margins have fallen to £4.48mn, with a year on year decrease of 39.6% again to be attributed to reduction in sales.

There have been no significant changes in the infrastructure of the business except for a few employee additions. The combined number of employees across the two main sites operating with an average number of employees of 116 for current year compared to previous year of 114

Dr Reddy's Laboratories (EU) Limited (Registered number: 02177715)

Strategic Report
for the year ended 31st March 2021

PRINCIPAL RISKS AND UNCERTAINTIES

The company has identified the principal areas of risk that it faces as:

Financial instrument risk
The company has established a risk and financial management framework whose primary objectives are to protect the company from events that hinder the company's performance objectives. The objectives aim to ensure sufficient working capital exists and monitor the management of risk at a business unit level.

Impact of pharmaceutical regulations
The business is subject to various regulations and any tightening of these could have a negative impact on earnings.

Price risk
The company sells active pharmaceutical products. The prices of such products tend to reduce on account of severe pricing pressure and competition. This risk is managed by maintaining adequate levels of stock and introducing new products.

Foreign exchange risk
The company sells and purchases some products in foreign currencies. The risk is mitigated by monitoring foreign exchange rates on a daily basis and taking foreign exchange cover, if required.

Credit risk
Credit checks are carried out on all customers. Amounts outstanding for both time and credit limits are regularly monitored. The company has little experience of material bad debts in general.

Liquidity risk
Liquidity is the risk that the company will encounter difficulty in meeting obligations associated with financial liabilities. The company manages its cash flow to ensure that sufficient liquid resources are available to meet its operating needs.

Interest rate and cash flow risk
The company had a favourable cash balance during the year and therefore does not consider that interest rates or cash flow pose a significant risk.

Strategic Report
for the year ended 31st March 2021

SECTION 172(1) STATEMENT

The Board of Directors, in line with their duties under s172 of the Companies Act 2006, act in a way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole, and in doing so have regard to a range of matters when making decisions for the long term. Key decisions and matters that are of strategic importance to the Company are appropriately informed by s172 factors.

At Dr. Reddy's, our Board of Directors, management and employees are committed to upholding high standards of corporate governance and business ethics. We firmly believe that timely disclosures, transparent accounting policies, rigorous internal control systems and a strong and independent Board go a long way in preserving shareholder trust while maximising long-term shareholder value.

This s172 statement explains how the Dr. Reddys Directors:
- Have engaged with employees, suppliers, customers and others; and
-Have had regards to employee interests, the need to foster the company's business relationships with suppliers, customers and others, and the effect of that regards, including on the principal decisions taken by the company during the financial year.

The s172 statement focuses on matters of strategic importance to Dr. Reddys, and the level of information disclosed is consistent with the size and the complexity of the business.

General confirmation of Directors' duties

Dr. Reddys have a number of Committees appointed by the Board at group level to focus on specific areas and take informed decisions within the framework of delegated authority, and make specific recommendations to the Board. All decisions and recommendations of the committees are placed before the Board for information or for approval.
When making decisions, each Director ensures that they act in the way they consider, in good faith, would most likely promote the Company' success for the benefit of its members as a whole, and in doing so have regard (among matters) to:

The likely consequences of any decision in the long term

The Directors understand the business and the demand to innovate the latest products in order to find the most effective treatments in the pharmaceutical market. Dr. Reddy's vision and goal of 'Good Health Can't Wait' is what the business drives and strives for. The strategy set by the Board as a leader in the pharmaceutical industry is to ensure good health can be delivered to those who need it, and to promote wellness among them.

Whilst investing for the future, the Board also recognises that we must focus on meeting the current supply and demand of pharmaceuticals.

The Directors are guided by our principles - Empathy and Dynamism - which provide both guidance for our current behaviour and inspiration for our future actions.

The interests of the company's employees

At Dr. Reddy's employees are at the heart of our business. The Management team invites a fair and open two way relationship with all employees. We believe in respecting every individual, regardless of position. At Dr Reddy's employees are heard and have the opportunity to express their opinion. Organisation believes in equality and discourage any discrimination based on any caste, creed, race, religion age and gender etc. We are committed to employee's safety and well-being. Our HR policies are well documented and available to each employee. Management assumes responsibility that such policies are adhered to.

The talented and capable people have played a major role in powering and defining the growth of Dr. Reddys. We believe that when people with diverse skills are bound together by a common purpose and value system, they can make magic.

The need to foster the company's business relationships with suppliers, customers and others
Customers and suppliers are the key stakeholders in our business. In a competitive price driven environment, stock is the vital component at the keenest price. We engage in regular communication with our suppliers as well as customers. We recognise the fact that the stronger the relationships with suppliers the more we are able to serve our customers better. We remain committed to all our stakeholder for ethical business practices. The Company has put in practice a code of business conduct and ethics (CoBE) , every employee at Dr Reddy's is required to sign an undertaking, at least annually, that they have read such code and comply with its principles.

The impact of the company's operations on the community and environment
At Dr. Reddy's, Good Health Can't Wait is not just a slogan. But a belief that guides our thoughts, our behaviour and our actions. There are a number of initiatives that we've taken- from product development to patient management to helping doctors and partners delivers good health to patients.

Some of these were-life changing, for the patients. Like creating affordable option of complex, difficult to make medicines.

All of this is aimed of bringing good health to the community via innovative R&D, active pharmaceutical ingredients supply to Pharma industries and contribute in to overall community health system. The company strives to ensure that it focused on the larger community.

The desirability of the company maintaining a reputation for high standards of business conduct
Dr. Reddys Board periodically reviews their Corporate Governance requirements as the commitment to upholding the highest standards are set at board level but is filtered down throughout the whole group organisation.

The need to act fairly as between members of the company
The Directors consider and focus its attention to ensure that the company's performance is in line with their strategic vision for both the short and long term objectives. The impact of this on all of the stakeholders is reviewed. The Directors believe they act fairly.

The Board has created a culture of honesty, integrity and respect of the Dr. Reddys core values and principles. The company that has set a number guidelines on Code of Business Conduct and Ethics (COBE) through to various Environment and Employment policies.

Principal decisions
We define principal decisions taken by the Board as those decisions in 2020/21 that are of a strategic nature and that are significant to any of our key stakeholder groups. As outlined in the FRC Guidance on the Strategic Report, we include decisions related to capital allocation and dividend policy.

REVIEW OF CLOSING POSITION
Overall Dr Reddy's Laboratories (EU) Limited finds itself in a good financial position at the close of financial year 2020-21with a cash reserve of £1.76mn, which is higher than previous year by £0.75mn, with a positive net current asset. During the year the sales have decreased for known reasons but remains in line with expectations. The company has a healthy before tax margin. Such results are reflected accordingly in company's balance sheet. Dr Reddy's Laboratories (EU) Ltd net assets are £28.4mn as on reporting date, which is higher by £3.4m in comparison to previous year driven majorly by increase in receivables. During the year interest income has increased marginally by £83K, reason being incremental loan to the immediate parent company during the year.

Dr Reddy's Laboratories (EU) Limited (Registered number: 02177715)

**Strategic Report
for the year ended 31st March 2021**

FUTURE DEVELOPMENTS AND STRATEGY
Dr Reddy's Laboratories (EU) Limited operates from two sites with one focused mainly on manufacturing and the other on R&D. The manufacturing side has a portfolio of good stable products. The company expects that such portfolio will continue generating revenue in foreseeable future. However, the existing business is now maturing with its impact on revenues being visible, efforts need to be made to secure new growth business to supplement it. This new business will be a mixture of internal supply to parent company and external direct to customers. There are also products in development that are progressing well towards commercialisation. The primary activity of the R&D site is to undertake work on internal projects for its parent company Dr Reddy's laboratories Limited. These projects are typically complex and underpinned by in-house expertise and technology. Future manufacture of some of these products may be in its own manufacturing facilities and for others it will be within its parent company's assets. The company has continued to invest in development of new technology both through its own internal resources and through collaborations. This technology will be utilised in new internal projects.

With Covid 19 affecting the businesses and industries across the globe, 2021/22 will be challenging and may have corresponding uncertainties. Dr Reddy's Laboratories (EU) Limited will continue to monitor the situation, identify potential risk to business and plan for mitigation, if required.

ON BEHALF OF THE BOARD:

....
S Kushwaha - Secretary

Date: 6th May 2021

Report of the Directors
for the year ended 31st March 2021

The directors present their report with the financial statements of the company for the year ended 31st March 2021.

DIVIDENDS
No dividends will be distributed for the year ended 31st March 2021.

RESEARCH AND DEVELOPMENT
The principal research and development activities of the company are developing manufacturing routes to active pharmaceutical ingredients, in particular complex generic products. A limited number of projects are also undertaken for third party companies using the expertise and technology available within the R&D team.

FUTURE DEVELOPMENTS
These details have been provided in the company's strategic report.

DIRECTORS
The directors set out in the table below have held office during the whole of the period from 1st April 2020 to the date of this report unless otherwise stated.

Other changes in directors holding office are as follows:

G O'Shea - resigned 31/8/20
A Walker - appointed 15/9/20

The directors shown below were in office at 31st March 2021 but did not hold any interest in the Ordinary shares of £1 each at 1st April 2020 (or date of appointment if later) or 31st March 2021.

V Mannam
A Walker

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT
The company's principal financial instruments comprise bank balances, trade debtors and trade creditors. The main purpose of these instruments is to raise funds and finance the company's operations.

Revenue maintenance
The company actively markets and manages its portfolio of products to focus on revenue building and maintenance which, over the life cycle of the products can contribute to the future profits of the business.

Risks and uncertainties
These details have been provided in the company's strategic report.

ENGAGEMENT WITH EMPLOYEES
These details have been provided in the company's section 172(1) statement which is included in the strategic report.

ENGAGEMENT WITH SUPPLIERS, CUSTOMERS AND OTHERS
These details have been provided in the company's section 172(1) statement which is included in the strategic report.

STATEMENT OF CORPORATE GOVERNANCE ARRANGEMENTS
Dr. Reddy's Laboratories (EU) Limited believes that timely disclosures, transparent accounting policies coupled with a strong board go a long way in maintaining good corporate governance, preserving all stakeholders' trust and maximizing long-term corporate value. The company's corporate governance framework is based on the following main principles: Ethical business conduct by the board, management and employees. Well-developed systems of internal controls, Compliance to applicable local and international laws and financial reporting. Protection and facilitation of all stakeholders' rights. Adequate, timely and accurate disclosure of all material operational and financial information to relevant stakeholders.

Dr Reddy's Laboratories (EU) Limited (Registered number: 02177715)

Report of the Directors
for the year ended 31st March 2021

STREAMLINED ENERGY AND CARBON REPORTING
Dr Reddy's is a responsible corporate towards managing our climate impact within and beyond our sphere of influence. Under the ESOS scheme we have commissioned a full survey of the energy saving opportunities on our manufacturing site and was reviewed favourably by the inspectors from the Environment Agency. However, during the reporting year the company's total power consumption has slightly increased by 8% to KWH 1,228,604 with total energy consumption in 2020 being KWH 16,452,643. Where for year 2019 such energy consumption was KWH 15,224,039. The increase in power is as result of a variation in the production cycles and site activities.

The company is focused and committed to energy savings and reductions in consumption through sustainable means.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, cbaSadofskys, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

SKushwaha
....
S Kushwaha - Secretary

Date: 6th - May - 2021

Report of the Independent Auditors to the Members of Dr Reddy's Laboratories (EU) Limited

Opinion
We have audited the financial statements of Dr Reddy's Laboratories (EU) Limited (the 'company') for the year ended 31st March 2021 which comprise the Statement of Comprehensive Income, Balance Sheet, Statement of Changes in Equity and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:
- give a true and fair view of the state of the company's affairs as at 31st March 2021 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion
We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern
In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Other information
The directors are responsible for the other information. The other information comprises the information in the Strategic Report and the Report of the Directors, but does not include the financial statements and our Report of the Auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

Report of the Independent Auditors to the Members of Dr Reddy's Laboratories (EU) Limited

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Directors.

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors
As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Report of the Independent Auditors to the Members of Dr Reddy's Laboratories (EU) Limited

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:
- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we identified the laws and regulations applicable to the company through discussions with directors and other management, and from our commercial knowledge and experience of the pharmaceutical industry;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the company, including the Companies Act 2006, UK tax legislation, and data protection, anti-bribery, employment, environmental, health and safety legislation along with industry specific regulations and requirements such as compliance with regulations set out by the Department of Health and the Medicines and Healthcare products Regulatory Agency (MHRA);
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management and inspecting legal correspondence; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the company's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:
- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:
- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in note 2 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:
- agreeing financial statement disclosures to underlying supporting documentation;
- reading the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims; and
- reviewing correspondence with HMRC, relevant regulators, and the company's legal advisors.

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the directors and other management and the inspection of regulatory and legal correspondence, if any.

Report of the Independent Auditors to the Members of Dr Reddy's Laboratories (EU) Limited

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at www.frc.org.uk/auditorsresponsibilities. This description forms part of our Report of the Auditors.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Alan Brocklehurst (Senior Statutory Auditor)
for and on behalf of cbaSadofskys
Statutory Auditors
Princes House
Wright Street
Hull
East Yorkshire
HU2 8HX

6th May 2021

Dr Reddy's Laboratories (EU) Limited (Registered number: 02177715)

Statement of Comprehensive Income for the year ended 31st March 2021

	Notes	2021 £	2021 £	2020 £	2020 £
TURNOVER	3		19,502,208		24,459,689
Cost of sales			10,457,107		11,489,394
GROSS PROFIT			9,045,101		12,970,295
Distribution costs		73,476		38,903	
Administrative expenses		5,174,253		5,878,320	
			5,247,729		5,917,223
			3,797,372		7,053,072
Other operating income			477,033		418,288
OPERATING PROFIT	5		4,274,405		7,471,360
Interest receivable and similar income			207,993		124,776
			4,482,398		7,596,136
Interest payable and similar expenses	6		-		166,635
PROFIT BEFORE TAXATION			4,482,398		7,429,501
Tax on profit	7		1,004,082		1,524,261
PROFIT FOR THE FINANCIAL YEAR			3,478,316		5,905,240
OTHER COMPREHENSIVE INCOME			-		-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR			3,478,316		5,905,240

The notes form part of these financial statements

Dr Reddy's Laboratories (EU) Limited (Registered number: 02177715)

Balance Sheet
31st March 2021

	Notes	2021 £	2021 £	2020 £	2020 £
FIXED ASSETS					
Intangible assets	8		**1,590**		94,370
Tangible assets	9		**6,341,370**		6,397,250
Investments	10		**11,183,753**		11,183,753
			17,526,713		17,675,373
CURRENT ASSETS					
Stocks	11	**3,142,234**		3,180,145	
Debtors	12	**21,727,003**		19,282,475	
Cash at bank and in hand		**1,763,138**		1,015,734	
		26,632,375		23,478,354	
CREDITORS					
Amounts falling due within one year	13	**15,049,264**		15,750,030	
NET CURRENT ASSETS			**11,583,111**		7,728,324
TOTAL ASSETS LESS CURRENT LIABILITIES			**29,109,824**		25,403,697
PROVISIONS FOR LIABILITIES	15		**621,472**		393,661
NET ASSETS			**28,488,352**		25,010,036
CAPITAL AND RESERVES					
Called up share capital	16		**9,131,928**		9,131,928
Capital redemption reserve	17		**1,362**		1,362
Retained earnings	17		**19,355,062**		15,876,746
SHAREHOLDERS' FUNDS			**28,488,352**		25,010,036

The financial statements were approved by the Board of Directors and authorised for issue on 6th MAY 2021 and were signed on its behalf by:

A-Walker

A Walker - Director

The notes form part of these financial statements

Dr Reddy's Laboratories (EU) Limited (Registered number: 02177715)

Statement of Changes in Equity
for the year ended 31st March 2021

	Called up share capital £	Retained earnings £	Capital redemption reserve £	Total equity £
Balance at 1st April 2019	9,131,928	9,971,506	1,362	19,104,796
Changes in equity				
Total comprehensive income	-	5,905,240	-	5,905,240
Balance at 31st March 2020	9,131,928	15,876,746	1,362	25,010,036
Changes in equity				
Total comprehensive income	-	3,478,316	-	3,478,316
Balance at 31st March 2021	9,131,928	19,355,062	1,362	28,488,352

The notes form part of these financial statements

Dr Reddy's Laboratories (EU) Limited (Registered number: 02177715)

Notes to the Financial Statements
for the year ended 31st March 2021

1. STATUTORY INFORMATION

Dr Reddy's Laboratories (EU) Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

The presentation currency of the financial statements is the Pound Sterling (£).

The company's main place of business are:

Steanard Lane, Mirfield.

Cambridge Science Park, Cambridge

2. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions
The company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of paragraph 33.7.

Turnover
Turnover is the amount derived from ordinary activities, and stated after trade discounts, other sales tax and net of VAT.

Interest received
Interest received is accounted for when it is received.

Royalty income
Royalty income is accounted for when it is received.

Dividends received
Dividends received from subsidiary undertakings are accounted for when they are received.

Goodwill
Goodwill, being the amount paid in connection with the acquisition of a business in 2008, is being amortised evenly over its estimated useful life of ten years.

Intangible assets
The residual value of the patents purchased on 1st May 2008 are being amortised evenly over their estimated useful lives. This varied between 4 and 13 years at the date of purchase.

continued...

Dr Reddy's Laboratories (EU) Limited (Registered number: 02177715)

Notes to the Financial Statements - continued
for the year ended 31st March 2021

2. **ACCOUNTING POLICIES - continued**

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Freehold property	- 1% on cost and between 1 and 25 years on cost
Plant and machinery	- 20% on cost, 20% on reducing balance and between 1 and 15 years on cost
Fixtures and fittings	- between 3 and 5 years on cost
Computer equipment	- between 3 and 5 years on cost

Land is not depreciated.

Investments in subsidiaries
Investments in subsidiary undertakings are recognised at cost less any impairments.

Stocks
Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated on the weighted average and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Statement of Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Research, regulatory and development cost
Expenditure on research, regulatory and development cost is written off in the year in which it is incurred.

Foreign currencies
Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments
Rentals paid under operating leases are charged to profit or loss on a straight line basis over the period of the lease.

continued...

2. ACCOUNTING POLICIES - continued

Trade licences
Expenditure in respect of the renewal of trade licences is charged to the profit and loss account in the year in which it is incurred.

Patents
Patents were valued at cost as of the date at which the patent was first filed and amortised on a straight line basis over their useful economic lives.

Going concern
The company has the long term support from the group and as a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the uncertain economic outlook.

The directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis in preparing the annual financial statements.

Further information regarding the company's business activities, together with the factors likely to affect its future development, performance and position is set out in the Strategic Report.

3. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

An analysis of turnover by geographical market is given below:

	2021	2020
	£	£
United Kingdom	**551,266**	443,464
Rest of Europe	**9,788,913**	13,492,304
North/South America	**2,582,601**	4,078,187
Asia/Pacific	**6,579,428**	6,445,734
	19,502,208	24,459,689

4. EMPLOYEES AND DIRECTORS

	2021	2020
	£	£
Wages and salaries	**6,933,747**	7,049,020

The average number of employees during the year was as follows:

	2021	2020
Research and Development	**24**	23
Production/Other	**90**	89
Sales and Marketing	**2**	2
	116	114

continued...

Dr Reddy's Laboratories (EU) Limited (Registered number: 02177715)

Notes to the Financial Statements - continued
for the year ended 31st March 2021

4. EMPLOYEES AND DIRECTORS - continued

	2021	2020
	£	£
Directors' remuneration	-	-

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2021	2020
	£	£
Hire of plant and machinery	62,493	71,174
Depreciation - owned assets	1,083,366	1,041,769
Patents and licences amortisation	95,230	113,018
Auditors' remuneration	6,450	6,400
Auditors' remuneration for non audit work	12,600	8,650
Foreign exchange differences	341,473	252,282
Interest on loans from group undertakings	-	166,635
Interest on loans to group undertakings	(203,760)	(117,469)
(Reversal of) impairment losses for intangible fixed assets	-	(135,391)

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	2021	2020
	£	£
Loan interest	-	166,635

7. TAXATION

Analysis of the tax charge
The tax charge on the profit for the year was as follows:

	2021	2020
	£	£
Current tax:		
UK corporation tax	776,271	1,415,399
Deferred taxation	227,811	108,862
Tax on profit	1,004,082	1,524,261

UK corporation tax has been charged at 19% (2020 - 19%).

continued...

Dr Reddy's Laboratories (EU) Limited (Registered number: 02177715)

Notes to the Financial Statements - continued
for the year ended 31st March 2021

7. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss
The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2021 £	2020 £
Profit before tax	4,482,398	7,429,501
Profit multiplied by the standard rate of corporation tax in the UK of 19% (2020 - 19%)	851,656	1,411,605
Effects of:		
Expenses not deductible for tax purposes	14,496	20,734
Depreciation in excess of capital allowances	128,186	109,691
Depreciation on non-qualifying assets	9,744	7,955
(Reversal of) impairment losses for intangible fixed assets	-	(25,724)
Total tax charge	1,004,082	1,524,261

8. **INTANGIBLE FIXED ASSETS**

	Goodwill £	Patents and licences £	Totals £
COST			
At 1st April 2020	1,015,227	4,178,057	5,193,284
Additions	-	2,450	2,450
At 31st March 2021	1,015,227	4,180,507	5,195,734
AMORTISATION			
At 1st April 2020	1,015,227	4,083,687	5,098,914
Amortisation for year	-	95,230	95,230
At 31st March 2021	1,015,227	4,178,917	5,194,144
NET BOOK VALUE			
At 31st March 2021	-	1,590	1,590
At 31st March 2020	-	94,370	94,370

continued...

Dr Reddy's Laboratories (EU) Limited (Registered number: 02177715)

Notes to the Financial Statements - continued
for the year ended 31st March 2021

9. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Totals £
COST					
At 1st April 2020	1,930,822	11,802,993	323,527	286,965	14,344,307
Additions	-	868,393	-	163,593	1,031,986
Disposals	-	-	(4,500)	-	(4,500)
At 31st March 2021	1,930,822	12,671,386	319,027	450,558	15,371,793
DEPRECIATION					
At 1st April 2020	779,591	6,770,620	165,656	231,190	7,947,057
Charge for year	51,283	948,681	25,457	57,945	1,083,366
At 31st March 2021	830,874	7,719,301	191,113	289,135	9,030,423
NET BOOK VALUE					
At 31st March 2021	1,099,948	4,952,085	127,914	161,423	6,341,370
At 31st March 2020	1,151,231	5,032,373	157,871	55,775	6,397,250

10. FIXED ASSET INVESTMENTS

	Shares in group undertakings £
COST	
At 1st April 2020 and 31st March 2021	13,816,932
PROVISIONS	
At 1st April 2020 and 31st March 2021	2,633,179
NET BOOK VALUE	
At 31st March 2021	11,183,753
At 31st March 2020	11,183,753

continued...

10. FIXED ASSET INVESTMENTS - continued

The company's investments at the Balance Sheet date in the share capital of companies include the following:

Dr Reddy's Laboratories (UK) Limited
Registered office: 6 Riverview Road, Beverley, East Yorkshire, HU17 0LD
Nature of business: Manufacture of pharmaceutical products

Class of shares:	% holding
Ordinary	100.00

	2021 £	2020 £
Aggregate capital and reserves	**35,145,710**	32,855,867
Profit for the year	**2,289,843**	3,469,473

Chirotech Technology Limited
Registered office: Chirotech Technology Centre, 410 Cambridge Science Park, Milton Road, Cambridge, CB4 0PE
Nature of business: Non-Trading company

Class of shares:	% holding
Ordinary	100.00

	2021 £	2020 £
Aggregate capital and reserves	**11,180,226**	11,182,753
(Loss)/profit for the year	**(2,528)**	135,391

11. STOCKS

	2021 £	2020 £
Raw materials	**365,511**	576,282
Packing materials	**36,752**	42,969
Work-in-progress	**1,950,585**	1,925,580
Finished goods	**789,386**	635,314
	3,142,234	3,180,145

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021 £	2020 £
Trade debtors	**3,846,185**	5,864,202
Amounts owed by group undertakings	**1,534,318**	2,099,274
Other debtors	**11,858**	1,741
Amount owed by immediate parent	**15,318,892**	10,578,321
Taxation	**530,994**	288,722
VAT	**349,958**	326,856
Prepayments and accrued income	**134,798**	123,359
	21,727,003	19,282,475

continued...

Dr Reddy's Laboratories (EU) Limited (Registered number: 02177715)

Notes to the Financial Statements - continued
for the year ended 31st March 2021

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2021	2020
	£	£
Trade creditors	548,992	644,631
Amounts owed to group undertakings	11,202,135	11,202,093
Other creditors	31,495	1,315
Payment in advance	875,000	875,000
Accrued expenses	2,391,642	3,026,991
	15,049,264	15,750,030

14. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2021	2020
	£	£
Within one year	1,082,697	1,084,699
Between one and five years	1,090,169	1,112,402
In more than five years	-	8,835
	2,172,866	2,205,936

15. PROVISIONS FOR LIABILITIES

	2021	2020
	£	£
Deferred tax		
Accelerated capital allowances	621,472	393,661

	Deferred tax
	£
Balance at 1st April 2020	393,661
Charge to Statement of Comprehensive Income during year	227,811
Balance at 31st March 2021	621,472

16. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2021	2020
			£	£
9,131,928	Ordinary	£1	9,131,928	9,131,928

continued...

17. **RESERVES**

	Retained earnings £	Capital redemption reserve £	Totals £
At 1st April 2020	15,876,746	1,362	15,878,108
Profit for the year	3,478,316		3,478,316
At 31st March 2021	19,355,062	1,362	19,356,424

18. **ULTIMATE PARENT COMPANY**

The company's ultimate parent company is Dr Reddy's Laboratories Limited, a company registered in India. The group financial statements are available to the public and may be obtained from Door No 8-2-337, Road No 3, Banjara Hills, Hyderabad - 500034, India.

The company's immediate parent company is Dr Reddy's Laboratories SA, a company registered in Switzerland. The group financial statements are available to the public and may be obtained from , Elisabethenanlage 11 CH, 4051 Basel, Switzerland.

continued...

19. RELATED PARTY DISCLOSURES

At the balance sheet date, the company was owed amounts from the following related parties:

	2021	2020
	£	£
Dr Reddy's Laboratories Limited	1,388,745	2,052,335
Dr Reddy's SA	15,318,892	10,578,321
Dr Reddy's Laboratories (UK) Limited	153,535	46,939

At the balance sheet date, the company owed amounts to the following related parties:

	2021	2020
	£	£
Dr Reddy's Laboratories (UK) Limited	31,800	-

During the year the company made sales to the following related parties:

	2021	2020
	£	£
Dr Reddy's Laboratories Limited	632,514	532,239

During the year the company made management recharges to the following related parties:

	2021	2020
	£	£
Dr Reddy's Laboratories Limited	4,868,504	4,805,539

During the year the company made salary recharges to the following related parties:

	2021	2020
	£	£
Dr Reddy's Laboratories (UK) Limited	314,340	150,474

During the year the company received royalty income from its immediate parent company Dr Reddy's Laboratories SA of £75,624 (2020 - £40,186) and at the balance sheet date £10,829 was still outstanding (2020 - £40,186).

During the year the company loaned £4,750,000 (2020 - £6,500,000) to its immediate parent company Dr Reddy's Laboratories SA. At the balance sheet date £15,250,000 was outstanding (2020 - £10,500,000) and is included in the amounts due from related parties disclosure above.

During the year the company charged loan interest to its immediate parent company Dr Reddy's Laboratories SA of £183,833 (2020 - £117,469). At the balance sheet date £58,063 was outstanding (2020 - £38,135) and is included in the amounts due from related parties disclosure above.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Dr. Reddy's Laboratories Limited

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Dr. Reddy's Laboratories Inc. (the Company), which comprise the statement of financial position as at March 31, 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 separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying separate financial statements give a true and fair view of the financial position of the Company as at March 31, 2021, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the separate financial statements section of our report. We are independent of the Company in accordance with 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 these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the Separate financial statements

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

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

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

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

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

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate 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 separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Ernst & Young Associates LLP

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

Date: 12 May 2021.

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

PARTICULARS	Note	As of March 31, 2021	As of March 31, 2020
ASSETS			
Current assets			
Cash and cash equivalents	6	1,949,187	8,069
Trade and other receivables	7	253,886,342	306,863,382
Inventories	8	219,724,955	160,441,270
Tax assets		5,278,353	13,699,483
Other current assets	9	138,153,626	121,915,843
Total current assets		**618,992,463**	**602,928,047**
Non-current assets			
Property, plant and equipment	10	29,798,165	8,377,707
Goodwill	11	2,779,637	3,291,000
Other intangible assets	12	13,015,626	19,264,234
Deferred tax assets	13	25,091,565	19,100,233
Investments	14	86,818,736	40,322,816
Other non-current assets	9	1,643,243	1,399,248
Total non-current assets		**159,146,972**	**91,755,238**
Total assets		**778,139,435**	**694,683,285**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	15	377,547,181	398,585,266
Provisions	16	19,012,095	23,713,477
Short-term borrowings	17	-	10,500,000
Long-term borrowings, current portion	17	6,793,157	1,289,357
Bank overdraft	6	-	1,191,582
Other current liabilities	18	45,666,134	39,077,707
Total current liabilities		**449,018,567**	**474,357,389**
Non-current liabilities			
Long-term borrowings	17	23,185,572	6,198,739
Total non-current liabilities		**23,185,572**	**6,198,739**
Total liabilities		**472,204,139**	**480,556,128**
Equity			
Share capital	19	14,010,000	14,010,000
Share premium		66,580,135	20,096,182
Treasury shares		(14,000,000)	(14,000,000)
Share-based payment reserve		17,474,492	15,225,636
Other components of equity		221,870,669	178,795,339
Total equity		**305,935,296**	**214,127,157**
Total liabilities and equity		**778,139,435**	**694,683,285**

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

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

PARTICULARS	Note	For the year ended March 31, 2021	For the year ended March 31, 2020
Revenues	20	917,775,640	890,407,705
Cost of revenues		783,240,592	746,135,213
Gross profit		**134,535,048**	**144,272,492**
Selling, general and administrative expenses		91,158,912	94,348,087
Research and development expenses		6,835,426	8,292,635
Impairment of non-current assets		4,725,799	-
Other income, net	21	(13,796,022)	(14,591,939)
Total operating expenses		**88,924,115**	**88,048,783**
Results from operating activities (A)		**45,610,933**	**56,223,709**
Finance income	22	(981,627)	(89,278)
Finance expense	22	2,677,914	4,622,070
Finance (income)/expense, net (B)		**1,696,287**	**4,532,792**
Profit before tax [(A)+(B)]		**43,914,646**	**51,690,917**
Tax expense/(benefit), net		**10,035,320**	**(49,349,061)**
Profit for the year		**33,879,326**	**101,039,978**

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

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

PARTICULARS	For the year ended March 31, 2021	For the year ended March 31, 2020
Profit for the year	**33,879,326**	**101,039,978**
Other comprehensive income		
Items that will not be reclassified to the Income Statement	-	-
Total items that will not be reclassified to the Income statement	-	-
Items that will be reclassified subsequently to the Income statement:		
Foreign currency translation adjustments	9,196,005	(16,657,879)
Total of items that will be reclassified subsequently to the income statement	9,196,005	(16,657,879)
Other comprehensive income for the year, net of tax	-	-
Total comprehensive income for the year	**43,075,331**	**84,382,099**

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

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

Particulars	Number of Shares	Share Capital	Share premium	Share based payment	Treasury Shares	Foreign currency translation	Retained earnings	Total
Balance as of April 01, 2019 (A)	**1,401,000**	**14,010,000**	**20,000,000**	**13,132,381**	**(14,000,000)**	**(15,015,005)**	**109,428,245**	**127,555,621**
Profit for the year	-	-	-	-	-	-	101,039,978	101,039,978
Tax benefit from exercise of options	-	-	96,182	-	-	-	-	96,182
Foreign currency translation adjustments	-	-	-	-	-	(16,657,879)	-	(16,657,879)
Total Comprehensive income (B)	**-**	**-**	**96,182**	**-**	**-**	**(16,657,879)**	**101,039,978**	**84,478,281**
Share-based payment expense (Refer note 25)	-	-	-	2,093,255	-	-	-	2,093,255
Total transactions with owners of the Company (C)	**-**	**-**	**-**	**2,093,255**	**-**	**-**	**-**	**2,093,255**
Balance as of March 31,2020 [(A)+(B)+(C)]	**1,401,000**	**14,010,000**	**20,096,182**	**15,225,636**	**(14,000,000)**	**(31,672,884)**	**210,468,223**	**214,127,157**
Balance as of April 01, 2020 (A)	**1,401,000**	**14,010,000**	**20,096,182**	**15,225,636**	**(14,000,000)**	**(31,672,884)**	**210,468,223**	**214,127,157**
Profit for the year	-	-	-	-	-	-	33,879,326	33,879,326
Purchase of DRLNY from DRLSA*	-		46,483,953	-	-	-	-	46,483,953
Foreign currency translation adjustments	-	-	-	-	-	9,196,005	-	9,196,005
Total Comprehensive income (B)	**-**	**-**	**46,483,953**	**-**	**-**	**9,196,005**	**33,879,326**	**89,559,284**
Share-based payment expense (Refer note 25)	-	-	-	2,248,856	-	-	-	2,248,856
Total transactions with owners of the Company (C)	**-**	**-**		**2,248,856**			**-**	**2,248,856**
Balance as of March 31,2021 [(A)+(B)+(C)]	**1,401,000**	**14,010,000**	**66,580,135**	**17,474,492**	**(14,000,000)**	**(22,476,879)**	**244,347,549**	**305,935,297**

*In July 2011, Dr. Reddy’s Laboratories NewYork Inc. (DRLNY) was incorporated as a wholly-owned subsidiary of Dr. Reddys Laboratories SA, Switzerland (DRLSA). In October 2020, as part of the planned restructuring, DRLSA has transferred the ownership interest in DRLNY to the Company. As a result of this, effective October 30 2020, DRLNY becomes a wholly-owned subsidiary of the Company.

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

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

Particulars	**For the year ended March 31, 2021**	**For the year ended March 31, 2020**
Cash flows from operating activities:		
Profit for the year	33,879,326	101,039,978
Adjustments for:		
Tax expense/(benefit), net	10,035,320	(49,349,061)
Depreciation and amortization	10,777,135	6,355,414
Impairment of non-current assets	4,725,799	-
Allowance for credit losses	264,076	38,770
Provisions written back	-	(133,708)
Loss on sale or de-recognition of non-current assets, net	-	97,175
Share-based payment expense	2,248,856	2,093,255
Interest income	(981,627)	(89,278)
Refund Liability	14,770,928	20,973,919
Inventory write downs *(Refer to Note 8)*	16,118,681	34,865,355
Interest expense, net	2,689,383	4,544,010
Changes in operating assets and liabilities:		
Trade and other receivables	52,712,964	(100,347,356)
Inventories	(75,402,366)	(22,326,842)
Trade and other payables	(20,635,028)	68,813,867
Other assets and other liabilities, net	(29,082,919)	(27,850,284)
Cash generated from operations	**22,120,528**	**38,725,214**
Income tax paid/ (refund), net	774,555	(15,697,983)
Net cash from operating activities	**22,895,083**	**23,027,232**
Cash flows used in investing activities:		
Expenditures on property, plant and equipment	(43,305)	(62,886)
Expenditures on other intangible assets	(2,103,442)	(1,773,270)
Net cash used in investing activities	**(2,146,747)**	**(1,836,156)**
Cash flows from/(used in) financing activities:		
Proceeds from short term borrowings *(Refer to Note 17)*	7,000,000	40,000,000
Repayment of short term borrowings *(Refer to Note 17)*	(17,500,000)	(59,500,000)
Payment of principal portion of lease liabilities *(Refer to Note 17)*	(4,541,426)	(1,061,230)
Interest paid	(2,574,210)	(4,450,391)
Net cash used in financing activities	**(17,615,636)**	**(25,011,621)**
Net increase/ (decrease) in cash and cash equivalents	3,132,700	(3,820,545)
Cash and cash equivalents at the beginning of the year	(1,183,513)	2,637,032
Cash and cash equivalents at the end of the year (Refer to Note 6)	**1,949,187**	**(1,183,513)**

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

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

1. Reporting entity
Dr. Reddy's Laboratories, Inc., ("the Company"/ "DRI"), was incorporated on May 11, 1992 in the state of New Jersey. The Company is an importer of active pharmaceutical ingredients and chemical intermediary used in the pharmaceutical industry and generic finished dosage drug products for distribution to pharmaceutical wholesalers and retail chains. The Company's customers are primarily located throughout North America.

2. Basis of preparation of financial statements
a. Statement of compliance
These Standalone financial statements as of and for the year ended March 31, 2021 comply in all material aspects with the International Financial Reporting Standards and its interpretations ("IFRS") as issued by the International Accounting Standards Board ("IASB").

These standalone financial statements have been prepared by the Company as a going concern on the basis of relevant IFRS that are effective or elected for early adoption at the Company's annual reporting date, March 31, 2021. These standalone financial statements were authorized for issuance by the Company's Board of Directors on May 12, 2021.

b. Basis of measurement
These Standalone financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the statement of financial position:
• derivative financial instruments are measured at fair value;
• financial assets are measured either at fair value or at amortized cost, depending on the classification;
• long term borrowings, are measured at amortized cost using the effective interest rate method;
• share-based payments are measured at fair value and,
• right-of-use assets are recognized at the present value of lease payments that are not paid at that date. This amount is adjusted for any lease payments made at or before the commencement date, lease incentives received and initial direct costs, incurred, if any.

c. Functional and presentation currency
The Company operates as marketing arm of Dr. Reddy's Laboratories Limited ("the Ultimate Parent Company") and the operations of Company are largely restricted to import of finished goods from the Ultimate Parent Company in India, sale of these products in North America and remittance of the sale proceeds to the Ultimate Parent. The cash flows realized from sale of goods are readily available for remittance to the Ultimate Parent Company and cash is remitted to the parent Company on a regular basis. The costs incurred by Company are primarily the cost of goods imported from the ultimate parent. The financing of the Company is done directly or indirectly by the Ultimate Parent Company and hence the functional currency has been determined to be the functional currency of the Ultimate Parent Company, i.e. the Indian rupee.

All amounts included in the financial statements are reported in US dollar, (presentation currency). The assets and liabilities of the Company are translated into U.S. Dollar, at the rate of exchange prevailing at the balance sheet date. Revenues and expenses are translated into U.S. Dollar at average monthly exchange rates prevailing during the year. Resulting translation adjustment is included in Foreign Currency Translation Reserve (FCTR).

d. Use of estimates and judgments
The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the Standalone financial statements is included in the following notes:

- Note 2 (c) & 3 (a) — Assessment of functional currency for foreign operations;
- Note 3(b) and 26 — Financial instruments;
- Notes 3(e) and (f) — Useful lives of property, plant and equipment and intangible assets;
- Notes 3(g) – Determination of cost for right-of-use assets and lease term;
- Note 3(h) — Valuation of inventories;
- Notes 3 (i) and 30 — Assets and obligations relating to employee benefits;
- Note 3(j) — Provisions;
- Note 3(k) — Measurement of transaction price in a revenue transaction (Sales returns, rebates and chargeback provisions);
- Note 3(m) — Evaluation of recoverability of deferred tax assets;
- Note 3(n) — Share-based payment transactions;
- Note 3(p) — Business Combinations;
- Notes 3(q) — Measurement of recoverable amounts of cash-generating units;
- Note 28 — Contingencies.

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

3. Significant accounting policies

New Standards adopted by the Company

Amendments to IAS 1 and IAS 8: Definition of Material

The amendments provided a new definition to the word "material" as follows:

'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.

Amendments to IFRS 3: Definition of a Business

The amendments clarified the definition of a business for the purpose of identifying a business combination under IFRS 3, "Business Combinations". As per the revised definition, business is 'an integrated set of activities and assets that is capable of being conducted and managed for the purpose of providing goods or services to customers, generating investment income (such as dividends or interest) or generating other income from ordinary activities'.

A related amendment has been made to the definition of 'output' as an element of business.

The amendments include an election to use a 'concentration test'. This is a simplified assessment that would cause an acquisition to qualify as an asset acquisition. The concentration test is met if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets.

An entity is required to apply the amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020, and to asset acquisitions that occur on or after the beginning of that period.

This amendment had no impact on the standalone financial statements of the Company but may impact future periods should the Company enter into any business combinations.

Amendments to IFRS 7 and IFRS 9: Interest Rate Benchmark Reform

The IASB published "Interest Rate Benchmark Reform – Phase II (Amendments to IFRS 9, IAS 39 and IFRS 7)" representing the finalization of Phase II of the project on August 27, 2020 to address issues that might affect financial reporting when an existing interest rate benchmark is replaced with an alternative benchmark interest rate.

The amendments to IFRS 9, "Financial Instruments" provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainty about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument.

The amendments to IFRS 7, "Financial Instruments: Disclosures" prescribe the disclosures which entities are required to make for hedging relationships to which the reliefs as per the amendments in IFRS 9 are applied.

These amendments are applicable for annual periods beginning on or after January 1, 2020.

These amendments had no impact on the standalone financial statements of the Company as it does not have any interest rate hedge relationships.

Amendments to IFRS 16: COVID-19 related rent concessions

IFRS 16, "Leases" was amended by IASB on May 28, 2020 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 June 30, 2021 (for example, lease rents are reduced for a period up to June 30, 2021 and increased for periods thereafter); and
- there should be 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 January 1, 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 January 1, 2019.

The aforesaid amendments had no impact on the standalone financial statements of the Company.

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

Summary of significant accounting policies

a. Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies 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 Standalone financial statements are recognized in the income statement in the period in which they arise.

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

b. Financial instruments

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

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

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

Subsequent measurement

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

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

Debt instruments at amortized cost

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

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

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

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

Debt instrument at FVTOCI

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

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the standalone income statement. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified to the standalone income statement. Interest earned while holding a FVTOCI debt instrument is reported as interest income using the effective interest rate method.

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

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

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

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

Equity investments
All equity investments in scope of IFRS 9 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made 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 recognized in the OCI. There is no recycling of the amounts from OCI to the Standalone income statement, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.Equity investments designated as FVTOCI are not subject to impairment assessment.

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

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognized (i.e. removed from the Company's financial position) when:
• The rights to receive cash flows from the asset have expired; or
• Both (1) the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and (2) either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to 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 IFRS 9, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of IFRS 15.

For this purpose, the Company follows 'simplified approach' for recognition of impairment loss allowance on the trade receivable balances. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in 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 recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts.

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Gains or losses on liabilities held for trading are recognized in the Standalone income statement.

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

Loans and borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the period of the borrowings using the effective interest method.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortized cost using the effective interest rate method. Gains and losses are recognized in the standalone income statement when the liabilities are derecognized as well as through the effective interest rate amortization process.

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

Derecognition

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

Cash and cash equivalents

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

c. Current versus 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 IAS 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 realized 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 realized 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 classified as non-current.

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

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

Repurchase of share capital (treasury shares)
When share capital recognized as equity is repurchased, the amount of the consideration paid, which includes directly attributable costs, net of any tax effects, is recognized as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognized as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

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

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

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

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

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

Leasehold improvements are depreciated over period of the lease agreement or the useful life, whichever is shorter.
Depreciation methods, useful lives and residual values are reviewed at each reporting date and any changes are considered prospectively. The estimated useful lives are as follows:

Plant and equipment	3 - 15 years
Furniture, fixtures and office equipment	4 - 10 years
Vehicles	4 - 5 years
Buildings	5 years
Computer equipment	3 - 5 years

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

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

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

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

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

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

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditures are capitalized only if:
• development costs can be measured reliably;
• the product or process is technically and commercially feasible;
• future economic benefits are probable; and
• the Company intends to and has sufficient resources to complete development and to use or sell the asset.

The expenditures to be capitalized include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditures are recognized in the income statement as incurred.
As of March 31, 2021, none of the development expenditure amounts has met the aforesaid recognition criteria.

Payments to third parties that generally take the form of up-front payments and milestones for in-licensed products, compounds and intellectual property are capitalized. The Company's criteria for capitalization of such assets are consistent with the guidance given in paragraph 25 of International Accounting Standard 38 ("IAS 38") (i.e., receipt of economic benefits out of the separately purchased transaction is considered to be probable).

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

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

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

Amortization
Amortization is recognized in the standalone income statement on a straight-line basis over the estimated useful lives of intangible assets. The amortization expense is recognized in the income statement in the expense category that is consistent with the function of the intangible asset. Intangible assets that are not available for use are amortized from the date they are available for use.

The estimated useful lives are as follows

Product related intangibles	5 - 15 years
Other intangibles	3 - 15 years
Marketing rights	3 - 5 years

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date. Changes in the expected useful lives or expected pattern of consumption of future economic benefits embodied in the assets are considered to modify the amortization period or method, as appropriate and are treated as change in accounting estimate.

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Goodwill, intangible assets relating to products in development, other intangible assets not available for use and intangible assets having indefinite useful life are subject to impairment testing at each reporting date. All other intangible assets are tested for impairment when there are indications that the carrying value may not be recoverable. All impairment losses are recognized immediately in the standalone income statement under "Impairment of non-current assets".

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

g. Leases
The Company's accounting policies relating to leases for periods ending on or after April 1, 2019 are as follows:
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 the identified asset for a period of time in exchange for consideration. The Company recognized right-of-use asset at the commencement date of lease, i.e. the date the underlying asset is available for use. Assets and liabilities arising from a lease are initially measured on a present value basis.
Lease liabilities include the net present value of the following lease payments to be made over the lease term:
• fixed payments (including in-substance fixed payments), less any lease incentives receivable;
• variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
• amounts expected to be payable by the Company under residual value guarantees;
• the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
• payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. The Company's lease liabilities are included in borrowings.

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

Right-of-use assets are measured at cost less accumulated depreciation and accumulated impairment comprising the following:
• the amount of the initial measurement of lease liability;
• any lease payments made at or before the commencement date less any lease incentives received;
• any initial direct costs; and
• restoration costs.

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

Payments associated with short-term leases of equipment and vehicles and all leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT equipment and small items of office furniture.

The right-of-use assets are initially recognized on the statements of financial position at cost, which is calculated as the amount of the initial measurement of the corresponding lease liability, adjusted for any lease payments made at or prior to the commencement date of the lease, any lease incentive received and any initial direct costs incurred by the Company.

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 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 consists of packing materials which are 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 includes 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.

i. 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 recognized in the income statement.

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

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

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

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

Contingent liabilities and contingent assets
A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets are not recognized in the financial statements. 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 recognized in the period in which the change occurs.

k. Revenue
The Company's revenue is derived from sales of goods and service income. Most of such revenue is generated from the sale of goods. The Company has generally concluded that it is the principal in its revenue arrangements.

Sale of goods
Revenue is recognized when the control of the goods has been transferred to a third party. This is usually when the title passes to the customer, either upon shipment or upon 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.

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.

In arriving at the transaction price, the Company considers the terms of the contract with the customers and its customary business practices. The transaction price is the amount of consideration the Company is entitled to receive in exchange for transferring promised goods or services, excluding amounts collected on behalf of third parties. The amount of consideration varies because of estimated rebates, returns and chargebacks, which are considered to be key estimates. Any amount of variable consideration is recognized as revenue only to the extent that it is highly probable that a significant reversal will not occur. The Company estimates the amount of variable consideration using the expected value method.

Profit share revenues and milestone payments
The Company from time to time enters into marketing arrangements with certain business partners for the sale of its products in certain markets. Under such arrangements, the Company sells its products to the business partners at a non-refundable base purchase price agreed upon in the arrangement and is also entitled to a profit share which is over and above the base purchase price. The profit share is typically dependent on the business partner's ultimate net sale proceeds or net profits, subject to any reductions or adjustments that are required by the terms of the arrangement. Such arrangements typically require the business partner to provide confirmation of units sold and net sales or net profit computations for the products covered under the arrangement.

Revenue in an amount equal to the base purchase price is recognized in these transactions upon delivery of products to the business partners. An additional amount representing the profit share component is recognized as revenue only to the extent that it is highly probable that a significant reversal will not occur.

At the end of each reporting period, the Company updates the estimated transaction price (including updating its assessment of whether an estimate of variable consideration is constrained) to represent faithfully the circumstances present at the end of the reporting period and the changes in circumstances during the reporting period.

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 upon 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 either on achievement of such milestones, over the performance period depending on the terms of the contract. If milestone payments are creditable against future royalty payments, the milestones are deferred and released over the period in which the royalties are anticipated to be paid.

Royalty income earned through a license is recognized when the underlying sales have occurred.

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Provision for chargeback, rebates and discounts
Provisions for chargeback, rebates, discounts and Medicaid payments are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Company. Provisions for such chargebacks are accrued and estimated based on historical average chargeback rate actually claimed over a period of time, current contract prices with wholesalers/other customers and estimated inventory holding by the wholesaler.

Shelf stock adjustments

Shelf stock adjustments are credits issued to customers to reflect decreases in the selling price of products sold by the Company, and are accrued when the prices of certain products decline as a result of increased competition upon the expiration of limited competition or exclusivity periods. These credits are customary in the pharmaceutical industry, and are intended to reduce the customer inventory cost to better reflect the current market prices. The determination to grant a shelf stock adjustment to a customer is based on the terms of the applicable contract, which may or may not specifically limit the age of the stock on which a credit would be offered.

Refund Liability

The Company accounts for sales returns accrual by recording refund liability concurrent with the recognition of revenue at the time of a product sale. This liability is based on the Company's estimate of expected sales returns. The Company deals in various products and operates in various markets. Accordingly, the estimate of sales returns is determined primarily by the Company's historical experience in the markets in which the Company operates. With respect to established products, the Company considers its historical experience of actual sales returns, levels of inventory in the distribution channel, estimated shelf life, any revision in the shelf life of the product, product discontinuances, price changes of competitive products, and the introduction of competitive new products, to the extent each of these factors impact the Company's business and markets. With respect to new products introduced by the Company, such products have historically been either extensions of an existing line of product where the Company has historical experience or in therapeutic categories where established products exist and are sold either by the Company or the Company's competitors.

Services
Revenue from services rendered, which primarily relate to contract research, is recognized in the Standalone income statement 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.

License fees
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 recognized 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 recognized in the period in which the Company completes all its performance obligations.

l. 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.

m. Income tax

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

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

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

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

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

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

n. Share-based payment transactions

Equity settled share-based payment transactions

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

Cash settled share-based payment transactions

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

o. 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 Standalone income statement.

p. Business combinations

The Company uses the acquisition method of accounting to account for business combinations that occurred on or after April 1, 2009. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another. Control exists when the Company is exposed to, or has rights to variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive. The Company measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognized amount of any non-controlling interest in the acquiree, less the net recognized amount of the identifiable assets acquired and liabilities assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, a bargain purchase gain is recognized immediately in the Standalone income statement. Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Company to the previous owners of the acquiree, and equity interests issued by the Company. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to the settlement of pre-existing relationships. Any goodwill that arises on account of such business combination is tested annually for impairment.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not re-measured and the settlement is accounted for within equity. Otherwise, other contingent consideration is re-measured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recorded in the Standalone income statement. A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

On an acquisition-by-acquisition basis, the Company recognizes any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Transaction costs that the Company incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

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q. Impairment

Non-financial assets

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

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

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

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

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

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

r. Finance income and expense

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

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

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

4. Determination of fair values

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

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

- 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 recognized in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

External valuers are involved for valuation of significant assets, such as assets acquired in a business combination and significant liabilities, such as contingent consideration. Involvement of external valuers is determined by the Management, based on market knowledge, reputation, independence and whether professional standards are maintained.

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

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

(iii) *Inventories*
The fair value of inventories acquired in a business combination is determined based on its estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories.

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

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

5. Capital management
For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages it's capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using gearing ratio, which is total debt divided by total capital plus debt.
The capital gearing ratio as on 31 March 2021 and 31 March 2020 was 9% and 8% respectively.

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6. Cash and cash equivalents

Cash and cash equivalents consist of the following:

	As of	
	March 31, 2021	**March 31, 2020**
Current		
Cash on hand	1,714	1,914
Balances with banks	1,947,473	6,155
Cash and cash equivalents in the statements of financial position	**1,949,187**	**8,069**
Adjustment: Bank overdrafts used for cash management purposes	-	(1,191,582)
Cash and cash equivalents in the statements of cash flow	**1,949,187**	**(1,183,513)**

7. Trade and Other receivables

	As of	
	March 31, 2021	**March 31, 2020**
Current		
Trade and other receivables, net of chargebacks and rebates	254,732,216	307,144,609
Receivables from related parties*	1,694,024	1,994,595
Less: Allowance for credit losses	(2,539,898)	(2,275,822)
Trade and other receivables	**253,886,342**	**306,863,382**

* Refer note 23

The Company entered into an arrangement with a bank for the sale of its trade receivables. Under the arrangement, the Company sold to the bank certain of its trade receivables forming part of its Global Generics segment, on a non-recourse basis. The receivables sold were mutually agreed upon with the bank after considering the creditworthiness and contractual terms with the customer, including any gross to net adjustments (due to rebates, discounts etc.) from the contracted amounts. As a result, the receivables sold are generally lower than the total net amount of trade receivables. The Company has transferred substantially all the risks and rewards of ownership of such receivables sold to the bank, and accordingly, the same are derecognized in the statement of financial position.

As on March 31, 2021 and 2020, the amount of trade receivables de-recognized pursuant to the aforesaid arrangement was USD 126,576,595 and USD 119,591,114 respectively.

In accordance with IFRS 9, 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 IFRS 15. For this purpose, the Company uses a provision matrix to compute the expected credit loss amount for trade receivables. The provision matrix takes into account external and internal credit risk factors and historical data of credit losses from various customers.

The details of changes in allowance for credit losses during the year ended March 31, 2021 and March 31, 2020 are as follows:

	For the year ended	
	March 31, 2021	**March 31, 2020**
Balance at the beginning of the year	2,275,822	2,237,052
Provision made during the year, net of reversals	264,076	38,770
Balance at the end of the year	**2,539,898**	**2,275,822**

8. Inventories

Inventories consist of the following:

	As of	
	March 31, 2021	**March 31, 2020**
Finished goods	219,101,856	159,986,288
Packing materials, stores and spares	623,099	454,982
Total Inventories	**219,724,955**	**160,441,270**

During the years ended March 31, 2021 and 2020, the Company recorded inventory write-downs of USD 16,118,681 and USD 34,865,355 respectively which primarily relate to slow-moving provisions and adjustments to write the inventory to their realisable amounts. These adjustments are included as part of cost of revenues in the income statement.

Cost of revenues for the years ended March 31, 2021 and 2020 includes raw materials, consumables and changes in finished goods and work in progress recognized in the income statement USD 768,088,190 and USD 732,459,847 respectively. Cost of Revenues for the years ended March 31, 2021 and 2020, includes other expenditures recognized in the income statement of USD 15,152,402 and USD 13,675,366 respectively.

9. Other Assets

Other assets consist of the following:

	As of	
	March 31, 2021	**March 31, 2020**
Current		
Due from related parties*	133,579,987	116,636,593
Prepaid expenses	1,579,292	2,257,533
Other assets	2,994,347	3,021,717
Total Current Assets	**138,153,626**	**121,915,843**

* Refer note 23

Non-current		
Deposits and other assets	1,643,243	1,399,248
Total Non-current Assets	**1,643,243**	**1,399,248**

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10. Property plant and equipment:

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

Particulars	Plant & Machinery	Office equipment	Furniture & fixtures	Leasehold Improvements	Buildings	Other equipment*	Total
Gross Carrying Value							
Balance as of April 1, 2019	627,074	693,030	1,653,496	9,271,304	-	2,152,632	**14,397,536**
Recognition of right-of-use asset on initial application of IFRS 16	-	-	-	-	5,906,489	-	**5,906,489**
Adjusted balance as of April 1, 2019	**627,074**	**693,030**	**1,653,496**	**9,271,304**	**5,906,489**	**2,152,632**	**20,304,025**
Additions	-	-	-	-	-	66,076	66,076
Disposals	(244,942)	(14,194)	(12,678)	-	-	(8,130)	(279,944)
Effect of changes in foreign exchange rates	76,125	(59,616)	(142,798)	(797,519)	(518,716)	(301,506)	(1,744,030)
Balance as of March 31, 2020	**458,257**	**619,220**	**1,498,020**	**8,473,785**	**5,387,773**	**1,909,072**	**18,346,127**
Balance as of April 1, 2020	458,257	619,220	1,498,020	8,473,785	5,387,773	1,909,072	18,346,127
Additions	-	-	-	-	26,771,818	47,051	26,818,869
Disposals	-	-	-	-	-	-	-
Effect of changes in foreign exchange rates	27,494	23,879	55,556	296,138	1,109,332	44,818	1,557,217
Balance as of March 31, 2021	**485,751**	**643,099**	**1,553,576**	**8,769,923**	**33,268,923**	**2,000,941**	**46,722,213**
Accumulated Depreciation							
Balance as of April 1, 2019	308,083	549,745	1,550,757	4,876,548	-	2,119,665	**9,404,798**
Depreciation during the year	50,133	64,997	40,616	865,127	984,415	46,818	**2,052,106**
Disposals	(244,942)	(13,488)	(12,677)	-	-	(8,130)	**(279,237)**
Effect of changes in foreign exchange rates	83,702	(57,071)	(138,270)	(581,501)	(61,365)	(302,168)	**(1,056,673)**
Balance as at March 31, 2020	**196,976**	**544,183**	**1,440,426**	**5,160,174**	**923,050**	**1,856,185**	**10,120,994**
Balance as of April 1, 2020	196,976	544,183	1,440,426	5,160,174	923,050	1,856,185	10,120,994
Depreciation during the year	49,009	38,508	38,899	865,127	5,525,186	22,716	6,539,445
Disposals	-	-	-	-	-	-	-
Effect of changes in foreign exchange rates	27,556	16,238	48,028	45,595	103,755	89,001	330,173
Balance as of March 31, 2021	**273,541**	**598,929**	**1,527,353**	**6,070,896**	**6,551,991**	**1,967,902**	**16,990,612**
Net Carrying Value							
As of April 1, 2019	318,991	143,285	102,739	4,394,756	-	32,967	4,992,738
Add: Capital-work-in-progress							1,285,254
Total as of April 01, 2019							**6,277,992**
	261,281	75,037	57,594	3,313,611	4,464,723	52,887	8,225,133
Add: Capital-work-in-progress							152,574
Total as of March 31, 2020							**8,377,707**
As of March 31, 2021	212,210	44,170	26,223	2,699,027	26,716,932	33,039	29,731,601
Add: Capital-work-in-progress							66,564
Total as of March 31, 2021							**29,798,165**

**Others include electrical equipment, canteen equipment, lab equipment and computers.*

Capital commitment: As of March 31, 2021 and 2020 the Company had capital commitments of USD 5,690,000 and USD 786,375, respectively under agreements to purchase property plant and equipment and Intangible. This amount is net of capital advances paid in respect of such purchase commitments.

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Leases

The Company has lease contracts for Buildings used in its operations. Below are the carrying amounts of right-of-use assets recognized and the movements during the year included in the above property, plant and equipment.

Particulars	Buildings	Total
Gross Carrying Value		
Balance as of April 1, 2019	-	-
Recognition of right-of-use asset on initial application of IFRS 16	5,906,489	5,906,489
Adjusted balance as of April 1, 2019	**5,906,489**	**5,906,489**
Additions	-	-
Disposals	-	-
Effect of changes in foreign exchange rates	(518,716)	(518,716)
Balance as of March 31, 2020	**5,387,773**	**5,387,773**
Balance as of April 1, 2020	5,387,773	5,387,773
Additions[1]	26,771,818	26,771,818
Disposals	-	-
Effect of changes in foreign exchange rates	1,109,332	1,109,332
Balance as of March 31, 2021	**33,268,923**	**33,268,923**
Accumulated Depreciation		
Balance as of April 1, 2019	-	-
Depreciation during the year	984,415	984,415
Disposals	-	-
Effect of changes in foreign exchange rates	(61,365)	(61,365)
Balance as of March 31, 2020	**923,050**	**923,050**
Balance as of April 1, 2020	923,050	923,050
Depreciation during the year	5,525,186	5,525,186
Disposals	-	
Effect of changes in foreign exchange rates	103,755	103,755
Balance as of March 31, 2021	**6,551,991**	**6,551,991**
Net carrying value		
As of March 31, 2020	**4,464,723**	**4,464,723**
As of March 31, 2021	**26,716,932**	**26,716,932**

[1] Additions for the year ended March 31, 2021 pertains to recognition of a right-of-use asset relating to a warehousing services agreement.

The following are the amounts recognized in income statement:

Particulars	For the Year Ended March 2021	For the Year Ended March 2020
Depreciation expense of right-of-use assets	5,525,186	984,415
Interest expense on lease liabilities	876,304	1,094,780

The Company had total cash outflows for leases of USD 5,417,730 & USD 2,086,613 respectively for the year ended March 31, 2021 & 2020. The maturity analysis of lease liabilities are disclosed in Note 17 of these financial statements.

DR. REDDY'S LABORATORIES INC.
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11. Goodwill

Goodwill arising upon business acquisitions is not amortized but tested for impairment at least annually or more frequently if there is any indication that the cash generating unit to which goodwill is allocated is impaired.

The following table presents the changes in goodwill during the years ended March 31, 2021 and 2020:

	As of,	
	March 31, 2021	**March 31, 2020**
Opening balance, gross	3,291,000	3,291,000
Goodwill arising on business combinations during the year	-	-
Effect of translation adjustments	(511,363)	-
Impairment loss	-	-
Closing balance	**2,779,637**	**3,291,000**

For the purpose of impairment testing, goodwill is allocated to a cash generating unit, representing the lowest level within the Company at which goodwill is monitored for internal management purposes and which is not higher than the Company's operating segment.

The recoverable amounts of the above cash generating units have been assessed using a value-in-use model. Value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Initially a post-tax discount rate is applied to calculate the net present value of the post-tax cash flows. Key assumptions on which the Company has based its determinations of value-in-use include:

a) Estimated cash flows for five years based on management's projections.

b) Terminal value arrived by extrapolating last forecasted year cash flows to perpetuity, using a constant long-term growth rate of 0%. This long-term growth rate takes into consideration external macroeconomic sources of data. Such long-term growth rate considered does not exceed that of the relevant business and industry sector.

c) The post-tax discount rates used are based on the Company's weighted average cost of capital.

d) Value-in-use is calculated using after tax assumptions. The use of after tax assumptions does not result in a value-in-use that is materially different from the value-in-use that would result if the calculation was performed using before tax assumptions. The after tax discount rates used for impairment evaluation was 7.6% and the pre-tax discount rate was 9.1%.

The Company believes that any reasonably possible change in the key assumptions on which a recoverable amount is based would not cause the aggregate carrying amount to exceed the aggregate recoverable amount of the cash-generating unit.

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12. Other intangible assets

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

Particulars	Product related intangibles	Softwares	Marketing Rights	Total
Gross carrying value				
Balance as of April 1, 2019	25,938,210	3,371,470	1,874,123	31,183,803
Additions	1,715,000	58,137	400,000	2,173,137
Disposals/De-recognitions	-	-	-	-
Effects of changes in foreign exchange rates	(1,716,785)	(419,349)	(134,534)	(2,270,668)
Balance as of March 31, 2020	**25,936,425**	**3,010,258**	**2,139,589**	**31,086,272**
Balance as of April 1, 2020	25,936,425	3,010,258	2,139,589	31,086,272
Additions	2,035,000	234,700	-	2,269,700
Disposals/De-recognitions	(940,000)	-	-	(940,000)
Effects of changes in foreign exchange rates	414,908	109,287	74,773	598,968
Balance as of March 31, 2021	**27,446,333**	**3,354,245**	**2,214,362**	**33,014,940**
Amortization/impairment loss				
Balance as of April 1, 2019	6,410,528	1,790,627	404,704	8,605,859
Amortization for the year	3,188,938	629,488	484,882	4,303,308
Impairment loss	-	-	-	-
Disposals/De-recognitions	-	-	-	-
Effect of changes in foreign exchange rates	(937,344)	(49,810)	(99,975)	(1,087,129)
Balance as of March 31, 2020	**8,662,122**	**2,370,305**	**789,611**	**11,822,038**
Balance as of April 1, 2020	8,662,122	2,370,305	789,611	11,822,038
Amortization for the year	3,035,254	669,103	533,333	4,237,690
Impairment loss*	4,725,799	-	-	4,725,799
Disposals/De-recognitions	(500,000)	-	-	(500,000)
Effect of changes in foreign exchange rates	(316,575)	42,707	(12,345)	(286,213)
Balance as of March 31, 2021	**15,606,600**	**3,082,115**	**1,310,599**	**19,999,314**
Net carrying amount				
As of April 1, 2019	**19,527,682**	**1,580,843**	**1,469,419**	**22,577,944**
As of March 31, 2020	**17,274,303**	**639,953**	**1,349,978**	**19,264,234**
As of March 31, 2021	**11,839,733**	**272,130**	**903,763**	**13,015,626**

**Impairment loss recorded for the year ended March 31, 2021*

The Company has recorded an impairment loss of USD 4,725,799 for the year ended March 31, 2021 with regard to write down of certain product related intangibles on account of discontinuance of the sale of the product and accordingly such impairment was recorded under "Selling, general and administrative expenses" in the Company's income statement.

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13. Income taxes

a. Income tax expense/(benefit) recognized in the income statement

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

Particulars	For the year ended	
	March 31, 2021	**March 31, 2020**
Current taxes		
Current taxes expense/(benefit)	16,026,652	(48,489,681)
	16,026,652	**(48,489,681)**
Deferred taxes		
Deferred taxes expense/(benefit)	(5,991,332)	(859,380)
	(5,991,332)	**(859,380)**
Total income tax expense/(benefit) in income statement	**10,035,320**	**(49,349,061)**

The Company is considered as disregarded entity for the purpose of Income taxes. The tax expense in the Standalone Income Statement of the Company is on account of tax allocation from the consolidated tax expense/(benefit) of Dr. Reddy's Laboratories Inc.

The tax expenses are computed and presented at consolidated financial statements of Dr. Reddy's Laboratories Inc. as per the tax laws of the United States.

b. Income tax expense/(benefit) recognized directly in equity

There were no income tax expenses / benefits recognized directly in equity for the year ended March 31, 2021 and 2020.

c. Reconciliation of effective tax rate

Particulars	For the year ended	
	March 31, 2021	**March 31, 2020**
Profit before income taxes	43,914,646	51,690,917
Enacted tax rate in US	21.00%	21.00%
Computed expected tax expense/(benefit)	**9,222,076**	**10,855,093**
Expenses not deductible for tax purposes	18,932	32,461
Effect of permanent differences	846,818	378,990
Others	(52,506)	(2,025,230)
Effect on account of tax allocation from the consolidated tax benefit/ (expense) of Parent Company viz., Dr. Reddy's Laboratories Inc., based on parent-down approach	-	(58,590,375)
Income tax benefit	**10,035,320**	**(49,349,061)**
Effective tax rate	**22.85%**	**-95.47%**

The Company's weighted average effective tax rates for the years ended 31 March 2021 and 31 March 2020 were 22.85% and (95.47)% respectively.

d. Unrecognized deferred tax assets and liabilities

During the financial year ending March 31, 2021 and March 31, 2020 the Company did not have unrecognized deferred tax assets.

e. 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 of	
	March 31, 2021	**March 31, 2020**
Deferred tax assets/(liabilities):		
Property plant and equipment	4,312,343	2,641,358
Accounts receivable	10,365,554	8,394,896
Stock based compensation/ equity	113,109	205,803
Other current assets	9,809,605	7,389,713
Other current liabilities	490,954	468,463
Net deferred tax assets	**25,091,565**	**19,100,233**

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 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 realize the benefits of those recognized 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.

f. Movement in temporary differences during the years ended March 31, 2021 and 2020 :

The details of movement in deferred tax assets and liabilities are summarised below :

	As at March 31, 2020	**Movement**	**As at March 31, 2021**
Deferred tax assets/(liabilities):			
Property, plant and equipment and intangibles	2,641,357	1,670,986	4,312,343
Accounts receivable	8,394,896	1,970,658	10,365,554
Stock based compensation	205,803	(92,694)	113,109
Other current assets	7,389,713	2,419,892	9,809,605
Other current liabilities	468,464	22,490	490,954
Net deferred tax assets	**19,100,233**	**5,991,332**	**25,091,565**

	As at March 31, 2019	**Movement**	**As at March 31, 2020**
Deferred tax assets/(liabilities)			
Property, plant and equipment and intangibles	1,804,261	837,096	2,641,357
Accounts receivable	9,528,912	(1,134,016)	8,394,896
Stock based compensation	(32,109)	237,912	205,803
Other current assets	6,686,527	703,186	7,389,713
Other current liabilities	253,262	215,202	468,464
Net deferred tax assets	**18,240,853**	**859,380**	**19,100,233**

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14. Investments
Investment in Other Companies:

Name of the Entity	As of	
	March 31, 2021	March 31, 2020
Investment in Promisory note of Basepair Inc	334,783	322,816
Total investment in Other Companies	**334,783**	**322,816**

Investment in Subsidiaries & Joint Ventures:

Name of the Entity	As of	
	March 31, 2021	March 31, 2020
Dr. Reddy's Laboratories Louisiana LLC	40,000,000	40,000,000
Promius Pharma LLC	215,101,645	215,101,645
Dr. Reddy's Laboratories New York LLC	46,483,953	-
DRANU LLC*	-	6,085,900
	301,585,598	**261,187,545**
Less: Provision for diminution in value of investments (refer note 23)	(215,101,645)	(221,187,545)
Total investment in Subsidiaries & Joint Ventures	**86,483,953**	**40,000,000**
Total investment	**86,818,736**	**40,322,816**

*Company has transferred membership interests in DRANU, LLC effective from March 31, 2021. Effective from this date DRANU, LLC ceased to be a joint venture .

15. Trade and other payables
Trade and other payables consist of the following:

	As of	
	March 31, 2021	March 31, 2020
Due to related parties*	363,721,614	385,288,391
Others trade payables	5,263,686	4,570,793
Capital creditors	-	403,057
Creditors for expenses	8,561,881	8,323,025
Total	**377,547,181**	**398,585,266**

*refer note 23

For details regarding the Company's exposure to currency and liquidity risks, see Note 27 of these Standalone financial statements under "Liquidity risk".

16. Provisions
Provisions consist of the following:

Particluars	As of	
	March 31, 2021	March 31, 2020
Refund liability	19,012,095	23,713,477
Total	**19,012,095**	**23,713,477**

The details of changes in provisions during the period ended March 31, 2021 and 2020 are as follows:

Particluars	March 31, 2021	March 31, 2020
Balance as at beginning of the year	23,713,477	29,909,120
Provision made during the year, net of reversals	14,770,928	20,973,919
Provision used during the year	(19,472,310)	(27,169,562)
Balance as at end of the year	**19,012,095**	**23,713,477**

Refund liability is accounted for by recording a provision based on the Company's estimate of expected sales returns. See Note 3(k) for the Company's accounting policy on sales returns.

17. Loans and Borrowings

Short term borrowings

Particluars	As of March 31, 2021	As of March 31, 2020
Unsecured borrowings	-	10,500,000
Total Short term borrowings	**-**	**10,500,000**

The Company had uncommitted lines of credit of USD 50,000,000 and USD 39,500,000 as of March 31 2021 and 2020, respectively from its banks for working capital requirement. The Company has a right to draw upon these lines of credit based on its working capital requirement.
The interest rate of the above borrowings is LIBOR+125 basis points for March 31, 2021.

Long-term borrowings

Particluars	As of March 31, 2021	As of March 31, 2020
Long-term borrowings, Non Current Leases	23,185,572	6,198,739
Long-term borrowings, Current Leases	6,793,157	1,289,357
Total Long-term borrowings	**29,978,729**	**7,488,096**

Reconciliation of liabilities arising from financing activities during the year ended March 31, 2021 are as follows:

Particulars	Long-term borrowings*	Short-term borrowings	Total
Opening balance	7,488,096	10,500,000	17,988,096
Recognition of right-of-use liability during the year	26,771,818	-	26,771,818
Payment of principal portion of lease liabilities	(4,541,426)	-	(4,541,426)
Borrowings made during the year	-	7,000,000	7,000,000
Borrowings repaid during the year	-	(17,500,000)	(17,500,000)
Effect of changes in foreign exchange rates	260,241	-	260,241
Closing balance	**29,978,729**	**-**	**29,978,729**

*Includes current portion

Reconciliation of liabilities arising from financing activities during the year ended March 31, 2020 are as follows:

Particulars	Long-term borrowings*	Short-term borrowings	Total
Opening balance	-	30,000,000	30,000,000
Recognition of right-of-use liability on initial application of IFRS 16	8,549,326	-	8,549,326
Payment of principal portion of lease liabilities	(1,061,230)	-	(1,061,230)
Borrowings made during the year	-	40,000,000	40,000,000
Borrowings repaid during the year	-	(59,500,000)	(59,500,000)
Effect of changes in foreign exchange rates	-	-	-
Closing balance	**7,488,096**	**10,500,000**	**17,988,096**

The aggregate maturities of long-term loans and borrowings, based on contractual maturities, as of March 31, 2021 were as follows:

Maturing in the year ending March 31	Lease liability
2022	6,793,157
2023	7,176,096
2024	7,601,562
2025	7,453,474
2026	954,440
Thereafter	-
Total	**29,978,729**

The aggregate maturities of long-term loans and borrowings, based on contractual maturities, as of March 31, 2020 were as follows:

Maturing in the year ending March 31	Lease liability
2021	1,289,357
2022	1,448,552
2023	1,617,369
2024	1,811,454
2025	1,321,364
Thereafter	-
Total	**7,488,096**

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18. Other Liabilities

Other liabilities consist of the following:

Particulars	As of	
	March 31, 2021	**March 31, 2020**
Current Liabilities		
Accrued expenses	21,334,534	22,241,571
Advance from customers	829,785	1,067,770
Medicaid	13,174,097	11,204,062
Other Current Liabilities	1,131,321	1,615,210
Other liabilities – related parties*	9,196,397	2,949,094
Total Current Liabilities	**45,666,134**	**39,077,707**

*Refer Note 23

19. Share Capital

	As of	
	March 31, 2021	**March 31, 2020**
Authorized share capital	**14,010,000**	**14,010,000**
Fully paid up capital	**14,010,000**	**14,010,000**
As at April 01	14,010,000	14,010,000
Add: Additional paid up share capital	-	-
As at March 31	**14,010,000**	**14,010,000**

The Company presently has only one class of equity shares with an par value of USD 10 per share. For all matters submitted to vote in a shareholders meeting of the Company, every holder of an equity share, as reflected in the records of the Company on the date of the shareholders meeting shall have one vote in respect of each share held.

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

Treasury Shares:

During the fiscal year ended March 2000, the Company had acquired 25% of its then outstanding common stock held by a minority shareholder (Pharma, LLC) based on the terms of a Stock Redemption Agreement at values to be determined based on achievement of sales for certain covered products. As per the terms of agreement, contingent consideration payable as part of the transaction should not exceed USD 14,000,000 over the ensuing ten years.

Pursuant to negotiation and settlement of the initial arrangement, the Company agreed to pay the contingent consideration to Pharma LLC. Consequently, the total amount paid of USD 14,000,000 has been disclosed as treasury shares within the statement of changes in equity.

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20. Revenue from contract with customers

Revenue consists of the following:

	For the year ended	
	March 31, 2021	**March 31, 2020**
Sales to third parties	913,171,958	883,962,217
Sales to related parties*	4,153,109	4,147,437
Service income	450,573	2,298,051
Total Revenue	**917,775,640**	**890,407,705**

* Refer Note 23

Segment disclosure as per the requirement of IFRS 8 Operating Segments is not applicable to the Company, however for the purpose of disclosures under IFRS 15, the Company operations are majorly into Generics and Pharmaceutical Services and Active Ingredients ("PSAI").

Analysis of revenues by segments:	For the year ended	
Segment	**March 31, 2021**	**March 31, 2020**
Generics	873,355,299	847,133,890
PSAI	44,420,341	43,273,815
	917,775,640	**890,407,705**

An analysis of revenues by therapeutic areas in the Company's Generics segment is given below:

Analysis of revenues within the Generics segment:	For the year ended	
	March 31, 2021	**March 31, 2020**
Central Nervous System	291,929,266	238,813,301
Cardiovascular	105,912,361	122,056,483
Oncology	87,315,332	98,787,804
Gastrointestinal	100,679,407	92,179,782
Others	287,518,933	295,296,520
	873,355,299	**847,133,890**

The revenue of the Company based on country and based on the location of the customers is mainly United States.

Information about major customers

Revenues from two customers of the Company's Generics segment were USD 260,566,360 and USD 132,933,990 representing approximately 28% and 14% respectively of the Company's total revenues for the year ended March 31, 2021.

Revenues from two customers of the Company's Generics segment were USD 199,786,049 and USD 130,708,448 representing approximately 22% and 15% respectively of the Company's total revenues for the year ended March 31, 2020.

Details of significant gross to net adjustments

A roll-forward for each major accrual is presented below for our fiscal years ended March 31, 2020 and 2021 **(All values in U.S.$ millions)**

Particulars	**Chargebacks**	**Rebates**	**Medicaid**	**Refund liability**(3)
Beginning Balance: April 1, 2019	128	92	11	30
Current provisions relating to sales during the year(1)	1,468	319	20	21
Provisions and adjustments relating to sales in prior years	*	-	-	-
Credits and payments**	(1,441)	(331)	(19)	(27)
Ending Balance: March 31, 2020	**155**	**80**	**11**	**24**
Beginning Balance: April 1, 2020	155	80	11	24
Current provisions relating to sales during the year(2)	1,702	245	21	15
Provisions and adjustments relating to sales in prior years	*	-	-	-
Credits and payments**	(1,655)	(247)	(19)	(20)
Ending Balance: March 31, 2021	**202**	**78**	**13**	**19**

* Currently, the Company does not separately track provisions and adjustments, in each case to the extent relating to prior years for chargebacks. However, the adjustments are expected to be non-material. The volumes used to calculate the closing balance of chargebacks represent approximately 1.3 months equivalent of sales, which corresponds to the pending chargeback claims yet to be processed.

** Currently, the Company does not separately track the credits and payments, in each case to the extent relating to prior years for chargebacks, rebates, medicaid payments or refund liability.

(1) Chargebacks provisions for the year ended March 31, 2020 were higher compared to the year ended March 31, 2019, primarily as a result of higher sales volumes, which were partially offset due to a lower pricing rates per unit for chargebacks. Such lower pricing was primarily on account of a reduction in the invoice price to wholesalers for certain of the Company's products. The chargebacks payments for the year ended March 31, 2020 were lower compared to the year ended March 31, 2019, primarily as a result of higher pending chargebacks claims at March 31, 2020 as compared to March 31, 2019. The rebates provisions and the payments for the year ended March 31, 2020 were each lower as compared to the year ended March 31, 2019, primarily as a result of lower pricing rates per unit for rebates, due to a reduction in the invoice price to wholesalers for certain of the Company's products, which were partially offset by higher sales volumes during the year ended March 31, 2020 as compared to the year ended March 31, 2019.

(2) Chargebacks provisions and payments for the year ended March 31, 2021 were each higher as compared to the year ended March 31, 2020, primarily as a result of higher sales volumes and also due to higher pricing rates per unit for chargebacks, due to reduction in the contract prices through which the product is resold in the retail part of the supply chain for certain of the Company's products. The rebates provisions and payments for the year ended March 31, 2021 were each lower as compared to the year ended March 31, 2020, primarily as a result of lower pricing rates per unit for rebates, due to a reduction in the invoice price to wholesalers for certain of the Company's products and also due to reduction in the contract prices through which the product is resold in the retail part of the supply chain for certain of the Company's products, which were partially off-set by higher sales volumes during the year ended March 31, 2021 as compared to the year ended March 31, 2020.

(3) The Company's overall refund liability as of March 31, 2021 relating to its North America Generics business was USD 19,012,095, a compared to a liability of USD 23,713,477 as of March 31, 2020. This decrease in the Company's liability was primarily attributable to a lower refund liability allowance for the year ended March 31, 2021 as compared to the year ended March 31, 2020. Such allowance change was primarily due to certain product mix changes and recent trends in actual sales returns, together with the Company's historical experience and also the price reduction for certain products resulting into lower refund liability to be carried.

The estimates of "gross-to-net" adjustments relate mainly to sales return allowances in all such operations. The pattern of such sales return allowances is generally consistent with the Company's gross sales.

	For the year ended	
Particluars	**March 31, 2021**	**March 31, 2020**
Balance at the beginning of the year	23,713,477	29,909,120
Provision made during the year, net of reversals	14,770,928	20,973,919
Provision used during the year	(19,472,310)	(27,169,562)
Balance as at end of the year	**19,012,095**	**23,713,477**

Details of contract asset:

As mentioned in the accounting policies Note 3 (k) for sales returns as per, the Company recognises an asset i.e., right to the returned goods (included in inventories) for the products expected to be returned. The Company initially measures this asset at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. Along with remeasuring the refund liability at the end of each reporting period, the Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

As on March 31, 2021 and 2020, the Company has USD Nil and USD Nil, respectively as contract asset representing the right to the returned goods.

Details of contract liabilities

	As of	
	March 31, 2021	**March 31, 2020**
Advance from customers	829,785	1,067,770
Total	**829,785**	**1,067,770**

21. Other (income)/expense, net

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

	For the year ended	
	March 31, 2021	**March 31, 2020**
Corporate services provided to fellow group companies*	(13,961,664)	(14,240,212)
Royalty expense – related parties*	42,753	206,868
Other (income)/expense, net	122,889	(558,595)
Total	**(13,796,022)**	**(14,591,939)**

* Refer Note 23

22. Finance (income)/ expense

Finance income consist of the following:

	For the year ended	
	March 31, 2021	**March 31, 2020**
Interest income	(981,627)	(89,278)
Total	**(981,627)**	**(89,278)**

Finance expense consist of the following:

	For the year ended	
	March 31, 2021	**March 31, 2020**
Foreign exchange (Gain)/ Loss	(11,469)	78,060
Interest expense	2,689,383	4,544,010
Total	**2,677,914**	**4,622,070**

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23. Related parties

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

Dr. Reddy's Laboratories Limited	Ultimate Parent Company
Dr. Reddy's Laboratories SA	Parent Company
Industrias Quimicas Falcon de Mexico, S.A.de C.V.	Company under common control
Dr. Reddy's Laboratories Louisiana LLC	Subsidiary Company
Dr. Reddy's Laboratories New York LLC*	Subsidiary Company
Betapharm Arzneimittel GmbH	Company under common control
Dr. Reddy's Laboratories Canada, Inc.	Company under common control
Promius Pharma LLC	Subsidiary Company
DRANU LLC**	Joint venture

** Dr. Reddy's Laboratories SA has transferred the ownership interest in Dr. Reddy's Laboratories New York LLC (DRLNY) to the Company. With effect October 30, 2020, DRLNY becomes a wholly-owned subsidiary of the Company.*

*** Transferred membership interests in DRANU, LLC effective from March 31, 2021.*

The following is a summary of significant related party transactions:

Purchases from related parties	March 31, 2021	March 31, 2020
Dr. Reddy 's Laboratories Limited	481,613,897	449,538,280
Industrias Quimicas Falcon De Mexico	4,114,586	2,503,782
Dr. Reddy's Laboratories Louisiana LLC	17,123,584	13,731,461
Dr. Reddy's Laboratories , SA	233,753,948	182,385,429
Betapharm Arzneimittel GmbH	7,596,776	9,551,948
Total	**744,202,791**	**657,710,900**

Profit/(loss) share to related parties	March 31, 2021	March 31, 2020
Dr. Reddy's Laboratories Louisiana LLC	(637,906)	(90,137)
Promius Pharma LLC	-	(103,251)
Total	**(637,906)**	**(193,388)**

Sales to related parties	March 31, 2021	March 31, 2020
Dr. Reddy's Laboratories Canada Inc.	4,153,109	4,147,437
Total	**4,153,109**	**4,147,437**

Services to related parties	March 31, 2021	March 31, 2020
Dr. Reddy 's Laboratories Limited	8,467,493	8,268,364
Dr. Reddy's Laboratories , SA	5,494,171	5,971,848
Total	**13,961,664**	**14,240,212**

Other income (from)/to related parties	March 31, 2021	March 31, 2020
Dr. Reddy's Laboratories Limited	42,753	206,868
Total	**42,753**	**206,868**

Net Advances given to/(repaid by) related parties	March 31, 2021	March 31, 2020
Dr. Reddy's Laboratories Louisiana LLC	14,714,888	13,535,979
Dr. Reddy's Laboratories New York LLC	3,341,649	2,126,168
Promius Pharma LLC	-	(30,000,000)
Total	**18,056,537**	**(14,337,853)**

The Company has the following amounts due from related parties (included in other current assets and Trade and Other receivables):

Due from related parties	March 31, 2021	March 31, 2020
Dr. Reddy's Laboratories Limited	2,191,059	3,845,995
Dr. Reddy's Laboratories New York LLC	40,713,713	36,799,722
Dr. Reddy's Laboratories Louisiana LLC	89,982,836	74,751,853
Dr. Reddy's Laboratories, SA	692,379	1,209,803
Dr. Reddy's Laboratories Canada, Inc.	1,694,024	2,023,815
Total	**135,274,011**	**118,631,188**

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The Company has the following amounts due to related parties (included in trade payables and other liabilities):

Due to related parties	March 31, 2021	March 31, 2020
Dr. Reddy's Laboratories Limited	213,846,406	274,695,495
Dr. Reddy's Laboratories, SA	146,252,630	101,707,291
Betapharm Arzneimittel GmbH	3,602,867	8,880,473
Industrias Quimicas Falcon De Mexico	19,721	5,131
Dr. Reddy's Laboratories Louisiana LLC	516,095	-
Dr. Reddy's Laboratories New York LLC	5,291,049	82,940
Promius Pharma LLC	3,389,243	2,866,155
Total	**372,918,011**	**388,237,485**

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24. Operating leases

The Company has leased offices and vehicles under various operating lease agreements that are renewable on a periodic basis at the option of both the lessor and the lessee.

The schedule of future minimum rental payments in respect of non-cancellable operating leases is set out below:

Particluars	For the period ended	
	March 31, 2021	March 31, 2020
Less than one year	-	-
Between one and five years	-	-
More than five years	-	-
	-	-

Commencing April 1, 2019 upon adoption of IFRS 16," Lease", majority of lease for which the Company is in lease become on balance sheet liability with corresponding right -of use assets recognized in the statement of financial position.

Upon adoption of the new standard, a portion of the annual operating lease cost , which was previously fully recognized as functional expense is recorded as interest expense.

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25. Employee stock incentive plan

Dr. Reddy's Employees Stock Option Plan-2002 (the "DRL 2002 Plan")

Dr. Reddy's Laboratories Limited, ("Ultimate Parent Company") instituted the DRL 2002 Plan for all eligible employees pursuant to the special resolution approved by the shareholders in its Annual General Meeting held on September 24, 2001. The DRL 2002 Plan covers all employees and directors (excluding promoter directors) of its subsidiaries. The Nomination, Governance, and Compensation Committee of the Board (the "Committee") of the Ultimate Parent Company shall administer the DRL 2002 Plan and grant stock options to eligible employees. The Committee determines which eligible employees will receive options, the number of options to be granted, the exercise price, the vesting period and the exercise period. The vesting period is determined for all options issued on the date of grant. The options issued under the DRL 2002 Plan vest in periods ranging between one and four years and generally have a maximum contractual term of five years.

The DRL 2002 Plan, as amended at annual general meetings of shareholders of the Ultimate Parent Company, provides for stock option grants in two categories:

Category A: Options reserved for grant having an exercise price equal to the fair market value of the underlying equity shares on the date of grant; and

Category B: Options reserved for grant having an exercise price equal to the par value of the underlying equity shares (i.e., USD 0.12 per option).

Under the DRL 2002 Plan, the exercise price of the fair market value options granted under Category A is determined based on the average closing price for 30 days prior to the grant in the stock exchange where there is highest trading volume during that period. Notwithstanding the foregoing, the Committee may, after obtaining the approval of the shareholders in the annual general meeting, grant options with a per share exercise price other than fair market value and par value of the equity shares.

Stock option activity under the DRL 2002 Plan for the two categories of options during the year ended March 31, 2021 and 2020 are as follows:

Category A — Fair Market Value Options: There was no stock options activity under this category during the year March 31, 2021 and March 31, 2020 and there were no options outstanding under this category as of March 31, 2021 and March 31, 2020.

Category B – Par Value Options

For the year ended March 31, 2021:

The number of options granted and exercised during the year is 13,340 and 5,995 respectively. The exercise price and weighted exercise price of the options is USD 0.12. The options outstanding at the end of the year are 21,035 with a weighted average remaining contractual life of 76 months.

For the year ended March 31, 2020:

The number of options granted and exercised during the year is 6,572 and 3,648 respectively. The exercise price and weighted exercise price of the options is USD 0.12. The options outstanding at the end of the year are 15,924 with a weighted average remaining contractual life of 71 months.

Dr. Reddy's Employees ADR Stock Option Plan 2007 (the "DRL 2007 Plan"):

Dr. Reddy's Laboratories Limited, ("Ultimate Parent Company") instituted the DRL 2007 Plan for all eligible employees in pursuance of the special resolution approved by the shareholders in the Annual General Meeting held on July 27, 2005. The DRL 2007 Plan came into effect on approval of the Board of Directors on January 22, 2007. The DRL 2007 Plan covers all employees and directors (excluding promoter directors) of the Company. The Committee of the parent Company administers the DRL 2007 Plan and grants stock options to eligible employees. The Committee determines which eligible employees will receive options, the number of options to be granted, the exercise price, the vesting period and the exercise period. The vesting period is determined for all options issued on the date of grant. The options issued under the DRL 2007 Plan vest in periods ranging between one and four years and generally have a maximum contractual term of five years.

The DRL 2007 Plan provides for option grants in two categories:

Category A: Stock options reserved for grant having an exercise price equal to the fair market value of the underlying equity shares on the date of grant; and

Category B: Stock options reserved for grant having an exercise price equal to the par value of the underlying equity shares (i.e., USD 0.12 per option).

Stock option activity under the DRL 2007 Plan for the two categories of options during the years ended March 31, 2021 and 2020 is as follows:

Category A – Fair Market Value Options

	Fiscal Year ended March 31, 2021			
Particulars	**Shares arising out of options**	**Exercise price**	**Weighted-average exercise price**	**Weighted average remaining contractual life (months)**
Outstanding at the beginning of the year	54,900	USD 36.27/ USD 40.05	USD 36.27	74
Granted during the year	27,860	USD 48.56	USD 48.56	90
Expired/ Forfeited during the year	(13,348)	USD 35.12/ USD 37.91	USD 36.08	-
Exercised during the year	(15,152)	USD 35.12/ USD 37.91	USD 35.61	-
Outstanding at the end of the year	54,260	USD 35.66- USD 50.32	USD 43.69	73
Exercisable / vested at the end of the year	6,825	USD 35.66/ USD 38.49	USD 36.29	49

Category A – Fair Market Value Options

`	Fiscal Year ended March 31, 2020			
Particulars	**Shares arising out of options**	**Exercise price**	**Weighted-average exercise price**	**Weighted average remaining contractual life (months)**
Outstanding at the beginning of the year	43,100	USD 36.27	USD 36.27	84
Granted during the year	16,800	USD 40.05	USD 40.05	90
Expired/ Forfeited during the year	(5,000)	USD 36.27	USD 36.27	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	54,900	USD 36.27/ USD 40.05	USD 37.43	74
Exercisable / vested at the end of the year	9,525	USD 36.27	USD 36.27	54

The weighted average grant date fair value of options granted during the year ended March 31, 2021 was USD 16.56 per option.

As of 31 March 2021, options outstanding had an aggregate intrinsic value of USD 981,255 and options exercisable had an aggregate intrinsic value of USD 173,892.

Category B – Par Value Options

Particulars	Fiscal Year ended March 31, 2021			
	Shares arising out of options	Exercise price	Weighted-average exercise price	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	116,124	USD 0.12	USD 0.12	74
Granted during the year	38,516	USD 0.12	USD 0.12	89
Expired/ Forfeited during the year	(18,931)	USD 0.12	USD 0.12	-
Exercised during the year	(40,261)	USD 0.12	USD 0.12	-
Outstanding at the end of the year	95,448	USD 0.12	USD 0.12	73
Exercisable / vested at the end of the year	2,614	USD 0.12	USD 0.12	42

Category B – Par Value Options

Particulars	Fiscal Year ended March 31, 2020			
	Shares arising out of options	Exercise price	Weighted-average exercise price	Weighted-average remaining contractual life (months)
Outstanding at the beginning of the year	87,577	USD 0.12	USD 0.12	74
Granted during the year	68,174	USD 0.12	USD 0.12	90
Expired/ Forfeited during the year	(8,830)	USD 0.12	USD 0.12	-
Exercised during the year	(30,797)	USD 0.12	USD 0.12	-
Outstanding at the end of the year	116,124	USD 0.12	USD 0.12	74
Exercisable / vested at the end of the year	7,011	USD 0.12	USD 0.12	51

The weighted average grant date fair value of options granted during the years ended March 31, 2021 and March 31, 2020 was USD 48.00 and USD 39.10 per option, respectively. The weighted average share price on the date of exercise of options during the years ended March 31, 2021 and March 31, 2020 was USD 58.25 and USD 38.94 per share, respectively.

The aggregate intrinsic value of options exercised during the years ended March 31, 2021 and 2020 was USD 2,342,584 and USD 1,197,042, respectively. As of March 31, 2021, options outstanding had an aggregate intrinsic value of USD 5,889,289 and options exercisable had an aggregate intrinsic value of USD 161,288.

Dr. Reddy's Employees Stock Option Scheme, 2018 (the "DRL 2018 Plan"):

The Parent Company instituted the DRL 2018 Plan for all eligible employees pursuant to the special resolution approved by the shareholders at the Annual General Meeting held on July 27, 2018. The DRL 2018 Plan covers all employees and directors (excluding independent and promoter directors) of the Parent Company and its subsidiaries (collectively, "eligible employees"). The Nomination, Governance and Compensation Committee of the Board of the Parent Company (the "Compensation Committee") administers the DRL 2018 Plan and grants stock options to eligible employees. The Compensation Committee determines which eligible employees will receive the options, the number of options to be granted, the exercise price, the vesting period and the exercise period. The vesting period is determined for all options issued on the date of grant. The options issued under the DRL 2018 Plan vest in periods ranging between the end of one and five years, and generally have a maximum contractual term of five years.

The DRL 2018 Plan provides for option grants having an exercise price equal to the fair market value of the underlying equity shares on the date of grant.

Stock option activity under the DRL 2018 Plan during the year ended 31 March 2021 and 2020 are as follows:

For the year ended March 31, 2021:

The number of options granted and exercised during the year is 5,980 and 950 respectively. The exercise price of the options is USD 35.12 and USD 37.91 and weighted exercise price of the options is USD 36.30. The options outstanding at the end of the year are 8,830 with a weighted average remaining contractual life of 76 months. The options excercisable at the end of the year are 550 with a weighted average remaining contractual life of 54 months.

As of 31 March 2021, options outstanding had an aggregate intrinsic value of USD 139,482 and options exercisable had an aggregate intrinsic value of USD 14,361.

For the year ended March 31, 2020:

The number of options granted and exercised during the year is 1,600 and NIL respectively. The exercise price and weighted exercise price of the options is USD 36.27. The options outstanding at the end of the year are 3,800 with a weighted average remaining contractual life of 75 months. The options excercisable at the end of the year are 550 with a weighted average remaining contractual life of 54 months.

As of 31 March 2020, options outstanding had an aggregate intrinsic value of USD 12,860 and options exercisable had an aggregate intrinsic value of USD 1,861.

Valuation of stock options:

The fair value of services received in return for stock options granted to employees is measured by reference to the fair value of stock options granted. The fair value of stock options granted under the DRL 2002 Plan, the DRL 2007 Plan and DRL 2018 Plan has been measured using the Black–Scholes-Merton model at the date of the grant.

The Black-Scholes-Merton model includes assumptions regarding dividend yields, expected volatility, expected terms and risk free interest rates. In respect of par value options, the expected term of an option (or "option life) is estimated based on the vesting term, contractual term, as well as expected exercise behavior of the employees receiving the option. In respect of Fair Market Value options, the option life is estimated based on the simplified method. Expected volatility of the option is based on historical volatility, during a period equivalent to the option life, of the observed market prices of the Company's publicly traded equity shares. Dividend yield of the options is based on recent dividend activity. Risk-free interest rates are based on the Indian government securities yield in effect at the time of the grant. These assumptions reflect management's best estimates, but these assumptions involve inherent market uncertainties based on market conditions generally outside of Company's control. As a result, if other assumptions had been used in the current period, stock-based compensation expense could have been materially impacted. Further, if management uses different assumptions in future periods, stock based compensation expense could be materially impacted in future years.

The estimated fair value of stock options is recognized in the parent companies consolidated statement of profit and loss on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in-substance, multiple awards.

The weighted average inputs used in computing the fair value of options granted during the years March 31 2021 and 31 March 31, 2020 were as follows:

Particulars	Grants made on			
	19-May-20	31-Oct-19	16-May-19	16-May-19
Expected volatility	30.47%	27.10%	28.25%	29.29%
Exercise price	INR 5.00	INR 5.00	INR 2814.00	INR 5.00
Option life	2.5 Years	2.5 Years	5.0 Years	2.5 Years
Risk-free interest rate	4.62%	5.72%	7.47%	6.76%
Expected dividends	0.68%	0.72%	0.71%	0.71%
Grant date share price	INR 3,700.00	INR 2,783.20	INR 2,801.00	INR 2,801.00

For the years ended March 31, 2020 and 2019 an amount of USD 2,248,856 and USD 2,093,255 respectively, has been recorded as employee share-based payment expense under all employee stock incentive plans with a corresponding credit to the Additional paid in capital, disclosed as part of stock holders' equity, representing capital contribution by Dr. Reddy's Laboratories Limited, the Ultimate Parent Company. As of March 31, 2021, there was approximately USD 2,137,835 of total unrecognized compensation cost related to unvested stock options. This cost is expected to be recognized over a weighted-average period of 1.91 years.

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26. Financial Instruments

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

Particulars	Note	As of			
		March 31, 2021		March 31, 2020	
		Total Carrying Value	Total Fair Value	Total Carrying Value	Total Fair Value
Assets:					
Cash and cash equivalents	6	1,949,187	1,949,187	8,069	8,069
Trade and other receivables	7	253,886,342	253,886,342	306,863,382	306,863,382
Other assets*	9	136,988,829	136,988,829	120,661,070	120,661,070
Total		**392,824,358**	**392,824,358**	**427,532,521**	**427,532,521**
Liabilities:					
Trade and other payables	15	377,547,181	377,547,181	398,585,266	398,585,266
Bank overdraft	6	-	-	1,191,582	1,191,582
Short term borrowings	17	-	-	10,500,000	10,500,000
Long-term borrowings	17	29,978,729	29,978,729	7,488,096	7,488,096
Other liabilities and provisions#	16 & 18	43,607,880	43,607,880	36,862,600	36,862,600
Total		**451,133,790**	**451,133,790**	**454,627,544**	**454,627,544**

* Other assets that are not financial assets (such as receivables from prepaid expenses, government grants) of USD 2,808,042 and USD 2,654,021 as of March 31, 2021 and 2020, respectively, are not included.

Other liabilities that are not financial liabilities (such as refund liability, advances from customers and certain other accruals) of USD 21,070,349 and USD 25,928,584 as of March 31, 2021 and 2020, respectively, are not included.

27. Financial risk management

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's primary risk management focus is to minimize potential adverse effects of market risk on its financial performance. The Company's risk management assessment and policies and processes are established to identify and 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 is responsible for overseeing 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 incurred losses in respect of trade and other receivables and investments. (Refer note 7 for provision for expected credit loss)

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 continuously monitoring the creditworthiness of customers to which the Company grants credit terms in the normal course of business.

Financial assets that are neither past due nor impaired

None of the Company's cash equivalents, including time deposits with banks, were past due or impaired as at March 31, 2021. Of the total gross trade receivables (excluding chargeback and other rebates), USD 550,330,560 and USD 561,184,600 as at March 31, 2021 and 2020 consisted of customer balances which were neither past due nor impaired.

Financial assets that are past due but not impaired

The Company's credit period for customers generally ranges from 20-95 days. The age analysis of the trade receivables has been considered from the date of the invoice. The aging of trade receivables that are past due, net of allowance for doubtful receivables, is given below:

Period (in days)	As of	
	March 31, 2021	March 31, 2020
00-90	15,319,233	18,308,135
90-180	1,673,169	4,600,673
More than 180	4,745,387	4,973,111
Total	**21,737,789**	**27,881,919**

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 of March 31, 2021 and 2020 the Company had working capital of USD 169,973,896 and USD 128,570,658 respectively. Based on the projected cash flows and available lines of credit, the Company has sufficient resources to meet the capital expenditure needs and working capital requirements over the course of the next 12 months.

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

Particulars	2022	2023	2024	2025	Thereafter	Total
Trade and other payables	377,547,181	-	-	-	-	377,547,181
Long-term borrowings	6,793,157	7,176,096	7,601,562	7,453,474	954,440	29,978,729
Other liabilities and provisions	43,607,880	-	-	-	-	43,607,880
Total	**427,948,218**	**7,176,096**	**7,601,562**	**7,453,474**	**954,440**	**451,133,790**

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

Particulars	2021	2022	2023	2024	Thereafter	Total
Trade and other payables	398,585,266	-	-	-	-	398,585,266
Bank overdraft	1,191,582	-	-	-	-	1,191,582
Short term borrowings	10,500,000	-	-	-	-	10,500,000
Long-term borrowings	1,289,357	1,448,552	1,617,369	1,811,454	1,321,364	7,488,096
Other liabilities and provisions	36,862,600	-	-	-	-	36,862,600
Total	**448,428,805**	**1,448,552**	**1,617,369**	**1,811,454**	**1,321,364**	**454,627,544**

c. Market risk

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign currency exchange rates and other market changes that affect market risk-sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and short term/or 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 and borrowing activities and revenue generating and operating activities in foreign currencies.

Foreign exchange risk

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

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

28. Contingencies

The Company is involved in disputes, lawsuits, claims, inquiries, investigations and proceedings, including patent and commercial matters that arise from time to time in the ordinary course of business. The more significant matters are discussed below. Most of the claims involve complex issues. Often, these issues are subject to uncertainties and therefore the probability of a loss, if any, being sustained and an estimate of the amount of any loss is difficult to ascertain. Consequently, for a majority of these claims, it is not possible to make a reasonable estimate of the expected financial effect, if any, that will result from ultimate resolution of the proceedings. This is due to a number of factors, including: the stage of the proceedings (in many cases trial dates have not been set) and the overall length and extent of pre-trial discovery; the entitlement of the parties to an action to appeal a decision; clarity as to theories of liability; damages and governing law; uncertainties in timing of litigation; and the possible need for further legal proceedings to establish the appropriate amount of damages, if any. In these cases, the Company based on internal and external legal advice discloses information with respect to the nature and facts of the case.

The Company also believes that disclosure of the amount sought by plaintiffs, if that is known, would not be meaningful with respect to those legal proceedings.

Although there can be no assurance regarding the outcome of any of the legal proceedings or investigations referred to in this Note, the Company does not expect them to have a materially adverse effect on its financial position, as it believes that the likelihood of loss in excess of amounts accrued (if any) is not probable. However, if one or more of such proceedings were to result in judgments against the Company, such judgments could be material to its results of operations in a given period.

Launch of product

On June 14, 2018, the U.S. FDA granted the Company final approval for buprenorphine and naloxone sublingual film, 2 mg/0.5 mg, 4 mg/1 mg, 8 mg/2 mg, and 12 mg/3 mg dosages, a therapeutic equivalent generic version of Suboxone® sublingual film. The U.S. FDA approval came after the conclusion of litigation in the U.S. District Court for the District of Delaware (the "Delaware District Court"), where the Delaware District Court held that patents covering Suboxone® sublingual film would not be infringed by the Company's commercial launch of its generic sublingual film product. In light of the favorable decision from the Delaware District Court, the Company launched its generic sublingual film product in the United States immediately following the U.S. FDA approval on June 14, 2018. On July 12, 2019, the U.S. Court of Appeals for the Federal Circuit ("the Court of Appeals") affirmed the Delaware District Court's ruling that the Company's generic version of Suboxone® sublingual films did not infringe the two remaining patents at issue in the Delaware District Court's case (U.S. patent numbers 8,603,514 and 8,015,150).

After the Delaware District Court's decision, Indivior filed a second lawsuit against the Company alleging infringement of three additional U.S. patents (numbers 9,687,454, 9,855,221 and 9,931,305) in the U.S. District Court for the District of New Jersey (the "New Jersey District Court"), styled Indivior Inc. et al. v. Dr. Reddy's Laboratories S.A., Civil Action No. 2:17-cv-07111 (D.N.J.). Following the launch, on June 15, 2018, Indivior filed an emergency application for a temporary restraining order and preliminary injunction against the Company in the New Jersey District Court. Indivior's motion alleged that the Company's generic sublingual film product infringed one of three U.S. patents (number 9,931,305) at issue in the New Jersey District Court. Pending a hearing and decision on the injunction application, the New Jersey District Court initially issued a temporary restraining order against the Company with respect to further sales, offer for sales, and imports of its generic sublingual film product in the United States. Subsequently, on July 14, 2018, the New Jersey District Court granted a preliminary injunction in favor of Indivior. Under the order, Indivior was required to and did post a bond of USD 72 Million to pay the costs and damages sustained by the Company if it was found to be wrongfully enjoined. The Company immediately appealed the decision, and the Court of Appeals agreed to expedite the appeal.

On November 20, 2018, the Court of Appeals issued a decision vacating the preliminary injunction. The Court of Appeals denied Indivior's petition for rehearing on February 4, 2019.

Indivior subsequently filed two emergency motions in the Court of Appeals to stay issuance of the mandate and to keep the preliminary injunction in place, which the Court of Appeals denied. Indivior then petitioned the U.S. Supreme Court to stay issuance of the mandate.

Indivior's petition was denied by the Chief Justice of the U.S. Supreme Court on February 19, 2019, and the mandate was issued on the same day. The Company resumed sales of its generic sublingual film product after the mandate was issued.

On February 19, 2019, the New Jersey District Court entered a stipulated order of dismissal of Indivior's claims under U.S. patent number 9,855,221. On November 5, 2019, the New Jersey District Court issued its claim construction decision construing certain terms in U.S. patent numbers 9,931,305 and 9,687,454. After such claim construction decision, on January 8, 2020, the New Jersey District Court entered a stipulated order that the Company's generic sublingual film product does not infringe the asserted claims in U.S. patent number 9,931,305. In the stipulated order, Indivior reserved the ability to appeal the New Jersey District Court's claim construction order. The Company filed a motion requesting that the New Jersey District Court enter partial final judgment in the Company's favor relating to the allegations of infringement of U.S. patent number 9,931,305, which the District Court denied without prejudice on August 24, 2020, pending resolution of Indivior's allegations relating to U.S. patent number 9,687,454.

On November 11, 2019, a Magistrate Judge in the District of New Jersey granted the Company leave to file a counterclaim against Indivior that alleges that Indivior engaged in anticompetitive conduct by making false or misleading statements to the New Jersey District Court during the preliminary injunction proceedings in violation of federal antitrust laws. Indivior appealed the Magistrate Judge's ruling to the District Court Judge and, on August 24, 2020, the District Court Judge denied Indivior's appeal. The District Court did grant Indivior's motion to bifurcate the patent claims and the antitrust claims into two separate trials. Fact discovery closed on January 29, 2021. No trial date has been set and expert discovery on both the patent and antitrust claims is ongoing. Opening expert reports were submitted on March 24, 2021. Expert discovery is scheduled to close on or around September 1, 2021.

In addition to the District Court proceeding, on November 13, 2018, the Company filed two petitions for inter-partes review challenging the validity of certain claims of U.S. patent number 9,687,454 before the Patent Trial and Appeal Board ("PTAB"). On June 13, 2019, the PTAB agreed to institute inter-partes review on one of the two petitions filed by the Parent Company. The PTAB heard oral argument in the pending inter-partes review challenge on March 3, 2020.

On June 2, 2020, the PTAB issued a final written decision in the Company's favor finding that the Company had demonstrated that claims 1–5, 7, and 9–14 of U.S. patent number 9,687,454 were unpatentable. The PTAB upheld the validity of only one of the challenged claims, claim 8. Additionally, claim 6 was not at issue in the inter-partes review and therefore not subject to the final written decision. Claims 6 and 8 remain asserted against the Company in the New Jersey District Court litigation. Indivior filed a timely notice of appeal of the PTAB's Final Written Decision (" FWD") for claims 1-5, 7, and 9-14, and the Company cross appealed the PTAB's FWD on claim 8. In the PTAB appeal, Indivior submitted its principal appeal brief on December 9, 2020. Indivior did not challenge the Board's decision on claims 5 and 12 in its appeal brief. The Company submitted its opening and response brief on February 18, 2021 and Indivior submitted its response and reply brief on March 30, 2021. The Company's reply brief was submitted on April 20, 2021. The court of appeals has not yet scheduled oral arguments in the appeal.

Namenda United States Litigations

In August 2015, Sergeants Benevolent Assoc. Health & Welfare Fund ("Sergeants") filed suit against the Company in the United States District Court for the Southern District of New York. Sergeants alleged that certain parties, including the Company, violated federal antitrust laws as a consequence of having settled patent litigation related to the Alzheimer's drug Namenda® (memantine) tablets during a period from about 2009 until 2010. Sergeants seeks to represent a class of "end payor" purchasers of Namenda® tablets (i.e., insurers, other third-party payors and consumers).

Sergeants seeks damages based upon an allegation made in the complaint that the defendants entered into patent settlements regarding Namenda® tablets for the purpose of delaying generic competition and facilitating the brand innovator's attempt to shift sales from the original immediate release product to the more recently introduced extended release product.

On August 23, 2020, the Company and certain other defendants entered into a settlement agreement. The settlement agreement calls for the dismissal with prejudice of the claims brought by the plaintiff on behalf of the putative class, in exchange for the payment of USD 400,000. The Company paid that amount into escrow. The Court preliminarily approved the settlement on October 5, 2020. The settlement agreement is contingent upon final court approval. The settlement agreement explicitly disclaims any liability or wrongdoing.

Following the settlement agreement, the Company recognized such amount in the income statement for the three months ended September 30, 2020.

On November 5, 2019 plaintiffs MSP Recovery Claims, Series LLC and MSPA Claims 1, LLC filed suit against the Company and other drug manufacturers in the United States District Court for the Southern District of New York. The claims in this complaint were similar in nature to the claims in the Sergeants lawsuit, and those cases were coordinated for discovery purposes. On April 14, 2020, with the consent of the Company and the other defendants, plaintiffs MSP Recovery Claims, Series LLC and MSPA Claims 1, LLC voluntarily dismissed their claims without prejudice.

Other class action complaints containing similar allegations to the Sergeants complaint have also been filed in the U.S. District Court for the Southern District of New York. However, apart from the Sergeants case described above, there are no such class actions that are pending and that name the Company as a defendant.

In addition, the State of New York filed an antitrust case in the U.S. District Court for the Southern District of New York. The case brought by the State of New York contained some (but not all) of the allegations set forth in the class action complaints, but the Company was not named as a party. The case brought by the State of New York was dismissed by stipulation on November 30, 2015.

The Ultimate Parent Company believes that the likelihood of any liability that may arise on account of alleged violation of federal antitrust laws is not probable. Accordingly, no provision has been made in these financial statements.

Ranitidine Recall and Litigation

On October 1, 2019, the Company initiated a voluntary nationwide retail (at the retail level for over-the-counter products and at the consumer level for prescription products) of its ranitidine medications sold in the United States due to the presence of N-Nitrosodimethylamine ("NDMA") above levels established by the U.S. FDA. On November 1, 2019, the U.S. FDA issued a statement indicating that it had found levels of NDMA in ranitidine from its testing generally that were "similar to the levels you would expect to be exposed to if you ate common foods like grilled or smoked meats." See https://www.fda.gov/news-events/press-announcements/statement-new-testing-results-including-low-levels-impurities-ranitidine-drugs. On April 1, 2020, the U.S. FDA issued a press release announcing that it was requesting manufacturers to withdraw all prescription and over-the-counter ranitidine drugs from the market immediately.

Individual federal court personal injury lawsuits, as well as various class actions, have been transferred to the In re Zantac (Ranitidine) Products Liability Litigation Multidistrict Litigation in the Southern District of Florida, MDL-2924 ("MDL-2924"). The Ultimate Parent Company and the Company have been named as a defendant in over 250 lawsuits pending in the MDL-2924. A census registry established in the MDL-2924 includes tens of thousands of claimants who have not filed complaints but are presenting claims for consideration in the MDL-2924 against the many pharmaceutical manufacturers, distributors and retailers which are defendants in the MDL-2924. The MDL-2924 also involves a proposed nationwide consumer class action and a proposed nationwide class action for medical monitoring. A third-party payor class action was dismissed without prejudice and has been appealed by plaintiffs to the U.S. Court of Appeals for the Eleventh Circuit.

On December 31, 2020, the MDL-2924 Court ruled on multiple motions to dismiss in the MDL-2924 and granted the generic manufacturers' (the Company is a generic manufacturer) motion to dismiss based on federal preemption. The plaintiffs' failure-to-warn and design defect claims against the Company were dismissed with prejudice, but the Court permitted plaintiffs to attempt to replead several claims/theories. Plaintiffs have filed their amended complaints and the defendants, including the Company, filed motions to dismiss seeking dismissal of all claims against them on March 24, 2021. The briefings and arguments as to the latest round of motions to dismiss were completed and the parties continue to engage in discovery consistent with orders from the MDL-2924 Court.

There are three ranitidine-related actions currently pending against the Company in state courts. The New Mexico State Attorney General filed suit against the Company and multiple other manufacturers and retailers. The State of New Mexico asserted claims of statutory and common law public nuisance and negligence claims against the Company. The Company joined in an effort to transfer the case from the Santa Fe County Court to the MDL-2924, but the case was remanded by the MDL-2924 Court to the Santa Fe County Court. Plaintiff filed an amended complaint on April 16, 2021, and a briefing schedule has been entered pursuant to which the defendants will move to dismiss the case.

In November 2020, the City of Baltimore filed a similar action against the Company and multiple other manufacturers and retailers. The City of Baltimore asserts public nuisance and negligence claims against the Company. The City of Baltimore action also was transferred to the MDL-2924 and subsequently was remanded to the Circuit Court of Maryland by the MDL-2924 Court. The City of Baltimore intends to file an amended complaint and the defendants will then move to dismiss the case.

In January 2021, the Company was served in a Proposition 65 case filed by the Center for Environmental Health in the Superior Court of Alameda County, California. The plaintiff purports to bring the case on behalf of the people of California and alleges that the Company violated Proposition 65, a California law requiring manufacturers to disclose the presence of carcinogens in consumer products. The Company and other defendants have filed demurrers (motions to dismiss) in the case, and on May 7, 2021 the Court granted all such demurrers without leave to amend the pleadings. The People of California have the right to appeal this decision.

The Ultimate Parent Company believes that all of the aforesaid complaints and asserted claims are without merit and it denies any wrongdoing and intends to vigorously defend itself against the allegations. Any liability that may arise on account of these claims is unascertainable at this time. Accordingly, no provision was made in these financial statements of the Company.

Class Action and Other Civil Litigation on Pricing/Reimbursement Matters

On December 30, 2015 and on February 4, 2016, respectively, a class action complaint (the “First Pricing Complaint”) and another complaint (not a class action) (the “Second Pricing Complaint”) were filed against the Company and eighteen other pharmaceutical defendants in State Court in the Commonwealth of Pennsylvania. In these actions, the class action plaintiffs allege that the Company and other defendants, individually or in some cases in concert with one another, have engaged in pricing and price reporting practices in violation of various Pennsylvania state laws. More specifically, the plaintiffs allege that: (1) the Company provided false and misleading pricing information to third party drug compendia companies for the Company’s generic drugs, and such information was relied upon by private third party payers that reimbursed for drugs sold by the Company in the United States, and (2) the Company acted in concert with certain other defendants to unfairly raise the prices of generic divalproex sodium ER (bottle of 80, 500 mg tablets ER 24H) and generic pravastatin sodium (bottle of 500, 10 mg tablets).

The First Pricing Complaint was removed to the U.S. District Court for the Eastern District of Pennsylvania (the “E.D.P.A. Federal Court”) and, pending the outcome of the First Pricing Complaint, the Second Pricing Complaint was stayed. On September 25, 2017, the E.D.P.A. Federal Court dismissed all the claims of the plaintiffs in the First Pricing Complaint and denied leave to amend such complaint as futile. Subsequent to this decision, the plaintiffs’ right to appeal the dismissal of the First Pricing Complaint expired.

Further, on November 17, 2016, certain class action complaints were filed against the Company and a number of other pharmaceutical companies as defendants in the E.D.P.A. Federal Court. Subsequently, these complaints were consolidated into one amended complaint as part of a multi-district, multi product litigation pending with the E.D.P.A. Federal Court. These complaints allege that the Company and the other named defendants have engaged in a conspiracy to fix prices and to allocate bids and customers in the sale of pravastatin sodium tablets and divalproex sodium extended-release tablets in the United States.

In March 2017, plaintiffs agreed by stipulation to dismiss Dr. Reddy’s Laboratories Limited and the Company from the actions related to pravastatin sodium tablets without prejudice. The Ultimate Parent Company denies any wrongdoing and intends to vigorously defend against these allegations.

In response to the consolidated new complaint, the Company filed a motion to dismiss in October 2017. The plaintiffs filed opposition to the motion to dismiss in December 2017 and a reply was filed by the Company in January 2018. In October 2018, the Court denied the motion to dismiss on the grounds that the allegations pled leave open the possibility of conspiracy. Therefore, discovery will proceed to look into this possibility.

The Ultimate Parent Company believes that the asserted claims are without merit and intends to vigorously defend itself against the allegations. Also any liability that may arise on account of these claims is unascertainable. Accordingly, no provision was made in the financial statements of the Company.

United States Antitrust Multi-District Litigation:

The following cases against the Company have been filed and are pending and consolidated in In re Generic Pharmaceutical Pricing Antitrust Litigation, MDL 2724, 14-MD-2724 (Eastern District of Pennsylvania), Multi District Litigation (“MDL”) in the Eastern District of Pennsylvania (“MDL-2724”):

a) U.S. States Attorneys General Antitrust Complaints

On October 30, 2017, the Attorneys General of forty-nine U.S. States, the Commonwealth of Puerto Rico and the District of Columbia, filed an Amended Complaint in the United States District Court for the Eastern District of Pennsylvania, against eighteen generic pharmaceutical companies (including the Company) with respect to fifteen generic drugs, alleging that the Company and the other named defendants engaged in a conspiracy to fix prices and to allocate bids and customers in the United States in the sale of the fifteen named drugs. The Company is specifically named as a defendant with respect to two generic drugs (meprobamate and zoledronic acid), and is named as an alleged co-conspirator on an alleged “overarching conspiracy” with respect to the other thirteen generic drugs named. The Amended Complaint alleges violations of Section 1 of the Sherman Act, 15 U.S.C. §1, and the consumer protection and antitrust laws of each of the jurisdictions that are plaintiffs.

The Amended Complaint seeks injunctive relief, statutory penalties, punitive damages, and recovery of treble damages, plus attorney's fees and costs, against all named defendants on a joint and several basis, on behalf of the plaintiff jurisdictions and their citizens and inhabitants. The Company denies any wrongdoing and intends to vigorously defend against the claims asserted.

On May 10, 2019, the Attorneys General of forty-nine U.S. States, the Commonwealth of Puerto Rico and the District of Columbia, filed a Complaint in the United States District Court for the District of Connecticut against twenty-one generic pharmaceutical companies (including the Company) and fifteen individual defendants, with respect to 116 generic drugs, alleging that the Company and the other named defendants engaged in a conspiracy to fix prices and to allocate bids and customers in the United States in the sale of the 116 named drugs. Under the MDL rules, this action will be designated a related "tag along" action and will be transferred to and become a part of the MDL-2724. The Company is specifically named as a defendant with respect to five generic drugs (ciprofloxacin HCL tablets, glimepiride tablets, oxaprozin tablets, paricalcitol and tizanidine), and is named as an alleged co-conspirator on an alleged "overarching conspiracy" with respect to the other thirteen generic drugs named. The Complaint alleges violations of Section 1 of the Sherman Act, 15 U.S.C. §1, and the consumer protection and antitrust laws of each of the jurisdictions that are plaintiffs. The Complaint seeks injunctive relief, statutory penalties, punitive damages, and recovery of treble damages, plus attorney's fees and costs, against all named defendants on a joint and several basis, on behalf of the plaintiff jurisdictions and their citizens and inhabitants. The Company denies any wrongdoing and intends to vigorously defend against the claims asserted.

b) Divalproex Antitrust Class Action Cases Filed by Direct Payor Plaintiffs ("DPP"), End Payor Plaintiffs ("EPP") and Indirect Reseller Plaintiffs ("IRP") Classes:
Since November 17, 2016, certain class action complaints on behalf of Direct Purchaser Plaintiffs, Indirect Reseller Plaintiffs and End Payor Plaintiffs classes were filed against the Company, Dr. Reddy's Laboratories, Inc., and a number of other pharmaceutical defendants in the United States District Court for the District of Pennsylvania alleging that the Company and the other named defendants have engaged in a conspiracy to fix prices and to allocate bids and customers in the sale of divalproex ER tablets in the United States.

The actions allege violations of Section 1 of the Sherman Act, 15 U.S.C. §1, and of state consumer protection and antitrust laws, and asserts claims of unjust enrichment, under a total of thirty-one States and the District of Columbia. The actions seek injunctive relief and recovery of treble damages, punitive damages, plus attorney's fees and costs, on a joint and several basis, on behalf of the plaintiff classes. The Company denies any wrongdoing and intends to vigorously defend against these class action claims.

c) Pravastatin Antitrust Class Action Cases Filed by Direct Payor Plaintiffs ("DPP"), End Payor Plaintiffs ("EPP") and Indirect Reseller Plaintiffs ("IRP") Classes:
Since November 17, 2016, certain class action complaints on behalf of Direct Purchaser Plaintiffs, Indirect Reseller Plaintiffs and End Payor Plaintiffs classes were filed against the Company and a number of other pharmaceutical defendants in the United States District Court for the District of Pennsylvania, alleging that the Company and the other named defendants engaged in a conspiracy to fix prices and to allocate bids and customers in the sale of pravastatin sodium tablets in the United States. The Company has been dismissed from these actions, without prejudice, in exchange for a tolling agreement with the plaintiffs suspending the statute of limitations as to the claims asserted. The Company denies any wrongdoing and intends to vigorously defend against these claims.

d) Antitrust "Overarching Conspiracy" Cases Filed by Direct Payor Plaintiffs ("DPP"), End Payor Plaintiffs ("EPP") and Indirect Reseller Plaintiffs ("IRP") Classes:
In June 2018, three class action complaints were filed in the MDL-2724 by Direct Purchaser Plaintiffs, Indirect Resellers Plaintiffs and End Payor Plaintiffs classes. All three complaints allege conspiracies in restraint of trade in violation of Sections 1 of the Sherman Act, and violations of thirty-one State antitrust statutes and consumer protection statutes, and asserts claims of unjust enrichment seeking injunctive relief, recovery of treble damages, punitive damages, attorney's fees and costs against all named defendants on a joint and several basis. They allege an "overarching conspiracy" among the named defendants involving fifteen drugs and, with slight variations, name approximately twenty-five generic pharmaceutical manufacturers including the Company.

The drug-specific allegations against the Company involve two of the fifteen drugs, meprobamate and zoledronic acid. Plaintiffs also allege that the Company (as well as all other manufacturers named) were part of a larger "overarching conspiracy" as to all of the drugs named in the complaints. The complaint alleges violations of Section 1 of the Sherman Act, 15 U.S.C. §1, and violations of thirty-one States' antitrust statutes and consumer protection statutes, and asserts claims of unjust enrichment. The complaint seeks injunctive relief, recovery of treble damages, punitive damages, attorney's fees and costs against all named defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

e) Antitrust Case Filed by The Kroger Co., Albertsons Companies, LLC, and H.E. Butt Grocery Company, L.P.:
On January 22, 2018, each of the Kroger Co., Albertsons Companies, LLC, and H.E. Butt Grocery Company, L.P., filed a complaint against the Company and thirty-one other companies alleging that they had engaged in a conspiracy to fix prices and to allocate bids and customers in the United States in the sale of the thirty named generic drugs. The Company is specifically named as a defendant with respect to three generic drugs (divalproex ER, meprobamate and zoledronic acid), and is named as an alleged co-conspirator on an alleged "overarching conspiracy" claim with respect to the other generic drugs named.

This action alleges violations of Section 1 of the Sherman Act, 15 U.S.C. §1, and seeks injunctive relief and recovery of treble damages, punitive damages, plus attorney's fees and costs, against all named defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these class action claims.

f) Antitrust Case Filed by Humana Inc.:
On August 3, 2018, Humana, Inc., filed a complaint against the Company and thirty-nine other companies alleging that they had engaged in a conspiracy to fix prices and to allocate bids and customers in the United States in the sale of twenty-nine named generic drugs. On December 15, 2020, Humana, Inc., filed an Amended Complaint encompassing fifty-one defendants and a total of one hundred forty nine drugs. In the Amended Complaint, the Company is specifically named as a defendant with respect to eighteen generic drugs: allopurinol, ciprofloxacin ER, eszopiclone, fluconazole, glimepiride, isotretinoin, lamotrigine ER, meprobamate, metroprolol succinate ER, montelukast, omeprazole sodium bicarbonate, oxaprozin, paricalcitol, ranitidine, sumatriptan, tizanidine, valganciclovir, and zoledronic acid. The Company is also named as a co-conspirator on an alleged "overarching conspiracy" claim with respect to the other generic drugs named. The complaint also alleges violations of Section 1 of the Sherman Act, 15 U.S.C. §1, and violations of thirty-one States' antitrust statutes and consumer protection statutes, and asserts claims of unjust enrichment. The complaint seeks injunctive relief, recovery of treble damages, punitive damages, attorney's fees and costs against all named defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

g) Antitrust Case Filed by Marion Diagnostic Center, LLC, and Marion Healthcare, LLC:
On September 25, 2018, Marion Diagnostic Center, LLC, and Marion Healthcare, LLC, filed a complaint in the MDL-2724, on behalf of themselves and a class of all direct purchasers from distributors, against the Company and twenty-two other defendants, including a major distributor of pharmaceutical products, involving a total of sixteen generic drugs, alleging an "overarching conspiracy" to fix prices and to rig bids and allocate customers with respect to sixteen generic drugs. The Company is specifically named with respect to two drugs: meprobamate and zoledronic acid. Plaintiffs also allege that the Company (as well as all other manufacturers named) were part of a larger "overarching conspiracy" as to all of the drugs named in the complaints. The complaint alleges violations of Section 1 of the Sherman Act, 15 U.S.C. §1, and violations of twenty-four States' antitrust statutes and consumer protection statutes, and asserts claims of unjust enrichment. The complaint seeks injunctive relief, recovery of treble damages, punitive damages, attorney's fees and costs against all named defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

h) Antitrust Case Filed by United Healthcare Services, Inc.:
On January 16, 2019, United Healthcare Services, Inc., filed a complaint against the Company and forty-two other defendants, involving a total of thirty generic drugs, alleging an "overarching conspiracy" to fix prices and to rig bids and allocate customers with respect to the thirty drugs. The Company is specifically named with respect to four drugs: divalproex ER, meprobamate, pravastatin and zoledronic acid. Plaintiffs also allege that the Company (as well as all other manufacturers named) were part of a larger "overarching conspiracy" as to all of the drugs named in the complaints. The complaint alleges violations of Section 1 of the Sherman Act, 15 U.S.C. §1, and violations of the thirty States' antitrust laws and consumer protection statutes, and asserts claims of unjust enrichment. The complaint seeks injunctive relief, recovery of treble damages, punitive damages, and attorney's fees and cost against all defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

i) Pennsylvania Court of Common Pleas Praecipe For a Writ of Summons Filed by 87 End Payor Entities consisting of Blue Cross Blue Shield entities and other health insurance companies and HMO entities:
On July 19, 2019, a Praecipe For a Writ of Summons for a tort action was filed in the Pennsylvania Court of Common Pleas of Philadelphia County, First Judicial District of Pennsylvania, Civil Trial Division, by 87 Blue Cross Blue Shield entities, and other health insurance companies and HMO entities, against the Company and 69 other defendants (consisting of 51 other pharmaceutical companies and 17 individuals). These 87 plaintiffs had been previously encompassed by the End Payor Plaintiff class actions in the MDL-2724. Only a Praecipe of Writ of Summons has been filed. No complaint has been filed and, therefore, the potential claims have not been asserted or delineated in any manner, including what drugs any such claims may relate to. A complaint may, at some point, be filed encompassing the claims asserted by the End Payor Plaintiffs in the MDL-2724 actions. On December 12, 2019, an Order of the Court of Common Pleas placed the matter "in Deferred Status Pending Further Developments in Related Federal Multidistrict Litigation." Because no Complaint has been filed setting forth any claims, and because the action has been placed into Deferred Status, no response is required by the Company at this time.

j) Antitrust Case Filed by United Healthcare Services, Inc.:
On October 11, 2019, United Healthcare Services, Inc. filed a second complaint (which substantially tracks the second complaint filed by the State Attorneys General on May 10, 2019) against the Company and twenty-four other defendants in the United States District Court for the District of Minnesota with respect to 116 generic drugs, alleging that the Company and the other named defendants engaged in a conspiracy to fix prices and to allocate bids and customers in the United States in the sale of the 116 named drugs. Under the MDL rules, this action will be designated a related "tag along" action and will be transferred to and become a part of the MDL-2724. The Company is specifically named as a defendant with respect to five generic drugs (ciprofloxacin HCL tablets, glimepiride tablets, oxaprozin tablets, paricalcitol and tizanidine), and is named as an alleged co-conspirator on an alleged "overarching conspiracy" with respect to the other generic drugs named. The complaint alleges violations of Section 1 of the Sherman Act, 15 U.S.C. §1, and violations of the Minnesota antitrust laws and various other state antitrust and consumer protection laws, and asserts claims for unjust enrichment.

The complaint seeks injunctive relief, statutory penalties, punitive damages, and recovery of treble damages, plus attorney's fees and costs, against all named defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

K) Antitrust "Overarching Conspiracy" Cases Filed by Direct Payor Plaintiffs ("DPP"), End Payor Plaintiffs ("EPP") and Indirect Reseller Plaintiffs ("IRP") Classes:

On December 19, 2019, a new class action Complaint was filed by the End Payor Plaintiffs. The Complaint alleges a conspiracy in restraint or trade in violation of Section 1 of the Sherman Act, 15 U.S.C. §1, and violations of twenty-eight States' antitrust statutes and twenty-nine States' consumer protection statutes, and asserts claims of unjust enrichment. The Compliant, seek injunctive relief, recovery of treble damages, punitive damages, attorney's fees and costs. The Complaint alleges an "overarching conspiracy" among the named defendants involving one hundred and thirty-five drugs and, with slight variations, names approximately thirty-six generic pharmaceutical manufacturers, including the Company.

The drug-specific allegations against the Company involve eight of the one hundred thirty-five drugs, including Allopurinol, Ciprofloxacin HCL, Fluconazone, Glimepiride, Oxaprozine, Paricalcitol, Ranitiding HCL and Tizanidine. The Company denies any wrongdoing and intends to vigorously defend against these claims.

On December 19, 2019, a new class action Complaint was filed by certain pharmacy and hospital indirect purchaser plaintiffs. The Complaint alleges a conspiracy in restraint or trade in violation of Sections 1 and 3 of the Sherman Act, 15 U.S.C. §1 and §3, and violations of forty-three States' antitrust statutes and consumer protection statutes and asserts claims of unjust enrichment. The Complaint seeks, injunctive relief, recovery of treble damages, punitive damages, attorney's fees and costs. The Complaint alleges an "overarching conspiracy" among the named defendants involving one hundred and sixty-two drugs and, with slight variations, names approximately twenty-eight generic pharmaceutical manufacturers, including the Company, as well as seven pharmaceutical distributor defendants and sixteen individual defendants.

The drug-specific allegations against the Company involve nineteen of the one hundred sixty-two drugs, including Allopurinol, Capecitabine, Ciprofloxacin HCL, Divalproex ER, Eszopiclone, Fenofibrate, Glimepiride, Isotrotinoin, Lamotrigine ER, Meprobamate, Metoprolol ER, Montelukast Granules, Omeprazole Sodium Bicarbonate, Oxaprozine, Paricalcitol, Sumatriptan, Tizanidine HCL, Valganciclovir and Zoledronic Acid. The Company denies any wrongdoing and intends to vigorously defend against these claims.

l) Antitrust Case Filed by Fourteen New York State Counties

On December 19, 2019, a new class action complaint was filed by certain pharmacy and hospital indirect purchaser plaintiffs. The complaint alleges a conspiracy in restraint of trade in violation of Sections 1 and 3 of the Sherman Act, 15 U.S.C. §1 and §3, and violations of forty-three States' antitrust statutes and consumer protection statutes, and asserts claims of unjust enrichment. The complaint seeks injunctive relief, recovery of treble damages, punitive damages, attorney's fees and costs against all named defendants on a joint and several basis. The complaint alleges an "overarching conspiracy" among the named defendants involving one hundred and sixty-two drugs and, with slight variations, names approximately twenty-eight generic pharmaceutical manufacturers, including the Company as well as seven pharmaceutical distributor defendants and sixteen individual defendants. The drug-specific allegations against the Company involve nineteen drugs: allopurinol, capecitabine, ciprofloxacin HCL, divalproex ER, eszopiclone, fenofibrate, glimepiride, isotretinoin, lamotrigine ER, meprobamate, metoprolol ER, montelukast granules, omeprazole sodium bicarbonate, oxaprozine, paricalcitol, sumatriptan, tizanidine HCL, valganciclovir and zoledronic acid. The Company denies any wrongdoing and intends to vigorously defend against these claims.

m) Antitrust Case Filed by Health Care Services, Inc.

On December 11, 2019, Health Care Services, Inc. filed a complaint against the Company and thirty-eight other defendants, involving a total of one hundred twenty-eight generic drugs, alleging an "overarching conspiracy" to fix prices and to rig bids and allocate customers with respect to these drugs. On December 15, 2020, Health Care Services filed an Amended Complaint naming a total of one hundred seventy drugs. In the Amended Complaint, the Company is specifically named with respect to nineteen drugs: allopurinol, ciprofloxacin HCL, divalproex ER, eszopiclone, fluconazole, glimepiride, isotretinoin, lamotrigine ER, meprobamate, metroprolol succinate ER, montelukast, omeprazole sodium bicarbonate, oxaprozine, paricalcitol, ranitidine, sumatriptan, tizanidine, valganciclovir and zoledronic acid. Plaintiffs allege that the Company (as well as all other manufacturers named) were part of a larger "overarching conspiracy" as to all of the drugs named in the complaint. The complaint also alleges violations of Sections 1 and 2 of the Sherman Act, 15 U.S.C. §1 and §2, and violations of thirty-one States' antitrust laws and twenty-seven States' consumer protection statutes, and asserts claims of unjust enrichment. The complaint seeks injunctive relief, recovery of treble damages, punitive damages, and attorney's fees and costs against all defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

n) Antitrust Case Filed by MSP Recovery Claims, Series LLC, MAO-MSO Recovery II, LLC, and MSPA Claims I, LLC (collectively "MSP Recovery"), as Assignees of certain Medicare Advantage Plans:

On December 16, 2019, MSP Recovery filed a complaint against the Company and twenty-five other defendants, involving a total of sixteen generic drugs, alleging an "overarching conspiracy" to fix prices and to rig bids and allocate customers with respect to the sixteen drugs. The Company is specifically named with respect to one drug: Divalproex ER. Plaintiffs also allege that the Company (as well as all other manufacturers named) were part of a larger "overarching conspiracy" as to all of the drugs named in the complaint.

The complaint alleges violations of Sections 1 and 3 of the Sherman Act, 15 U.S.C. §1 and §3, and violations of twenty-eight States' antitrust laws and twenty-three States' consumer protection statutes, and asserts claims of unjust enrichment. The complaint seeks injunctive relief, recovery of treble damages, punitive damages, and attorney's fees and costs against all defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

o) Antitrust Case Filed by Molina Healthcare Inc.:
On December 27, 2019, Molina Healthcare Inc. filed a complaint against the Company and forty-one other defendants, involving a total of one hundred twenty-eight generic drugs, alleging an “overarching conspiracy” to fix prices and to rig bids and allocate customers with respect to these drugs. On December 15, 2020, Molina Healthcare filed an Amended Complaint against a total of fifty-eight defendants involving one hundred eighty four drugs. In the Amended Complaint, the Company is specifically named with respect to nineteen drugs: allopurinol, ciprofloxacin, divalproex ER, eszopiclone, fluconazole, glimepiride, isotretinoin, lamotrigine ER, meprobamate, metroprolol succinate ER, montelukast, omeprazole sodium bicarbonate, oxaprozine, paricalcitol, ranitidine, sumatriptan, tizanidine, valganciclovir and zoledronic acid. Plaintiffs allege that the Company (as well as all other manufacturers named) were part of a larger “overarching conspiracy” as to all of the drugs named in the complaint. The complaint also alleges violations of Sections 1 and 2 of the Sherman Act, 15 U.S.C. §1 and §2, and violations of eleven States’ antitrust laws and consumer protection statutes, and asserts claims of unjust enrichment. The complaint seeks injunctive relief, recovery of treble damages, punitive damages, and attorney’s fees and costs against all defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

p)Antitrust Case Filed by Harris Countv, Texas:
On March 1, 2020, Harris County, Texas filed a Complaint against the Company and forty-two other defendants, involving a total of one hundred twenty-eight generic drugs, alleging an "overarching conspiracy" to fix prices and to rig bids and allocate customers with respect to the one hundred eighty-seven drugs. The case is in the process of being transferred to the MDL-2724 proceeding. The Company is specifically named with respect to twenty drugs: allopurinol, amoxicillin, ciprofloxacin HCL, divalproex ER, famotidine, fenofibrate, fluconazole, fluoxetine, glimepiride, glycopyrrolate, levalbuterol meprobamate, naproxen, ondansetron, oxaprozine, pravastatin sodium, raloxifene HCL, ranitidine, tizanidine and zoledronic acid. Plaintiffs also allege that the Company (as well as all other manufacturers named) were part of a larger "overarching conspiracy" as to all the drugs named in the complaints.

The Complaint alleges violations of Sections 1 of the Sherman Act, 15 U.S.C. §1, violations of twenty-eight State's antitrust laws, violations of the Texas Deceptive Trade Practices Act and Texas Free Enterprise and Antitrust Act and asserts claims of unjust enrichment and civil conspiracy. The Complaint seeks injunctive relief, recovery of treble damages, punitive damages, disgorgement, and attorney's fees and costs against all defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

q) Pennsylvania Court of Common Pleas Praecipe For a Writ of Summons Filed by 7 End Payor Entities consisting of Blue Cross Blue Shield entities and other health insurance companies:
On May 6, 2020, a Praecipe For a Writ of Summons for a tort action was filed in the Pennsylvania Court of Common Pleas of Philadelphia County, First Judicial District of Pennsylvania, Civil Trial Division, by 7 Blue Cross Blue Shield entities and other health insurance companies, against the Company and 69 other defendants (consisting of 51 other pharmaceutical companies and 17 individuals). These 7 plaintiffs had been previously encompassed by the End Payor Plaintiff class actions in the MDL-2724. Only a Praecipe of Writ of Summons has been filed. No complaint has been filed and, therefore, the potential claims have not been asserted or delineated in any manner, including what drugs any such claims may relate to. A complaint may, at some point, be filed encompassing the claims asserted by the End Payor Plaintiff class actions in the MDL-2724 actions. It is anticipated that this action will be placed in Deferred Status Pending Further Developments in the related MDL-2724 case. Because no Complaint has been filed setting forth any claims, and because it is expected that the action will be placed into Deferred Status, no response is required by the Company at this time.

r) Antitrust Case Filed by Cigna Corp.:
On June 9, 2020, Cigna Corp. filed a complaint against the Company and forty-one other defendants, involving a total of one hundred forty generic drugs, alleging an “overarching conspiracy” to fix prices and to rig bids and allocate customers with respect to these drugs. On December 15, 2020, Cigna Corp. filed an Amended Complaint against a total of forty-two defendants encompassing a total of two hundred and thirty-nine drugs. In the Amended Complaint, the Company is specifically named with respect to twelve drugs: allopurinol, ciprofloxacin HCL, divalproex ER, fluconazole, glimepiride, meprobamate, oxaprozine, paricalcitol, pravastatin, ranitidine, tizanidine and zoledronic acid. Plaintiffs allege that the Company (as well as all other manufacturers named) were part of a larger “overarching conspiracy” as to all of the drugs named in the complaint. The complaint also alleges violations of Sections 1 and 2 of the Sherman Act, 15 U.S.C. §1 and §2, and violations of thirty-one States’ antitrust laws and twenty-nine States’ consumer protection statutes, and asserts claims of unjust enrichment. The complaint seeks injunctive relief, recovery of treble damages, punitive damages, and attorney’s fees and costs against all defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

s) Antitrust Case Filed by Rite Aid Corporation and Rite Aid Hdqtrs. Corp.:
On July 9, 2020, Rite Aid Corporation and Rite Aid Hdqtrs Corp. filed a complaint on their own behalf, and as assignee of McKesson Corporation with regard to drugs sold by McKesson to Rite Aid, against the Company and forty-six other defendants, involving a total of one hundred thirty-five generic drugs, alleging an “overarching conspiracy” to fix prices and to rig bids and allocate customers with respect to these drugs. On December 15, 2020, Rite Aid filed an Amended Complaint against a total of fifty-five defendants involving a total of one hundred eighty eight drugs. In the Amended Complaint, the Company is specifically named with respect to eleven drugs: allopurinol, ciprofloxacin ER, divalproex ER, fluconazole, glimepiride, meprobamate, oxaprozine, paricalcitol, ranitidine, tizanidine and zoledronic acid. Plaintiff alleges that the Company was part of a larger “overarching conspiracy” with all other manufacturers named as to all of the drugs named in the complaint; and, alternatively, was part of an overarching conspiracy with eighteen of the defendants named with regard to forty-five of the drugs named. The complaint also alleges violations of Section 1 of the Sherman Act, 15 U.S.C. §1. The complaint seeks injunctive relief, recovery of treble damages, and attorney’s fees and costs against all defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

t) Antitrust Complaint Filed by Suffolk County, New York:
On August 27, 2020, Suffolk County, New York, filed a complaint against the Company and forty-six other defendants, involving a total of one hundred thirty generic drugs, alleging an “overarching conspiracy” to fix prices and to rig bids and allocate customers with respect to these drugs. The Company is specifically named with respect to twelve drugs: ciprofloxacin ER, divalproex ER, fenofibrate, fluconazole, glimepiride, glyburide, metformin, oxaprozin, pravastatin, ranitidine, tizanidine and zoledronic acid. Plaintiffs allege that the Company was part of a larger “overarching conspiracy” with all other manufacturers named as to all of the drugs named in the complaint. The complaint also alleges violations of Section 1 of the Sherman Act, 15 U.S.C. §1. The complaint seeks injunctive relief, recovery of treble damages, and attorney’s fees and costs against all defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

u) Antitrust Complaint Filed by J M Smith:
On September 4, 2020, J M Smith Corporation, as assignee of Burlington Drug Company, filed a complaint against the Company and fifty other defendants, involving a total of one hundred thirty generic drugs, alleging an “overarching conspiracy” to fix prices and to rig bids and allocate customers with respect to these drugs. The Company is specifically named with respect to eleven drugs: allopurinol, ciprofloxacin ER, divalproex ER, fluconazole, glimepiride, meprobamate, oxaprozin, paricalcitol ranitidine, tizanidine and zoledronic acid.

Plaintiffs allege that the Company was part of a larger “overarching conspiracy” with all other manufacturers named as to all of the drugs named in the complaint; The complaint also alleges violations of Section 1 of the Sherman Act, 15 U.S.C. §1. The complaint seeks injunctive relief, recovery of treble damages, and attorney’s fees and costs against all defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

v) Antitrust Complaint Filed by Walgreen Company:
On December 11, 2020, Walgreen Company filed a complaint against the Company and fifty-four other defendants, involving a total of one hundred eighty-eight generic drugs, alleging an “overarching conspiracy” to fix prices and to rig bids and allocate customers with respect to these drugs. Walgreen asserts claims on its own behalf and as assignee of Amerisource Bergen for drugs that Amerisource Bergen sold to Walgreen. The Company is specifically named with respect to eleven drugs: allopurinol, ciprofloxacin ER, divalproex ER, fluconazole, glimepiride, meprobamate, oxaprozin, paricalcitol, ranitidine, tizanidine and zoledronic acid. Plaintiff alleges that the Companywas part of a larger “overarching conspiracy” with all other manufacturers named as to all of the drugs named in the complaint. The complaint also alleges violations of Section 1 of the Sherman Act, 15 U.S.C. §1. The complaint seeks injunctive relief, recovery of treble damages, and attorney’s fees and costs against all defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

w) Antitrust Complaint Filed by CVS Pharmacy Inc.:
On December 15, 2020, CVS Pharmacy, Inc., filed a complaint against the Company and fifty-seven other defendants, involving a total of four hundred four generic drugs, alleging an “overarching conspiracy” to fix prices and to rig bids and allocate customers with respect to these drugs. CVS Pharmacy asserts claims on its own behalf and as assignee of Cardinal Health and McKesson for drugs that Cardinal Health and McKesson sold to CVS Pharmacy, Inc. The Company is specifically named with respect to seven drugs: ciprofloxacin ER, glimepiride, meprobamate, oxaprozin, pravastatin, tizanidine and zoledronic acid. Plaintiff alleges that the Company was part of a larger “overarching conspiracy” with all other manufacturers named as to all of the drugs named in the complaint. The complaint also alleges violations of Section 1 of the Sherman Act, 15 U.S.C. §1. The complaint seeks injunctive relief, recovery of treble damages, and attorney’s fees and costs against all defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

x) Antitrust Complaint Filed by Various Counties, Cities and Insurance Companies:
On December 15, 2020, a Complaint was filed in the Supreme Court of the State of New York, Suffolk County, by a group of 22 plaintiffs against the Company and 55 other defendants. Plaintiffs include 14 New York Counties (Albany, Cattaraugus, Chemung, Chenango, Columbia, Erie, Essex, Livingston, Monroe, Oneida, Onondaga, Otsego and Schuyler), the Town of Amherst, New York, the City of Poughkeepsie, New York, the City of Mobile, Alabama, the Counties of Osceola, Florida, and Shelby, Tennessee, and three insurance companies (Magnacare Insurance, Mebco and WCA Group Health Trust). The case has been removed to the United States District Court for the Eastern District of New York and is in the process of being transferred to, and consolidated with, the MDL-2724 litigation. The Complaint alleges an overarching conspiracy to fix prices and allocate markets for 294 generic drugs. Of the 294 drugs, DRL is specifically named with respect to 14 drugs: Allopurinol, Ciprofloxacin, Divalproex, Glimepiride, Glyburide Metformin, Isotretinoin, Lamotrigine, Meprobamate, Metoprolol Succinate, Oxaprozin, Paricalcitol, Tizanidine, Valganciclovir and Zoledronic Acid. The Complaint alleges violations of Sections 1 and 2 of the Sherman Act, as well as violations of the Antitrust Statutes of Alabama, Florida, New York and Tennessee and Unjust Enrichment claims under the laws of Alabama, Florida, New York and Tennessee. The complaint seeks injunctive relief, recovery of treble damages, and attorney’s fees and costs against all defendants on a joint and several basis. The Company denies any wrongdoing and intends to vigorously defend against these claims.

Note on Antitrust Complaints
The Company believes that the aforesaid asserted claims in subsections a) though x) above are without merit and intends to vigorously defend itself against the allegations. Also, any liability that may arise on account of these claims is unascertainable. Accordingly, no provision was made in these financial statements of the Company.

Civil litigation with Mezzion

On June 3, 2020, a Class Action Statement of Claim was filed by an individual consumer in Federal Court in Toronto, Canada, against the Company and Utlimate Parent Company Canadian subsidiary and 52 other generic drug companies. The Statement of Claim alleges an industry-wide, overarching conspiracy to violate Sections 45 and 46 of the Canadian Competition Act by conspiring to allocate the market, fix prices, and maintain the supply of generic drugs in Canada. The action is brought on behalf of a class of all persons, from January 1, 2012 to the present, who purchased generic drugs in the private sector. The Statement of Claim states that it seeks damages against all defendants on a joint and several basis, attorney's fees and costs of investigation and prosecution. An Amended Statement of Claim was served on the Company and Ultimate Parent Company Canadian subsidiary on January 15, 2021 and adds an additional 20 generic drug companies. The Amended Statement of Claim also removes the identification of defendant companies with conspiracy allegations regarding specific generic drugs and alleges a conspiracy to allocate the North America Market as to all generic drugs in Canada.

The Company believes that the asserted claims are without merit and intends to vigorously defend itself against the allegations. Any liability that may arise on account of this claim is unascertainable. Accordingly, no provision was made in these financial statements of the Company.

On January 13, 2017, Mezzion Pharma Co. Ltd. and Mezzion International LLC (collectively, "Mezzion") filed a complaint in the New Jersey Superior Court against the Ultimate Parent Company and the Company. The complaint pertains to the production and supply of the active pharmaceutical ingredient ("API") for udenafil (a patented compound) and an udenafil finished dosage product during a period from calendar years 2007 to 2015. Mezzion alleges that the Company failed to comply with the U.S. FDA's current Good Manufacturing Practices ("cGMP") at the time of manufacture of the API and finished dosage forms of udenafil and, consequently, that this resulted in a delay in the filing of a NDA for the product by Mezzion. The Company filed a motion to dismiss Mezzion's complaint on the technical grounds that the Court lacks jurisdiction over the Company. In January 2018, the Court denied the Company's motion to dismiss the complaint on the jurisdictional matter. The Company's interlocutory appeal of said denial was also denied. The case is continuing in pretrial discovery.

The Company denies any wrongdoing or liability in this regard, and intends to vigorously defend against the claims asserted in Mezzion's complaint. Any liability that may arise on account of this claim is unascertainable. Accordingly, no provision was made in these financial statements of the Company.

Securities Class Action Litigation

On August 25, 2017, a securities class action lawsuit was filed against the Company, its Chief Executive Officer and its Chief Financial Officer in the United States District Court for the District of New Jersey. The Company's Co-Chairman, its Chief Operating Officer, and Dr. Reddy's Laboratories, Inc., were also subsequently named as defendants in the case. The operative complaint alleges that the Company made false or misleading statements or omissions in its public filings, in violation of U.S. federal securities laws, and that the Company's share price dropped and its investors were affected. On May 9, 2018, the Company and other defendants filed a motion to dismiss the complaint in the United States District Court for the District of New Jersey.

On June 25, 2018, the plaintiffs filed an opposition to the motion to dismiss and, on July 25, 2018, a further reply in support of the motion to dismiss was filed by the Company. In August 2018, oral argument on the motion to dismiss was heard by the Court

On March 21, 2019, the District Court issued its decision granting in part and denying in part the motion to dismiss. Pursuant to that decision, the Court dismissed the plaintiffs claims with respect to seventeen out of the twenty two alleged misstatements and omissions.

On May 15, 2020, Dr. Reddy's Laboratories Limited, Dr. Reddy's Laboratories, Inc., and certain of the Company's current or former directors and officers have entered into a Stipulation and Agreement of Settlement (the "Stipulation") with lead plaintiff the Public Employees' Retirement System of Mississippi in the putative securities class action filed against the defendants in the United States District Court for the District of New Jersey. As consideration for the settlement of the class action, the Company has agreed to pay USD 9 million

The settlement is subject to the approval of the court and may be terminated prior to court approval pursuant to the grounds for termination set forth in the Stipulation. Subject to the terms of the Stipulation, in exchange for the settlement consideration, the lead plaintiff and members of the settlement class who do not opt-out of this settlement would release, among other things, the claims that were asserted, or that they could have asserted, in this class action. In entering into the settlement, the defendants do not admit, and explicitly deny, any liability or wrongdoing of any kind.

Subject to the terms of the Stipulation, the settlement resolves the remainder of the litigation.

As the Ultimate Parent Company is adequately insured with respect to the aforesaid liability, the settlement did not have any impact on the Company's income statement for the year ended March 31, 2020.

On December 23, 2020, the court issued a final order and judgment approving the settlement. Pursuant to the settlement/court order, the escrow was funded on January 4, 2021. The effective date of the settlement occurred on February 1, 2021, upon transfer of the settlement fund balance into the final escrow account. As the transfer of funds to the final escrow account constitutes settlement of liability, the amount of liability has been derecognized during the three months ended March 31, 2021.

Other matters

Civil Investigative Demand from the Office of the Attorney General, State of Texas

On or about November 10, 2014, the Company received a Civil Investigative Demand ("CID") from the Office of the Attorney General, State of Texas (the "Texas AG") requesting certain information, documents and data regarding sales and price reporting in the U.S. marketplace of certain products for the period of time between January 1, 1995 and the date of the CID. The Company responded to all of the Texas AG's requests to date.

Subpeona duces tecum from the Office of the Attorney General, California

On November 3, 2014, the Company received a subpoena duces tecum to appear before the Office of the Attorney General, California (the "California AG") and produce records and documents relating to the pricing of certain products. A set of five interrogatories related to pricing practices was served as well. On July 18, 2016, the California AG sent a letter to inform Dr. Reddy's Laboratories, Inc. that, in light of the information which had been provided, no further information would be requested at such time in response to this subpoena.

Subpoenas from the U.S. Department of Justice ("DOJ") and the office of the Attorney General for the State of Connecticut

On July 6, 2016 and August 7, 2016, the Company received subpoenas from the DOJ (Anti-trust Division) and the office of the Attorney General for the State of Connecticut, respectively, seeking information relating to the marketing, pricing and sale of certain of our generic products and any communications with competitors about such products. On May 15, 2018, another subpoena was served on the Company by the DOJ (False Claims Division) seeking similar information. The Company has been cooperating, and intends to continue to fully cooperate, with these inquiries.

Civil Investigative Demand from the Division of the U.S DOJ

On May 15, 2018, the Company received a Civil Investigative Demand from the Civil Division of the U.S. DOJ, enquiring whether there have been any violations of the U.S. False Claims Act, arising from allegations that generic pharmaceutical manufacturers, including us, have engaged in market allocation or price fixing agreements, or paid illegal remuneration, and caused false claims to be submitted in violation of the said Act. The Company intend to fully cooperate with the DOJ in responding to the demand and cooperate with the investigation.

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

29. Nature of Expense

The following table shows the expenses by nature:

	For the year ended March 31, 2021			
Particulars	**Cost of revenue**	**Selling, general and administrative expenses**	**Research and Development**	**Total**
Employee benefits	168,272	36,448,800	5,604,558	42,221,630
Depreciation and amortization	-	10,705,439	71,696	10,777,135
	168,272	**47,154,239**	**5,676,254**	**52,998,765**

The following table shows the expenses by nature:

	For the year ended March 31, 2020			
Particulars	**Cost of revenue**	**Selling, general and administrative expenses**	**Research and Development**	**Total**
Employee benefits	156,973	39,522,752	6,552,792	46,232,517
Depreciation and amortization	-	6,283,718	71,696	6,355,414
	156,973	**45,806,470**	**6,624,488**	**52,587,931**

30. Employee Benefits

The Company's employees participate in Dr. Reddy's Laboratories, Inc., 401 (k) defined contribution retirement plan. The Company's contribution is discretionary and is determined by its Board of Directors on an annual basis. The contribution made by the Company for the year ended March 31, 2021 and 2020 was USD 953,876 and USD 1,093,544 respectively.

31.Impact of COVID-19

The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of receivables, goodwill, intangible assets, investments and other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these Standalone financial statements. The Company based on its judgments, estimates and assumptions including sensitivity analysis, expects to fully recover the carrying amount of receivables, goodwill, intangible assets, investments and other assets.

The Company will continue to closely monitor any material changes to future economic conditions.

32. Subsequent Events

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

Independent Auditors' Report

To the Members of
Dr. Reddy's Laboratories Japan KK

We have audited the accompanying financial statements of **Dr. Reddy's Laboratories Japan KK.** 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. 21202367AAABXW1147

Place: Hyderabad
Date: 11th May 2021

Dr. Reddy's Laboratories Japan KK
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	2.1	-	31
Financial assets			
Others	2.2 A	484	509
Total non-current assets		**484**	**540**
Current assets			
Financial assets			
Cash and cash equivalents	2.3	10,776	10,236
Others	2.2 B	5,657	3,407
Other assets	2.4	186	281
Total current assets		**16,619**	**13,924**
Total assets		**17,103**	**14,464**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.5	34,032	34,032
Other equity		(20,475)	(21,564)
Total equity		**13,557**	**12,468**
Current liabilities			
Financial Liabilities			
Other current financial liabilities	2.6	2,287	1,625
Liabilities for current tax, net		686	-
Other current liabilities	2.7	573	371
Total Liabilities		**3,546**	**1,996**
Total equity and liabilities		**17,103**	**14,464**
Significant accounting policies	1		

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of
Dr. Reddy's Laboratories Japan KK

for **A Ramachandra Rao & Co.**
Chartered Accountants
ICAI FRN : 002857S

PSRVV Surya Rao
Partner
Membership No. 202367

Saumen Chakraborty
Director

M V Narasimham
Director

Place: Hyderabad
Date: 11 May 2021

Dr. Reddy's Laboratories Japan KK
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
Other income	2.8	28,501	21,893
Total income		**28,501**	**21,893**
Expenses			
Depreciation and amortisation expense	2.1	32	30
Employee benefits expense	2.9	18,331	14,962
Selling and other expenses	2.10	7,601	8,692
Total expense		**25,964**	**23,684**
Profit/(Loss) before tax		**2,537**	**(1,791)**
Income tax expense		696	-
Profit/(Loss) for the year		**1,841**	**(1,791)**
Other comprehensive income			
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		**(753)**	**918**
(ii) Income tax relating to items that will be reclassified to profit or loss			
Total Comprehensive income		**1,088**	**(874)**
Earnings per share:			
Basic earnings per share of JPY 100 each		1.75	(2.01)
Diluted earnings per share of JPY 100 each		1.75	(2.01)
Significant accounting policies	1		

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Date: 11 May 2021

Dr. Reddy's Laboratories Japan KK

Statement of Changes in Equity

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

Total equity

Particulars	Share capital		Reserves and surplus		Other comprehensive income	Total Equity
	Shares	Amount	Securities premium	Retained earnings	Currency translation adjustments	
Balance as of 1 April 2020	**9,18,420**	**34,032**	**20,283**	**(42,764)**	**918**	**12,468**
Issue of equity shares	-	-	-	-		-
Income for the period					(753)	(753)
Profit/(Loss) for the period	-	-	-	1,841		1,841
Balance as of 31 March 2021	**9,18,420**	**34,032**	**20,283**	**(40,923)**	**165**	**13,557**

Particulars	Share capital		Reserves and surplus		Other comprehensive income	Total Equity
	Shares	Amount	Securities premium	Retained earnings	Currency translation adjustments	
Balance as of 1 April 2019	**7,53,420**	**28,750**	**15,001**	**(40,973)**	**-**	**2,778**
Issue of equity shares	1,65,000	5,282	5,282	-		10,564
Income for the period					918	918
Loss for the period	-	-	-	(1,791)		(1,791)
Balance as of 31 March 2020	**9,18,420**	**34,032**	**20,283**	**(42,764)**	**918**	**12,468**

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M V Narasimham
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Place: Hyderabad
Date: 11 May 2021

Dr. Reddy's Laboratories Japan KK
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	2,537	(1,791)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	32	30
Net foreign exchange differences	(135)	(1)
Operating cash flows before working capital changes	**2,434**	**(1,763)**
Working capital adjustments:		
Increase in other assets and other liabilities, net	(1,275)	(3,174)
Increase in trade and other payables		
	1,159	**(4,937)**
Income tax paid	-	-
Net cash flows from operating activities	**1,159**	**(4,937)**
Net cash flows used in investing activities		
Purchase of property, plant and equipment	-	**0**
	-	**0**
Net cash flows from/ (used in) financing activities		
Proceeds from issuance of share capital	-	10,564
	-	**10,564**
Net increase / (decrease) in cash and cash equivalents	1,159	5,627
Cash and cash equivalents at the beginning of the year	10,236	3,693
Effect of foreign exchange loss on cash and cash equivalents	(618)	916
Cash and cash equivalents at the end of the year	**10,776**	**10,236**
Notes to the cash flow statement:		
Cash and cash equivalents at the end of the year	10,776	10,236
Cash and bank balances at the end of the year	**10,776**	**10,236**

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of
Dr. Reddy's Laboratories Japan KK

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Place: Hyderabad
Date: 11 May 2021

Dr. Reddy’s Laboratories Japan KK

Significant Accounting Policies & Notes to financial statements

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

Note 1 Description of the Company and significant accounting policies

1.1 Description of the Company

Dr. Reddy’s Laboratories Japan KK (" the Company") incorporated in Japan , is a 100% subsidiary of Dr. Reddy's Laboratories SA.

1.2 Basis of preparation of financial statements

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards (“Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

1.3 Use of estimates and judgments

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

1.4 Significant accounting policies

Current and non-current classification

All the assets and liabilities have been classified as current or non-current as per the Company’s normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of financial statements.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Company’s normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company’s normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current assets/ liabilities include the current portion of non-current assets/ liabilities respectively. All other assets/ liabilities are classified as non-current. Deferred tax assets and liabilities are always disclosed as non-current.

Foreign currency transactions

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

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

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

Revenue

Sale of goods

Revenue is recognised when the control of the goods has been transferred to a third party, when the title passes to the customer, either upon shipment or upon receipt of goods by the customer and when the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer’s acceptance of the product. Revenue from the sale of goods is measured at the transaction price which is the consideration received or receivable, net of returns, taxes and applicable trade discounts and allowances. Revenue includes shipping and handling costs billed to the customer.

Services Income

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

License fee

License fees primarily consist of income from the out-licensing of intellectual property, and other licensing and supply arrangements with various parties. Revenue from license fees is recognised when control transfers to the third party and the Company’s performance obligations are satisfied. Some of these arrangements include certain performance obligations by the Company. Revenue from such arrangements is recognised in the period in which the Company completes all its performance obligations.

Interest income and dividend

Interest income primarily comprises of interest from term deposits with banks. Interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset. Interest income is included in other income in the statement of profit and loss.

Dr. Reddy's Laboratories Japan KK

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.

Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. General and specific borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in the statement of profit and loss.

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

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

Dr. Reddy's Laboratories Japan KK

Significant Accounting Policies & Notes to financial statements

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

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.

Inventories

Inventories consist of raw materials, stores and spares, work-in-progress and finished goods and are measured at the lower of cost and net realisable value. The cost of all categories of inventories is based on the weighted average method. Cost includes expenditures incurred in acquiring the inventories, production or conversion costs and other costs incurred in bringing them to their existing location and condition. In the case of finished goods and work-in-progress, cost includes an appropriate share of overheads based on normal operating capacity. Stores and spares, that do not qualify to be recognised as property, plant and equipment, consists of packing materials, engineering spares (such as machinery spare parts) and consumables (such as lubricants, cotton waste and oils), which are used in operating machines or consumed as indirect materials in the manufacturing process.

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

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

Employee benefits

Short-term employee benefits

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

Defined contribution plans

The Company's contributions to defined contribution plans are charged to the statement of profit and loss as and when the services are received from the employees.

Provisions, contingent liabilities and contingent assets

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

Restructuring

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

Onerous contracts

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

Reimbursement rights

Expected reimbursements for expenditures required to settle a provision are recognised only when receipt of such reimbursements is virtually certain. Such reimbursements are recognised as a separate asset in the balance sheet, with a corresponding credit to the specific expense for which the provision has been made.

Contingent liabilities

A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Contingent assets

Contingent assets are not recognised in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

Dr. Reddy's Laboratories Japan KK

Significant Accounting Policies & Notes to financial statements

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

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

Cash and cash equivalents

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

Trade receivables

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

Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which are unpaid. The amounts are unsecured and are presented as current liabilities unless payment is not due within twelve months after the reporting period. They are recognised initially ate fair value and subsequently measured at amortised cost using the effective interest method.

Dr. Reddy's Laboratories Japan KK

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

Note 2 Notes to the financial statements

2.1 Property, plant and equipment

Particulars	Gross carrying value					Accumulated depreciation					Net carrying value	
	As at 1 April 2020	Additions	Disposals	Forex adjustments	As at 31 March 2021	As at 1 April 2020	For the year	Disposals	Forex adjustments	As at 31 March 2021	As at 31 March 2021	As at 31 March 2020
Furniture, fixtures and office equipment	94	-	-	(3)	91	63	32	-	(4)	91	-	31
Total	**94**	**-**	**-**	**(3)**	**91**	**63**	**32**	**-**	**(4)**	**91**	**-**	**31**
Previous Year	88	-	**(30)**	6	94	29	30	(30)	3	32	32	59

Dr. Reddy's Laboratories Japan KK

Notes to the Financial Statements

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

Financial Assets

2.2 : Other financial assets	As at 31 March 2021	As at 31 March 2020
Others	6,141	3,916
Other financial assets	**6,141**	**3,916**
B. Non-current	484	509
A. Current	5,657	3,407

2.3 : Cash and cash equivalents	As at 31 March 2021	As at 31 March 2020
Balances with banks:		
- On current accounts	10,776	10,236
Cash and cash equivalents	**10,776**	**10,236**

2.4: Loans	As at 31 March 2021	As at 31 March 2020
(Unsecured, considered good unless otherwise stated)		
Advances to Other parties	186	281
	186	**281**

2.5 : Share capital	As at 31 March 2021	As at 43,921
Authorised Share Capital		
918,420(Previous year: 918,420) equity shares of JPY100 each	34,032	34,032
Issued equity capital		
918,420(Previous year: 918,420) equity shares of JPY100 each	34,032	34,032
Subscribed and fully paid-up		
918,420(Previous year: 918,420) equity shares of JPY100 each	34,032	34,032
	34,032	**34,032**

(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	9,18,420	34,032	7,53,420	28,750
Add:Shares issued during the year	-	-	1,65,000	5,282
Number of shares outstanding at the end of the year	**9,18,420**	**34,032**	**9,18,420**	**34,032**

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

The company has only one class of equity shares having a par value of JPY 100 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
Dr. Reddy's Laboratories SA	9,18,420	100%	9,18,420	100%

Financial Liabilities

2.6 : Other financial liabilities	As at 31 March 2021	As at 31 March 2020
Accrued expenses	2,287	1,625
	2,287	**1,623**

Other Liabilities

2.7 : Other current liabilities	As at 31 March 2021	As at 31 March 2020
Due to statutory authorities	573	371
	573	**371**

Dr. Reddy's Laboratories Japan KK

Notes to the 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
2.8 : Other income		
Service income	28,501	21,893
Foreign exchage gain, net	-	2
	28,501	**21,895**

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.9 : Employee Benefit expenses		
Salaries,wages and bonus	18,331	14962
	18,331	**14962**

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.10 : Selling and other expenses		
Legal and professional	1,949	2,672
Rent	3,215	2,178
Other general expenses	2,437	3,842
	7,601	**8,692**

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.11 : Other comprehensive income		
Currency Translation Adjustments	(753)	918
	(753)	**918**

2.12 Related parties

The Company had 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 assets):		
Dr. Reddy's Laboratories Limited	-	2,148

Dr. Reddy's Laboratories Japan KK

Significant Accounting Policies & Notes to financial statements

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

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

2.13 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.

2.14 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

for and on behalf of the Board of Directors of
Dr. Reddy's Laboratories Japan KK

PSRVV Surya Rao
Partner
Membership No. 202367

Saumen Chakraborty
Director

M V Narasimham
Director

Place: Hyderabad
Date: 11 May 2021

Dr Reddy's Laboratories Kazakhstan LLP

Financial statements

For the year ended 31 December 2020
with independent auditor's report

Independent auditor's report

Financial statements

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Independent auditor's report

To the Parent and the Management of Dr. Reddy's Laboratories Kazakhstan LLP

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

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

Responsibilities of management for the financial statements

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

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

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Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

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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.

Ernst & Young LLP

Kairat Medetbayev
Auditor

Auditor qualification certificate
No. МФ - 0000137 dated 8 February 2013

Rustamzhan Sattarov
General director
Ernst & Young LLP

State audit license for audit activities on the territory of the Republic of Kazakhstan: series МФЮ-2, No. 0000003 issued by the Ministry of Finance of the Republic of Kazakhstan on 15 July 2005

050060, Republic of Kazakhstan, Almaty
Al-Farabi ave., 77/7, Esentai Tower

28 April 2021

STATEMENT OF FINANCIAL POSITION

As at 31 December 2020

In thousands of tenge	Notes	31 December 2020	31 December 2019
Assets			
Non-current assets			
Property and equipment	5	**30,105**	36,995
Intangible assets		**110**	458
Right of use assets	13	**109,690**	123,408
Deferred tax assets	19	**226,443**	200,008
Total non-current assets		**366,348**	360,869
Current assets			
Inventory	6	**2,337,887**	2,325,309
Trade accounts receivable	7	**2,125,030**	2,594,330
Advances paid		**61,364**	41,983
Income tax prepaid		**52,059**	102,871
Other current assets		**39,210**	8,515
Cash and cash equivalents	8	**633,743**	57,996
Total current assets		**5,249,293**	5,131,004
Total assets		**5,615,641**	5,491,873
Equity and liabilities			
Equity			
Charter capital	9	**390,000**	390,000
Retained earnings		**1,137,005**	857,239
		1,527,005	1,247,239
Liabilities			
Non-current liabilities			
Lease liabilities	13	**87,304**	46,157
Total non-current liabilities		**87,304**	46,157
Current liabilities			
Trade and other payables	10	**3,710,991**	3,864,130
VAT payable		**87,706**	58,572
Other taxes payable		**–**	21,651
Provisions	11	**136,031**	115,777
Contract liabilities	12	**1,229**	36,020
Lease liabilities	13	**40,354**	77,807
Other current liabilities		**25,021**	24,520
Total current liabilities		**4,001,332**	4,198,477
Total liabilities and equity		**5,615,641**	5,491,873

General Director ______ Nitul Kumar

Chief Accountant ______ Viktoriya Nazarchuk

28 April 2021

The accompanying notes on pages 5 to 27 are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2020

In thousands of tenge	Notes	2020	2019
Revenue from contracts with customers	14	**11,389,180**	9,631,499
Cost of pharmaceuticals	15	**(8,418,919)**	(7,144,428)
Gross profit		**2,970,261**	2,487,071
Selling, general and administrative expenses	16	**(2,390,460)**	(2,229,982)
Other operating income and expenses	17	**1,186**	180
Operating profit		**580,987**	257,269
Interest expense	13	**(7,738)**	(7,111)
Foreign exchange (loss)/gain, net	18	**(217,065)**	44,280
Profit before income tax		**356,184**	294,438
Income tax expense	19	**(76,418)**	(60,011)
Profit for the year		**279,766**	234,427
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year, net of tax		**279,766**	234,427

General Director Nitul Kumar

Др Реддис Лабораторис Казахстан
Dr Reddy's Laboratories Kazakhstan LLP

Chief Accountant Viktoriya Nazarchuk

28 April 2021

STATEMENT OF CASH FLOWS

For the year ended 31 December 2020

In thousands of tenge	Notes	2020	2019
Cash flows from operation activities			
Profit before income tax		**356,184**	294,438
Adjustments to:			
Depreciation and amortisation	16	**91,534**	95,102
Interest on lease liabilities	13	**7,738**	7,111
Provisions		**20,254**	12,763
Forex exchange (gain)/loss, net		**217,065**	(44,280)
Allowance for expected credit losses	16	**9,918**	8,238
VAT provision for damaged goods		–	10,285
Provision for unutilized VAT		–	–
Inventory write-off to NRV	15	**94,627**	105,577
Inventory provision	16	**16,317**	13,137
Operating profit before working capital changes		**813,637**	502,371
Change in trade accounts receivable		**438,907**	(823,964)
Change in advanced paid		**(19,381)**	(23,344)
Change in inventories		**(123,522)**	448,797
Change in other current assets		**(31,642)**	34,819
Change in trade accounts payable		**(269,811)**	142,928
Change in VAT payable		**29,134**	(40,997)
Change in other taxes payable		**(21,651)**	(6,416)
Changes in other current liabilities		**501**	5,583
Changes in contract liabilities		**(34,791)**	(46,238)
Cash used in from operations		**781,381**	193,539
Income tax paid		**(52,041)**	(119,668)
Net cash from / (used in) operating activities		**729,340**	73,871
Cash flows from investment activities			
Purchase of property, plant and equipment and intangible assets		**(13,576)**	(1,232)
Proceeds from disposal of property, plant and equipment		**1,131**	755
Net cash used in investing activities		**(12,445)**	(477)
Cash flows from financing activities			
Repayment of lease liabilities	13	**(82,323)**	(71,326)
Net cash flow used in financing activities		**(82,323)**	(71,326)
Net change in cash and cash equivalents		**634,572**	2,068
Net foreign exchange difference		**(58,825)**	(17,157)
Cash and cash equivalents at the beginning of the year	8	**57,996**	73,085
Cash and cash equivalents at the end of the year	8	**633,743**	57,996

General Director Nitul Kumar

Товарищество с ограниченной ответственностью "Др Реддис Лабораторис Казахстан" Республика Казахстан город Алматы
Др Реддис Лабораторис Казахстан
Dr Reddy's Laboratories Kazakhstan LLP

Chief Accountant Viktoriya Nazarchuk

28 April 2021

The accompanying notes on pages 5 to 27 are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2020

In thousands of tenge	Notes	Charter capital	Retained earnings	Total equity
At 1 January 2019	9	390,000	622,812	1,012,812
Profit for the year		–	234,427	234,427
Total comprehensive income for the year		–	234,427	234,427
At 31 December 2019	9	390,000	857,239	1,247,239
Profit for the year		**–**	**279,766**	**279,766**
Total comprehensive income for the year		**–**	**279,766**	**279,766**
At 31 December 2020	9	**390,000**	**1,137,005**	**1,527,005**

General Director ______________________ Nitul Kumar

Chief Accountant ______________________ Viktoriya Nazarchuk

28 April 2021

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2020

1. GENERAL

Dr Reddy's Laboratories Kazakhstan LLP (the "Company") was incorporated in the Republic of Kazakhstan as a limited liability partnership on 29 November 2016. The Company started its operations in April 2017.

The Company's registered address is 905 office, 28V, Timiryazev street, Bostandykskiy district, Almaty, 050040, the Republic of Kazakhstan. The Company is 100% owned by Dr. Reddy's Laboratories SA ("Participant"), a company established under the laws of Switzerland. The ultimate parent is Dr Reddy's Laboratories Limited, a company incorporated in India. The Company is principally engaged in the following:

- Wholesale selling of medicines and food supplement;
- Provision of marketing and promotional services to the Ultimate parent;

The Company has obtained State license for pharmaceutical activity No. 17001757 dated 2 February 2017.

These financial statements were authorized for issue by General Director and Chief Accountant on 28 April 2021.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB").

The financial statements have been prepared on a historical cost basis, except as described in the accounting policy and the notes to these financial statements. The financial statements are presented in Kazakhstan tenge ("tenge" or "KZT") and all values are rounded to the nearest thousand tenge, except where otherwise indicated.

Going concern

The financial statements of the Company are prepared on the basis that the Company will continue to be a going concern. This basis of preparation of financial statements presumes that the Company will continue to realize its assets and discharge its liabilities in the ordinary course of business within the next 12 months from the date of signing the financial statements.

Foreign currencies

The financial statements are presented in tenge, which is the functional and presentation currency of the Company.

Transactions in foreign currencies are initially recorded in the functional currency at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated to the spot rate of exchange ruling at the reporting date. All differences are taken to the statement of comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

Weighted average currency exchange rates established by the Kazakhstan Stock Exchange ("KASE") are used as official currency exchange rates in the Republic of Kazakhstan.

The currency exchange rate of KASE as of 31 December 2020 was 420.91 tenge to 1 US dollar. This rate was used to translate monetary assets and liabilities denominated in US dollars as of 31 December 2019 (2019: 382.59 tenge to 1 US dollar).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

New and amended standards and interpretations

The Company applied for the first time certain standards and amendments, which are effective for annual periods beginning on or after 1 January 2020. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the Company's annual financial statements for the year ended 31 December 2020, except for the adoption of new standards effective as of 1 January 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New and amended standards and interpretations (continued)

The following new standards and amendments became effective as at 1 January 2020:

- Amendments to IFRS 7, IFRS 9 and IAS 39 *Interest Rate Benchmark Reform*;
- Amendments to IAS 1 and IAS 8 *Definition of Material*;
- Amendments to IFRS 16 – *COVID-19-Related Rent Concessions*;
- Conceptual Framework for Financial Reporting.

The nature and impact of each new standard, interpretation and amendment is described below:

Amendments to IFRS 7, IFRS 9 and IAS 39: Interest Rate Benchmark Reform

The amendments to IFRS 7, IFRS 9 and IAS 39 *Financial Instruments: Recognition and Measurement* provide a number of reliefs, which apply to all hedging relationships that are directly affected by interest rate benchmark reform. A hedging relationship is affected if the reform gives rise to uncertainties about the timing and/or amount of benchmark-based cash flows of the hedged item or the hedging instrument. These amendments had no impact on the Company's financial statements, as it does not have hedge relationship based on the interest rates.

Amendments to IAS 1 and IAS 8 Definition of Material

The amendments provide a new definition of material that states "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. These amendments had no impact on the financial statements of the Company, nor is there expected to be any future impact.

Amendments to IFRS 16 – COVID-19-Related Rent Concessions

The amendments provide relief to lessees from applying IFRS 16 guidance on lease modification accounting for rent concessions arising as a direct consequence of the COVID-19 pandemic. As a practical expedient, a lessee may elect not to assess whether a COVID-19 related rent concession from a lessor is a lease modification. A lessee that makes this election accounts for any change in lease payments resulting from the COVID-19 related rent concession the same way it would account for the change under IFRS 16, if the change were not a lease modification.

The amendment is effective for annual periods beginning on or after 1 June 2020. Early adoption is permitted. This amendment had no effect on the financial statements of the Company.

Conceptual Framework for Financial Reporting issued on 29 March 2018

The Conceptual Framework is not a standard, and none of the concepts contained therein override the concepts or requirements in any standard. The purpose of the Conceptual Framework is to assist the IASB in developing standards, to help preparers develop consistent accounting policies where there is no applicable standard in place and to assist all parties to understand and interpret the standards. This will affect those entities which develop their accounting policies based on the Conceptual Framework.

The revised Conceptual Framework includes some new concepts, provides updated definitions and recognition criteria for assets and liabilities and clarifies some important concepts. Revision of this document had no impact on the financial statements of the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective

New standards, amendments and interpretations issued but not yet effective up to the date of issuance of the Company's financial statements are listed below.

The Company intends to adopt these standards, amendments and interpretations if applicable, when they become effective:

IFRS 17 Insurance Contracts

In May 2017, the IASB issued IFRS 17 *Insurance Contracts* (IFRS 17), a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. Once effective, IFRS 17 will replace IFRS 4 *Insurance Contracts* (IFRS 4) that was issued in 2005. IFRS 17 applies to all types of insurance contracts (i.e., life, non-life, direct insurance and re-insurance), regardless of the type of entities that issue them, as well as to certain guarantees and financial instruments with discretionary participation features. A few scope exceptions will apply. The overall objective of IFRS 17 is to provide an accounting model for insurance contracts that is more useful and consistent for insurers. In contrast to the requirements in IFRS 4, which are largely based on grandfathering previous local accounting policies, IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects. The core of IFRS 17 is the general model, supplemented by:

- A specific adaptation for contracts with direct participation features (the variable fee approach);
- A simplified approach (the premium allocation approach) mainly for short-duration contracts.

IFRS 17 is effective for reporting periods beginning on or after 1 January 2023, with comparative figures required. Early application is permitted, provided the entity also applies IFRS 9 and IFRS 15 on or before the date it first applies IFRS 17. This standard is not applicable to the Company.

Amendments to IAS 1: Classification of Liabilities as Current or Non-current

In January 2020, the IASB issued amendments to paragraphs 69 to 76 of IAS 1 to specify the requirements for classifying liabilities as current or non-current. The amendments clarify:

- What is meant by a right to defer settlement;
- That a right to defer must exist at the end of the reporting period;
- That classification is unaffected by the likelihood that an entity will exercise its deferral right;
- That only if an embedded derivative in a convertible liability is itself an equity instrument would the terms of a liability not impact its classification.

The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and must be applied retrospectively. The Company is currently assessing the impact the amendments will have on current practice and whether existing loan agreements may require renegotiation.

Reference to the Conceptual Framework – Amendments to IFRS 3

Standards issued but not yet effective (continued) In May 2020, the IASB issued Amendments to IFRS 3 *Business Combinations – Reference to the Conceptual Framework.* The amendments are intended to replace a reference to the Framework for the Preparation and Presentation of Financial Statements, issued in 1989, with a reference to the Conceptual Framework for Financial Reporting issued in March 2018 without significantly changing its requirements.

The Board also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential 'day 2' gains or losses arising for liabilities and contingent liabilities that would be within the scope of IAS 37 or IFRIC 21 *Levies*, if incurred separately.

At the same time, the Board decided to clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Framework for the Preparation and Presentation of Financial Statements.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022 and apply prospectively.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Standards issued but not yet effective (continued)

Property, Plant and Equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued *Property, Plant and Equipment – Proceeds before Intended Use*, which prohibits entities deducting from the cost of an item of property, plant and equipment, any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling such items, and the costs of producing those items, in profit or loss.

The amendment is effective for annual reporting periods beginning on or after 1 January 2022 and must be applied retrospectively to items of property, plant and equipment made available for use on or after the beginning of the earliest period presented when the entity first applies the amendment.

The amendments are not expected to have a material impact on the Company.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making.

The amendments apply a "directly related cost approach". The costs that relate directly to a contract to provide goods or services include both incremental costs and an allocation of costs directly related to contract activities. General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract.

The amendments are effective for annual reporting periods beginning on or after 1 January 2022. The Company will apply these amendments to contracts for which it has not yet fulfilled all its obligations at the beginning of the annual reporting period in which it first applies the amendments.

Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is either:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within 12 months after the reporting period;
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

All other assets are classified as non-current.

A liability is current when either:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within 12 months after the reporting period;
- There is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period.

The Company classifies all other liabilities as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement (continued)

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.

Property and equipment

Construction in progress, property, and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset. When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment. Gains and losses upon disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within "other (income)/expense, net" in the statement of comprehensive income. The cost of replacing part of an item of property 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 into and its cost can be measured reliably. The costs of repairs and maintenance are recognized in the statement of comprehensive income as incurred. Property 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 is recognized in the statement of comprehensive income on a straight line basis over the estimated useful lives of property and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. 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:

- Furniture, fixtures and office equipment: 4-10 years;
- Computer equipment: 3-5 years.

Software for internal use, which is primarily acquired from third-party vendors and which is an integral part of a tangible asset, including consultancy charges for implementing the software, is capitalized as part of the related tangible asset. Subsequent costs associated with maintaining such software are recognized as expense as incurred. The capitalized costs are amortized over the estimated useful life of the software or the remaining useful life of the tangible fixed asset, whichever is lower. Advances paid towards the acquisition of property and equipment outstanding at each reporting date and the cost of property and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

Intangible assets that are acquired, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Subsequent expenditures are capitalized only when they increase the future economic benefits embodied in the specific asset to which they relate. All other expenditures, including expenditures on internally generated goodwill and brands, is recognized in the statement of comprehensive income as incurred.

Amortization is recognized in the statement of comprehensive income on a straight-line basis over the estimated useful lives of intangible assets or on any other basis that reflects the pattern in which the asset's future economic benefits are expected to be consumed by the Company. Intangible assets that are not available for use are amortized from the date they are available for use.

The estimated useful lives are as follows:

- Product related intangibles: 5-15 years;
- Other intangibles: 3-15 years.

The amortization period and the amortization method for intangible assets with a finite useful life are reviewed at each reporting date.

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 groups of assets. When the carrying amount of an asset or cash-generating unit 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, quoted share prices for publicly traded companies 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 cash-generating unit 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.

Impairment losses of continuing operations are recognised in the statement of comprehensive income in expense categories consistent with the function of the impaired asset, except for properties previously revalued with the revaluation taken to other comprehensive income. For such properties, the impairment is recognised in other comprehensive income up to the amount of any previous revaluation.

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 cash-generating unit'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 comprehensive income unless the asset is carried at a revalued amount. In this case, the reversal is treated as a revaluation increase.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement

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

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15. Refer to the accounting policies in section Revenue from contracts with customers.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

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.

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

- Financial assets at amortised cost (debt instruments);
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments);
- Financial assets at fair value through profit or loss;
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments).

Subsequent measurement

Financial assets at amortised cost (debt instruments)

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost includes trade receivables.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Subsequent measurement (continued)

Financial assets at fair value through OCI (debt instruments)

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

At 31 December 2020, the Company did not have debt instruments at fair value through other comprehensive income.

Financial assets designated at fair value through OCI (equity instruments)

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under IAS 32 *Financial Instruments: Presentation* and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

At 31 December 2020, the Company did not have debt instruments at fair value through other comprehensive income.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated by the Company as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial assets (continued)

Derecognition

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

- 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.

Impairment of financial assets

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

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. The Company has not designated any financial liabilities upon initial recognition as at fair value through profit or loss; derivatives designated as hedging instruments in effective hedging.

Subsequent measurement

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated by the Company upon initial recognition at fair value through profit or loss.

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied.

The Company has not designated any financial liabilities as at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments – initial recognition and subsequent measurement (continued)

Financial liabilities (continued)

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 comprehensive income.

Offsetting of financial instruments

Financial assets and financial liabilities are only offset and reported at the net amount in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and the Company intends to either settle on a net basis, to realise the asset and settle the liability simultaneously.

Cash and cash equivalents

Cash and cash equivalents in statement of financial position comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less from the origination date.

Inventories

Inventories are valued at the lower of acquisition cost and net realizable value.

Costs incurred in the delivery of each product to its destination, and bringing it into proper condition, are recorded at purchase costs using the weighted-average method.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and estimated costs necessary to make the sale.

Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made to settle this obligation. Where the Company expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of comprehensive income net of any reimbursement.

If the effect of the time value of money is material, provisions are determined by means of discounting using a current pre-tax rate that reflects 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 costs.

Taxes

Current income tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of comprehensive income. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxes (continued)

Deferred income tax

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

Deferred tax liabilities are recognised for all taxable temporary differences except where the deferred tax liability arises from the initial recognition of goodwill, asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability, which is not resulted from business combination and at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.

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

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

Deferred tax relating to items recognized outside of the statement of comprehensive income is recognized outside of the statement of comprehensive income. Deferred tax items are recognised in correlation to the underlying transaction either in the statement of comprehensive income or directly in equity.

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

Value added tax (VAT)

Tax legislation provides for offsetting input VAT and output VAT on a net basis. Thus, VAT receivable represents VAT on purchases net of VAT on sales.

VAT payable

VAT payable is accrued in accounting records in relation to revenue from sales of goods, work and services subject to VAT in accordance with the Tax Code of the Republic of Kazakhstan.

Where allowance has been made for impairment of receivables, an impairment loss is recorded for the gross amount of the debtor, including VAT.

VAT receivable

VAT receivable is recorded in accounting records in relation to purchased goods, work and services, which were purchased with VAT and if they were used in order to derive income.

At each reporting date, the VAT receivable is subject to offset against the VAT payable amount.

Revenue from contracts with customers

Sale of goods

The Company's activities mainly related to supply of medicines to external customers and providing marketing and promotional services to ultimate parent, Dr Reddy's Laboratories Limited. 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. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements, has pricing latitude, and is also exposed to inventory and credit risks.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue from contracts with customers (continued)

Provision for chargeback, rebates and discounts

Provisions for chargeback, rebates and discounts are estimated and provided for in the year of sales and recorded as reduction of revenue. A chargeback claim is a claim made by the wholesaler for the difference between the price at which the product is initially invoiced to the wholesaler and the net price at which it is agreed to be procured from the Company. Provisions for such chargebacks are accrued and estimated based on historical average chargeback rate actually claimed over a period of time, current contract prices with wholesalers and estimated inventory holding by the wholesaler.

Sales returns

The Company accounts for sales returns accrual by recording an allowance for sales returns concurrent with the recognition of revenue at the time of a product sale. This allowance is based on the Company's estimate of expected sales returns.

Services

Revenue from rendering of services is recognized when the services have been performed. Where the contract outcome cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Expenses

Expenses are recognized as incurred and are reported in the separate statement of comprehensive income in the period to which they relate on the accrual basis.

Contract balances

Trade and other receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets in section "Financial instruments – initial recognition and subsequent measurement".

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

Leases

The Company as lessee

Right-of-use assets

Right-of-use assets are recognised 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, as follows:

- Motor vehicles: 4 years;
- Premises: 4 years.

NOTES TO THE FINANCIAL STATEMENTS (continued)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Leases (continued)

The Company as lessee (continued)

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.

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of warehouse (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.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's financial statements in accordance with IFRS and its accounting policies requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and their disclosures and of contingent liabilities and assets. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of assets or liabilities affected in the future.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Assumptions and estimates are based on the Company's initial data, which it had at the time of preparation of the financial statements. However, current circumstances and assumptions about the future may vary due to market changes or circumstances beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the consolidated financial statements:

Estimates and assumptions

Useful life of property, plant and equipment

The Company assesses the remaining useful lives of items of property, plant and equipment at least at each financial year-end. If expectations differ from previous estimates, the changes are accounted for as a change in an accounting estimate in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. These estimates may have a significant effect on the carrying amount of property, plant and equipment and depreciation expense reflected in the statement of comprehensive income.

Provision for expected credit losses of trade receivables

The Company uses a provision matrix to calculate ECLs for trade receivables. The provision rates are based on days past due for groupings of various customer segments that have similar loss patterns (i.e., by geography, product type, customer type and rating, and coverage by letters of credit and other forms of credit insurance).

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Estimates and assumptions (continued)

Provision for expected credit losses of trade receivables (continued)

The provision matrix is initially based on the Company's historical observed default rates. The Company will calibrate the matrix to adjust the historical credit loss experience with forward-looking information. For instance, if forecast economic conditions (i.e., gross domestic product) are expected to deteriorate over the next year which can lead to an increased number of defaults in the manufacturing sector, the historical default rates are adjusted. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

The assessment of the correlation between historical observed default rates, forecast economic conditions and ECLs is a significant estimate. The amount of ECLs is sensitive to changes in circumstances and of forecast economic conditions. The Company's historical credit loss experience and forecast of economic conditions may also not be representative of customer's actual default in the future. The information about the ECLs on the Company's trade receivables and contract assets is disclosed in *Note 7.*

Provision for field incentives

A provision is recognised for expected payments to medical representative and marketing team for achievements of targets. The payment takes place next quarter after receipt of actual achievement of target numbers. Basis of this provision is past quarters' achievements.

Unused vacation reserve

Unused vacation reserve is recognised for leave days that were not used during a year. No payments are provided for unused leave days, instead these days are carried forward.

Provision for performance bonus

The Company recorded a provision related to bonus payments to office employees based on annual performance. Assumption used to calculate the provision was that maximum bonuses would be paid. It is expected that bonus will be paid in the first quarter of next financial year.

Provision for pharmacy chain bonuses

The provision for bonuses is recorded for expected payments to pharmacies for achievement of sales targets. Bonus is paid next quarter after receipt of actual achievement of target numbers. Assumptions used to calculate the provision were based on past quarter sales.

Deferred income tax assets

Deferred tax assets recognized for all deductible temporary differences to the extent that it is probable that taxable temporary differences and business nature of such expenses proved, as well as on the successful implementation of tax planning strategies. The recognised deferred income tax assets amounted to 234,202 thousand tenge as at 31 December 2020 (2019: 200,008 thousand tenge). For more information refer to *Note 19.*

Revenue from contracts with customers

The Company used the following judgments, which have a significant impact on the amount and timing of revenue recognition under contracts with customers:

The activity of the Company is related to sale of pharmaceuticals and provision of marketing and promotional services to the Ultimate parent, Dr Reddy's Laboratories Limited. 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. All contractual obligations are treated as fulfilled upon shipment of finished products to customers.

NOTES TO THE FINANCIAL STATEMENTS (continued)

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Judgements (continued)

Revenue from contracts with customers (continued)

Determining the timing of satisfaction of marketing and promotional services

The Company concluded that revenue for marketing and promotional services is to be recognised over time because the customer simultaneously receives and consumes the benefits provided by the Company. The fact that another entity would not need to re-perform the service that the Company has provided to date demonstrates that the customer simultaneously receives and consumes the benefits of the Company's performance as it performs.

Consideration of significant financing component in a contract

Normally the Company only receives short-term advance payments. They are recorded within other short-term liabilities. According to existing accounting policy with regard to short-term advance payments, interest was not accrued.

In accordance with IFRS 15, the Company should determine whether agreements comprise a significant financing component. However, the Company decided to apply practical expedient provided for by IFRS 15 and will not adjust promised amount of consideration with due account for impact of significant financing component in agreements, if the entity expects at contract inception, that the period between when the entity transfers a promised good or service to a customer and when the customer pays for that good or service will be one year or less. Accordingly, the Company will not account for financing component as applicable for short-term advance payments, even if it is significant.

Determining method to estimate variable consideration and assessing the constraint

Pharmaceuticals sales contracts include volume discounts that give rise to variable consideration. In estimating the variable consideration, the Company is required to use either the expected value method or the most likely amount method based on which method better predicts the amount of consideration to which it will be entitled.

The Company determined the most likely amount method is the appropriate method to use in estimating the variable consideration as pharmaceuticals sale contracts with single volume threshold.

5. PROPERTY AND EQUIPMENT

Movement in property and equipment comprise the following:

In thousand tenge	Computers	Furniture	Lease holding improvements	Office equipment	Total
Cost at 1 January 2019	29,667	20,725	34,504	4,859	89,755
Additions	1,060	–	–	172	1,232
Disposals	(807)	–	–	(86)	(893)
Cost at 31 December 2019	29,920	20,725	34,504	4,945	90,094
Additions	**13,270**	**–**	**–**	**306**	**13,576**
Disposals	**(14,734)**	**–**	**–**	**–**	**(14,734)**
Cost at 31 December 2020	**28,456**	**20,725**	**34,504**	**5,251**	**88,936**
Accumulated depreciation					
Cost at 1 January 2019	(13,850)	(2,585)	(10,571)	(945)	(27,951)
Depreciation charge	(9,669)	(3,109)	(11,501)	(1,007)	(25,286)
Disposals	138	–	–	–	138
Cost at 31 December 2019	(23,381)	(5,694)	(22,072)	(1,952)	(53,099)
Depreciation charge	**(4,707)**	**(3,109)**	**(11,501)**	**(964)**	**(20,281)**
Disposals	**14,549**	**–**	**–**	**–**	**14,549**
Cost at 31 December 2020	**(13,539)**	**(8,803)**	**(33,573)**	**(2,916)**	**(58,831)**
Net book value					
At 31 December 2019	6,539	15,031	12,432	2,993	36,995
At 31 December 2020	**14,917**	**11,922**	**931**	**2,335**	**30,105**

NOTES TO THE FINANCIAL STATEMENTS (continued)

6. INVENTORY

Inventories as of 31 December 2020 and 2019 were as follows:

In thousands of tenge	31 December 2020	31 December 2019
Pharmaceuticals	**2,306,331**	2,141,526
Food supplements	**77,255**	213,166
Inventory provision	**(45,699)**	(29,383)
	2,337,887	2,325,309

During 2020, KZT 8,324,292 thousand was recognised as an expense in cost of sales (2019: KZT 7,038,851 thousand). During 2020, KZT 94,627 thousand was recognized as inventory write-off to NRV (2019: KZT 105,577 thousand).

7. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivables as of 31 December 2020 and 2019 were as follows:

In thousands of tenge	31 December 2020	31 December 2019
Trade accounts receivables	**2,435,751**	2,654,608
Trade accounts receivables – discounts	**(757,539)**	(517,442)
Receivables from related party *(Note 20)*	**456,736**	465,402
Less: allowance for expected credit losses	**(9,918)**	(8,238)
	2,125,030	2,594,330

The movements in the allowance for expected credit losses were as follows for the year ended 31 December:

In thousands of tenge	2020	2019
As at 1 January	**8,238**	19,146
Accrual *(Note 16)*	**9,918**	8,238
Reversal	**(8,238)**	(19,146)
As at 31 December	**9,918**	8,238

Trade accounts receivables are non-interest bearing and are generally on terms of 90 days.

As at 31 December 2020 and 2019, the ageing analysis of trade accounts receivable is as follows:

		Neither past	Past due but not impaired				
In thousands of tenge	Total	due nor impaired	Less than 30 days	30-90 days	90-120 days	120-360 days	Over 360 days
2020	**2,125,030**	**1,759,385**	**146,768**	**133,635**	**83,684**	**1,558**	**–**
2019	2,594,330	2,416,082	178,248	–	–	–	–

As at 31 December 2020 and 2019, trade accounts receivables of the Company are denominated in the following currencies:

In thousands of tenge	31 December 2020	31 December 2019
Tenge	**1,668,294**	2,128,928
US dollars	**456,736**	465,402
	2,125,030	2,594,330

8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents as of 31 December 2020 and 2019 were represented by cash at banks in the following currencies:

In thousands of tenge	31 December 2020	31 December 2019
Tenge	**210,164**	57,996
US dollar	**423,579**	–
	633,743	57,996

NOTES TO THE FINANCIAL STATEMENTS (continued)

9. CHARTER CAPITAL

As 31 December 2020, charter capital of the Company amounted to KZT 390,000 thousand (2019: KZT 390,000 thousand).

10. TRADE AND OTHER PAYABLES

Trade and other payables as of 31 December 2020 and 2019 were as follows:

In thousands of tenge	**31 December 2020**	31 December 2019
Trade payables to related parties *(Note 20)*	**3,632,666**	3,795,505
Other payables	**78,325**	68,625
	3,710,991	3,864,130

As 31 December 2020 and 2019, the Company's trade accounts payable were denominated in the following currencies:

In thousands of tenge	**31 December 2020**	31 December 2019
US dollar	**3,632,666**	3,795,505
Tenge	**78,325**	68,625
	3,710,991	3,864,130

11. PROVISIONS

Provisions as of 31 December 2020 and 2019 were as follows:

In thousands of tenge	**31 December 2020**	31 December 2019
Provision for performance bonus	**63,204**	27,777
Provision for field incentives	**31,396**	48,442
Unused vacation reserve	**30,863**	34,070
Provision for pharmacy chain bonuses	**10,568**	5,488
	136,031	115,777

12. CONTRACT LIABILITIES

Contract liabilities for the year ended 31 December 2020 comprises retrospective volume discounts accrued for pharmaceuticals sales to advance payers in the amount of KZT 1,229 thousand (31 December 2019: KZT 36,020 thousand).

13. LEASES

Right-of-use assets as of 31 December 2020 were as follows:

In thousands of tenge	**Premises**	**Motor vehicles**	**Total**
Cost at 1 January 2020	20,665	102,743	123,408
Additions	–	**18,590**	**18,590**
Modification	**38,596**	–	**38,596**
Depreciation charge	**(18,663)**	**(52,241)**	**(70,904)**
Cost at 31 December 2020	**40,598**	**69,092**	**109,690**

NOTES TO THE FINANCIAL STATEMENTS (continued)

13. LEASES (continued)

Lease liabilities as 31 December 2020 were as follows:

In thousands of tenge	31 December 2020
At 1 January 2020	123,964
Additions	18,590
Modification	38,596
Interest expense	7,738
Foreign exchange	21,093
Payments	(82,323)
At 31 December 2020	127,658
Current	87,304
Non-current	40,354

14. REVENUE FROM CONTRACTS WITH CUSTOMERS

Revenue for the year ended 31 December 2020 and 2019 comprised the following:

In thousands of tenge	2020	2019
Pharmaceuticals sales	10,777,763	8,714,908
Less: discounts	(944,969)	(753,814)
Marketing and promotional services to related party *(Note 20)*	1,556,386	1,670,405
	11,389,180	9,631,499

As at 31 December 2020 and 2019 marketing and promotional services represents reimbursement from Dr Reddy's Laboratories Limited for the Company's operating costs incurred at performing marketing and promotional services plus 4% mark-up. All goods are sold, and services are rendered in the Republic of Kazakhstan.

Set out below is disaggregation of the Company's revenue from contracts with customers by timing of revenue recognition:

	For the year ended 31 December 2020		
In thousands of tenge	Pharmaceuticals sales less discounts	Marketing services to related party	Total
Goods transferred at a point of time	9,832,794	–	9,832,794
Services transferred over time	–	1,556,386	1,556,386
	9,832,794	1,556,386	11,389,180

	For the year ended 31 December 2019		
In thousands of tenge	Pharmaceuticals sales less discounts	Marketing services to related party	Total
Goods transferred at a point of time	7,961,094	–	7,961,094
Services transferred over time	–	1,670,405	1,670,405
	7,961,094	1,670,405	9,631,499

15. COST OF PHARMACEUTICALS

Cost of pharmaceuticals for the year ended 31 December 2020 and 2019 comprised the following:

In thousands of tenge	31 December 2020	31 December 2019
Materials	8,324,292	7,038,851
Inventory write-off to NRV	94,627	105,577
	8,418,919	7,144,428

NOTES TO THE FINANCIAL STATEMENTS (continued)

16. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the year ended 31 December 2020 and 2019 comprised the following:

In thousands of tenge	**31 December 2020**	31 December 2019
Personnel expenses	**1,344,202**	1,247,024
Advertising and marketing	**647,672**	498,285
Depreciation and amortization	**91,534**	95,102
Professional services	**62,952**	63,554
Rent	**57,919**	44,677
Lectures	**45,589**	96,109
Business trip expenses	**24,723**	38,230
Provisions	**20,254**	12,763
Inventory provision	**16,317**	13,137
Allowances for expected credit losses	**9,918**	8,238
Recruitment expenses	**6,645**	6,178
Materials	**5,502**	2,980
Vat provision for damaged good	**–**	10,285
Other	**57,233**	93,420
	2,390,460	2,229,982

17. OTHER OPERATING INCOME AND EXPENSES

Other operating income comprised the following for the year ended 31 December 2020 and 2019:

In thousands of tenge	**31 December 2020**	31 December 2019
Income from disposal of assets	**1,316**	–
Other income	**43**	180
Other expenses	**(173)**	–
	1,186	180

18. FOREX EXCHANGE GAIN/(LOSS), NET

The Company has significant trade receivables and payables from parent companies denominated in foreign currencies and cash and cash equivalents in foreign currency. Foreign exchange loss for the year ended 31 December 2020 amounted to 217,065 thousands (2019: foreign exchange gain KZT 44,280 thousands).

19. INCOME TAX

Income tax expense comprised the following for the year ended 31 December 2020 and 2019:

In thousands of tenge	**31 December 2020**	31 December 2019
Current corporate income tax expense	**102,853**	63,175
Deferred income tax benefit	**(26,435)**	(3,164)
Income tax expense	**76,418**	60,011

A reconciliation of income tax expense applicable to profit before income tax at the statutory income tax rate (20% in 2020 and 2019) to income tax expense was as follows:

In thousands of tenge	**31 December 2020**	31 December 2019
Profit before income tax	**356,184**	294,438
Statutory rate	**20%**	20%
Income tax at statutory rate 20%	**71,237**	58,888
Permanent differences	**5,181**	1,123
Income tax expense	**76,418**	60,011

NOTES TO THE FINANCIAL STATEMENTS (continued)

19. INCOME TAX (continued)

Deferred tax balances, calculated by applying the statutory tax rates in effect at the respective reporting date to the temporary differences between the basis of assets and liabilities and the amounts reported in the financial statements, are as following at 31 December 2020 and 2019:

In thousands of tenge	31 December 2020	31 December 2019	Charge to profit or loss 2020	Charge to profit or loss 2019
Deferred tax asset				
Accrued discounts for distributors	151,754	110,692	41,062	(29,842)
Reserve for pharmacy chain, performance bonuses and field incentives	21,523	17,907	3,616	1,429
Inventory write-off to NRV	18,925	39,247	(20,322)	21,116
Provision for inventory write off	9,140	5,877	3,263	2,478
Reserve for accrued expense	8,681	12,900	(4,219)	4,414
Unused vacation reserves	6,173	5,555	618	1,430
Property, plant and equipment	4,976	2,895	2,081	(2)
Provision for damaged goods VAT write off (other)	2,057	2,057	–	2,265
Expected credit losses	1,984	1,648	336	(2,181)
Taxes accrued within paid	1,230	1,230	–	2,057
Net deferred tax assets	**226,443**	200,008	**26,435**	3,164

20. RELATED PARTY TRANSACTIONS

Related party transactions were made on terms agreed to between the parties that may not necessarily be at market rates. Outstanding balances at the year-end are unsecured, interest free and settlement occurs in cash.

The following table provides the total amount of transactions, which have been entered into with related parties during 2020 and 2019 and the related balances as at 31 December 2020 and 2019:

Balances with related parties

In thousands of tenge	31 December 2020	31 December 2019
Trade payables *(Note 10)*		
Dr Reddy's Laboratories SA – Parent	85,781	68,146
Dr Reddy's Laboratories Limited – Ultimate parent	3,546,885	3,727,359
	3,632,666	3,795,505

In thousands of tenge	31 December 2020	31 December 2019
Trade receivables *(Note 7)*		
Dr Reddy's Laboratories Limited – Ultimate parent	456,736	465,402
	456,736	465,402

Related party transactions

In thousands of tenge	31 December 2020	31 December 2019
Purchases		
Dr Reddy's Laboratories SA – Parent	249,003	391,563
Dr Reddy's Laboratories Limited – Ultimate parent	9,333,581	7,718,317
	9,582,584	8,109,880

20. RELATED PARTY TRANSACTIONS (continued)

Related party transactions (continued)

In thousands of tenge	31 December 2020	31 December 2019
Revenue *(Note 14)*		
Dr. Reddy's Laboratories Limited – Ultimate parent	1,556,386	1,670,405
	1,556,386	1,670,405

Compensation to key management personnel

Key management personnel consist of 1 person as at 31 December 2020 (31 December 2019: 1 person). Total compensation paid to key management personnel during 2020 rounded to KZT 106,190 thousand (in 2019: KZT 97,539 thousand). Compensation of key management consists of salary and other short-term benefits.

21. COMMITMENTS AND CONTINGENCIES

Legal proceedings

In the opinion of the management, there are no current legal proceedings or other claims outstanding, which could have a material effect on the result of operations or financial position of the Company, and which have not been recognized or disclosed in these financial statements.

Taxation

Kazakhstan's tax legislation and regulations are subject to ongoing changes and varying interpretations. Instances of inconsistent opinions between local, regional and national tax authorities regarding IFRS interpretation of recognition of revenue, expenses and other items of the financial statements. The current regime of penalties and interest related to unreported and discovered violations of Kazakhstan law are severe. Fines are generally 50%-80% of any taxes additionally assessed and interest is assessed at the refinancing rate established by the National Bank of Kazakhstan multiplied by 1.25. As a result, penalties and interest can amount to multiples of any assessed taxes. Fiscal periods remain open to review by tax authorities for 5 (five) calendar years preceding the year of review. Under certain circumstances, reviews may cover longer periods. Because of the uncertainties associated with Kazakhstan's tax system, the ultimate amount of taxes, penalties and interest, if any, may be in excess of the amount expensed to date and accrued at 31 December 2020.

As at 31 December 2020, the management believes that its interpretation of the relevant legislation is appropriate, and that the Company's tax and customs positions will be sustained.

Transfer pricing

Under the Kazakhstan transfer pricing law, transactions between related parties, international trade operations, and operations with entities, which have tax preferences, are subject to the state control. In case of deviation of transaction price from market price, the tax authorities have the right to adjust taxable items with imposition of additional tax assessments plus fines and interest penalties. The transfer pricing law lacks detailed guidance as to how these rules should be applied in practice, and determination of the Company's tax liabilities within the context of the transfer pricing regulations requires an interpretation of transfer pricing law.

The Company conducts transactions subject to state transfer pricing control. It is possible, with the evolution of the interpretation of tax and transfer pricing law in Kazakhstan and the changes in the approach of the Kazakhstan tax authorities, that such transactions could be challenged in the future. Whilst there is a risk that Kazakhstan tax authorities may challenge the transfer pricing policies applied, the Company's management believes that they would be successful in defending any such challenge.

Coronavirus pandemic and market conditions

Since March 2020, there has been significant volatility in the stock, foreign exchange and commodity markets, including a drop in oil prices and a devaluation of the tenge against the US dollar and euro. In addition, due to rapid spread of the coronavirus (COVID-19) pandemic, on 16 March 2020, the government of Kazakhstan declared a state of emergency until 16 April 2020 and then extended it until 15 May 2020, including quarantines in major cities which had a significant impact on the level and scale of business activity. Later, the government of Kazakhstan introduced a new quarantine period from 5 July 2020 to 2 August 2020.

NOTES TO THE FINANCIAL STATEMENTS (continued)

21. COMMITMENTS AND CONTINGENCIES (continued)

Coronavirus pandemic and market conditions (continued)

The coronavirus pandemic has turned into a global economic crisis. Strong demand for certain medications suggests that the impact of the crisis is less severe for the pharmaceutical industry than for other industries.

The Company believes that as of 31 December 2020 and date of issuance of these financial statements there were no indicators of impairment and going concern issues. As uncertainty about market trends and economic conditions may remain constant given the length of time the COVID-19 has spread and the country's countermeasures, actual results in any future periods could differ materially from estimates. The Company will continue to monitor the situation closely.

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial instruments consist of cash and cash equivalents as well as accounts receivable and accounts payable. The main risks arising from financial instruments of the Company are market risks (foreign currency risk), liquidity and credit risks. The Company further monitors the market risk, credit and liquidity risks arising from all financial instruments.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. As a result of significant accounts payable denominated in US dollars, the Company's statement of financial position can be affected significantly by movement in the US dollar / tenge exchange rates.

The following table demonstrates the sensitivity to a reasonably possible change in the US dollar exchange rate, with all the variables held constant, of the Company's profit before income tax (due to changes in the fair value of monetary assets and liabilities) for the years ended 31 December 2020 and 2019.

In thousands of tenge	Increase/ decrease in US dollar rate	Effect on profit before income tax
As of 31 December 2020		
US dollar	14.00%	(567,874)
	-11.00%	446,187
As of 31 December 2019		
US dollar	12%	(399,612)
	-9%	299,709

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with its financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value. Liquidity requirements are monitored on a regular basis and management ensures that sufficient funds are available to meet any commitments as they arise. The Company's financial liabilities are payable on demand with average maturities of less than 6 months.

The table below summarizes the maturity profile of the Company's financial liabilities at 31 December 2020 and 2019 based on contractual undiscounted payments.

In thousands of tenge	On demand	Less than 3 months	6 months	1 year	More than 1 year	Total
31 December 2020						
Trade accounts payable	–	3,632,666	–	–	–	3,632,666
Lease liabilities	–	21,869	46,481	58,680	7,235	134,265
Other payables	–	64,875	8,038	792	4,620	78,325
	–	3,719,410	54,519	59,472	11,855	3,845,256

NOTES TO THE FINANCIAL STATEMENTS (continued)

22. FINANCIAL INSTRUMENTS AND FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk (continued)

In thousands of tenge	On demand	Less than 3 months	6 months	1 year	More than 1 year	Total
31 December 2019						
Trade accounts payable	–	1,571,096	2,182,365	–	–	3,753,461
Other payables	11,160	19,003	554	–	–	30,717
	11,160	1,590,099	2,182,919	–	–	3,784,178

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 distributors and balances with banks. The maximum exposure is the carrying amount of receivables as disclosed in *Note 7.*

With respect to credit risk arising from the other financial assets of the Company, which comprise cash and cash equivalents and other accounts receivable, the Company exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

Fair value

Fair value of the Company's financial instruments approximates their carrying value.

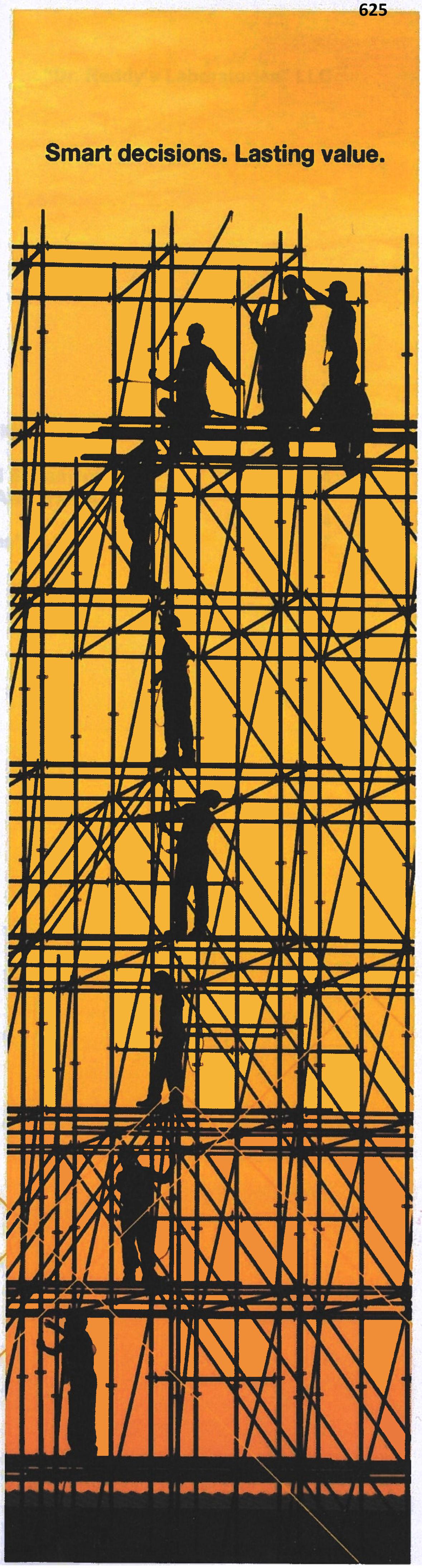
The current value of monetary assets of the Company approximates their fair value due to the short-term maturity of these financial instruments.

23. EVENTS AFTER THE REPORTING DATE

After the reporting date there have been no significant events that require adjustments or references in the financial statements or notes thereto.

FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2020 OF "DR. REDDY'S LABORATORIES" and

INDEPENDENT AUDITOR'S REPORT



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AC Crowe Ukraine

Audit / Tax / Advisory

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Independent Auditor's Report

To: Management and owners
of "Dr. Reddy's Laboratories" LLC

Opinion

We have audited the financial statements of "Dr. Reddy's Laboratories" **LLC** (hereinafter referred to as the Company), which comprise: the statement of financial position as at December 31, 2020, 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.
In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with the Law of Ukraine "On Financial Accounting and Financial Reporting in Ukraine" and provisions of the Ukrainian Accounting Standards (the UAS).

Basis for Opinion

We conducted our audit in accordance with the Law of Ukraine "On Audit of Financial Statements and Audit Activity" and the International Quality Control, Auditing, Review, Other Assurance and Related Services Pronouncements (ISAs) adopted by the International Auditing and Assurance Standards Board (IAASB). 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 from the Company in accordance with the *Code of Ethics of Professional Accountants* of the International Ethics Standards Board for Accountants (IESBA Code) and with the ethical requirements relating to our audit of consolidated financial statements in Ukraine, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Under the legislation of Ukraine, Management of the Group is responsible for submission of the Management Report together with the financial statements, in accordance with the Law of Ukraine "On Financial Accounting and Financial Reporting in Ukraine".

Our opinion on the financial statements does not cover such other information and we are not making opinion with any level of assurance regarding such other information.

With regard to our audit, our responsibility is to familiarize ourselves with the other information and herewith to review whether there exists material discrepancy between the other information and the financial statements or our knowledge obtained in the course of the audit, or whether such other information is likely to contain material distortion.

If, based on the work carried out by us with regard to the other information received prior to the date of the Auditor's Report, we conclude that there exists material distortion of such other information, and we are obliged to inform the Company about it.

We have not detected facts to be included into our Report.

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

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated 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.

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.

REPORT ON REQUIREMENTS OF OTHER LEGISLATIVE AND STANDARD ACTS

Main data on the audit entity

In accordance with the requirements of Article 14 of the Law of Ukraine "On Audit of Financial Statements and Audit Activity", please find below the principal data on the audit entity which carried out the audit, and the circumstances the audit engagement was performed in.

The audit of the annual financial statements of the Company as at 31.12.2020 was conducted by the Auditor under Contract for Performance of an Assurance (Audit) Engagement dated November 18, 2020 No. 20/1011-У, within the period from 10.12.2020 till 26.01.2021.

Full name	Audit Company Crowe Ukraine Limited Liability Company
Location	1a Zadorozhnyy Lane, 03040 Kyiv
Information on inclusion into the Register	Registration number in the Register of Auditors and Audit Entities 3681

The Partner for the audit engagement resulting in the present Independent Auditor's Report, is Halyna Neplyuyeva.

Аудиторська компанія «КРОУ УКРАЇНА»

Partner / Director on Audit **Olga Samusieva**
(number in the Register
of Auditors and Audit Entities 100613)

Engagement Partner / Auditor **Halyna Neplyuyeva**
(number in the Register
of Auditors and Audit Entities 100113)

March 15, 2021

Crowe

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About us

AC Crowe Ukraine is member of the Crowe Global international audit network, 8th largest in the world, consisting of independent firms, which render audit and consulting services in 130 countries of the world from 765 offices. Our Company represents the network with excellent reputation, demonstrating the highest quality standards of work and provision of highly professional services.

Crowe AVR is a service company of AC Crowe Ukraine, specializing in appraisal, consulting, and investigation services.

Crowe Accounting Ukraine is a service company of AC Crowe Ukraine, specializing in rendering services in the field of accounting and consulting on няка спеціалізується на наданні послуг у сфері бухгалтерського обліку та консультуванні з кадрових питань.

Annex 1
to National Ukrainian Accounting Standard No. 1
"General Requirements to Financial Statements"

		Codes		
	Date (year, month, day)	2020	01	01
Company	"D-R REDDY'S LABORATORIES" LIMITED LIABILITY COMPANY	USREOU code	37560808	
Territory	KYIV REGION	COATSU code	3220800000	
Form of incorporation	Limited Liability Company	CBOLF code	240	
Type of economic activity	Wholesale trade in pharmaceutical goods	UICS code	46.46	
Average number of employees [1]	224			

Address, telephone number 121-A Kyivskyy Shliakh Street, Velyka Oleksandrivka Village, Boryspil District, Kyiv Region, 08320, Ukraine, (044) 4988327

Measurement unit: thousand UAH without decimal place (except for Section IV of the Statement of Financial Results (Statement of Comprehensive Income) (Form No. 2), where amounts are shown in UAH with kop.).

Prepared (mark a "v" in the relevant cell):

in accordance with the Ukrainian Accounting Standards	v
in accordance with the International Financial Reporting Standards	

Balance Sheet (Statement of Financial Position)
as at December 31, 2020

Form No. 1 SCAR code 1801001

Assets	Line code	As at the beginning of the reporting	As at the end of the reporting period
1	2	3	4
I. Non-current assets			
Intangible assets	1000	1 008	504
prime cost	1001	2 004	1 682
accumulated amortization	1002	996	1 178
Capital investments in progress	1005	877	983
Property, plant and equipment	1010	3 647	3 026
prime cost	1011	13 528	13 054
depreciation	1012	9 881	10 028
Investment real estate	1015	-	-
Long-term biological assets	1020	-	-
Long-term financial investments: accounted according to the method of participation in equity of other	1030	-	-
other financial investments	1035	-	-
Long-term accounts receivable	1040	3 573	3 573
Deferred tax assets	1045	22 696	25 673
Other non-current assets	1090	-	-
Total Section I	**1095**	**31 801**	**33 759**
II. Current assets			
Inventories	1100	327 493	261 808
Production inventories	1101	425	-
Production in progress	1102	-	-
Ready products	1103	-	-
Goods	1104	327 068	261 808
Current biological assets	1110	-	-
Re-insurance deposits	1115	-	-
Received bills of exchange	1120	-	-
Accounts receivable for products, goods, works, and services	1125	329 351	391 978
Accounts receivable on settlements: according to paid advances	1130	7 684	8 907
with the budget	1135	-	-
including income tax	1136	-	-
Other current accounts receivable	1155	3191	2 083
Current financial investments	1160	-	-
Cash and cash equivalents	1165	24 731	7 926
Ready cash	1166	-	-
Bank accounts	1167	24 731	7 926
Deferred expenses	1170	519	1 276
Other curent assets	1190	986	1 988
Total Section II	**1195**	**693 955**	**675 966**
III. Non-current assets held for sale and disposal groups	**1200**	-	-
Balance	**1300**	**725 756**	**709 725**

Liabilities	Line code	As at the beginning of the reporting	As at the end of the reporting period
1	2	3	4
I. Equity			
Registered (shared) equity	1400	11 968	11 968
Contributions to the non-registered equity	1401	-	-
Equity in revaluation	1405	-	-
Additional equity	1410	-	-
Reserve capital	1415	-	-
Retained earnings (uncovered losses)	1420	83 921	99 406
Unpaid capital	1425	-	-
Seized capital	1430	-	-
Total Section I	**1495**	**95 889**	**111 374**
II. Long-term liabilities and allowances			
Deferred tax liabilities	1500	-	-
Long-term bank loans	1510	-	-
Other long-term liabilities	1515	-	-
Long-term provisions	1520	-	-
Target financing	1525	-	-
Total Section II	**1595**	**-**	**-**
III. Current liabilities and provisions			
Short-term bank loans	1600	-	-
Current accounts payable on:			
long-term liabilities	1610	94 745	70 687
goods, works, services	1615	448 046	416 679
settlements with the budget	1620	8 435	21 386
including on income tax	1621	3 357	6 376
insurance settlements	1625	582	491
payroll settlements	1630	117	-177
Current provisions	1660	74 004	78 955
Deferred income	1665	-	0
Other current liabilities	1690	3 938	10 330
Total Section III	**1695**	**629 867**	**598 351**
IV. Liabilities linked with non-current assets held for sale and disposal groups	**1700**	**-**	**0**
V. Net value of non-state pension fund assets	**1800**	**-**	**0**
Balance	**1900**	**725 756**	**709 725**

Head A.P.Maniganahalli Suriyaprakash

Chief Accountant V.M.Tsvietkova

[1] Determined in the procedure established by the central executive body implementing the state policy in the field of statistics.

ПЕРЕВІРЕНО АУДИТОРОМ
ТОВ АК «Кроу Україна»
Нікішова Т.А.
15.05.2024р.

Annex 1
to Ukrainian Accounting
Standard No. 1
"General Requirements to Financial
Statements"

	Codes		
Date (year, month, day)	2020	01	01
USREOU code	37560808		

Company "D-R REDDY'S LABORATORIES" LIMITED LIABILITY COMPANY
(name)

Statement of Financial Results (Statement of Comprehensive Income)

for the year 2020

Form No. 2 SCAR code 1801003

I. FINANCIAL RESULTS

Item	Line code	For the reporting period	For a similar period of the preceding year
1	2	3	4
Net income from sales of products (goods, works, services)	2000	1 461 146	1 229 529
Cost of products (goods, works, services) sold	2050	(1 161 541)	(913 639)
Gross: profit	2090	299 605	315 890
loss	2095	(-)	(-)
Other operating income	2120	244 207	118 526
Administrative costs	2130	(20 576)	(23 765)
Sales costs	2150	(303 827)	(254 608)
Other operating costs	2180	(195 861)	(63 072)
Financial result from operating activity: profit	2190	23 548	92 971
loss	2195	(-)	(-)
Equity income	2200	-	-
Other financial income	2220	1 182	985
Other income	2240	-	22
Financial costs	2250	(5 841)	(11 777)
Equity loss	2255	(-)	(-)
Other costs	2270	(5)	(26)
Financial result before tax: profit	2290	18 884	82 175
loss	2295	(-)	(-)
Income tax loss (gain)	2300	(3 399)	(14 856)
Profit (loss) from terminated activity after tax	2305	-	-
Net financial result: profit	2350	15 485	67 319
loss	2355	(-)	(-)

II. COMPREHENSIVE INCOME

Indicator name	Line code	For the reporting period	For a similar period of the preceding year
1	2	3	4
Revaluation (writedown) of non-current assets	2400	-	-
Revaluation (writedown) of financial instruments	2405	-	-
Accumulated exchange differences	2410	-	-
Share of other comprehensive income of associates and joint ventures	2415	-	-
Other comprehensive income	2445	-	-
Other comprehensive income before tax	**2450**	-	-
Income tax connected with other comprehensive income	2455	-	-
Other comprehensive income after tax	**2460**	-	-
Comprehensive income (sum of lines 2350, 2355, and 2460)	**2465**	**15 485**	**67 319**

III. ELEMENTS OF OPERATING COSTS

Indicator name	Line code	For the reporting period	For a similar period of the preceding year
1	2	3	4
Material costs	2500	50 124	36 566
Payroll costs	2505	142 669	124 259
Deductions for social activities	2510	22 526	18 808
Depreciation and amortization	2515	2 650	2 284
Other operating costs	2520	502 236	340 912
Total	**2550**	720 205	522 829

IV. CALCULATION OF SHARES' PROFIT MARGIN INDICATORS

Item name	Line code	For the reporting period	For a similar period of the preceding year
1	2	3	4
Average annual nuber of ordinary shares	2600	-	-
Adjusted average annual number of ordinary shares	2605	-	-
Net profit (loss) per one ordinary share	2610	-	-
Adjusted net profit (loss) per one ordinary share	2615	-	-
Dividends on one ordinary share	2650	-	-

Head A.P.Maniganahalli Suriyapra

Chief Accountant V.M.Tsvietkova

ПЕРЕВІРЕНО АУДИТОРОМ
ТОВ АК «Кроу Україна»

Annex 1
to Ukrainian Accounting
Standard No. 1
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Date (year, month, day)	2020	01	01
USREOU code	37560808		

Company "D-R REDDY'S LABORATORIES" LIMITED LIABILITY COMPANY
(name)

Statement of Cash Flows (according to direct method)
for the year 2020

Form No. 3 SCAR code 1801004

Item	Line code	For the reporting period	For a similar period of the preceding year
1	2	3	4
I. Cash flow as the result of operating activity			
Proceeds from:			
Sales of products (goods, works, services)	3000	1 516 815	1 281 571
Return of taxes and duties	3005	-	-
including value added tax	3006	-	-
Target financing	3010	2 362	2 118
Proceeds from subsidies, dotations	3011	-	-
Proceeds from advances from buyers and clients	3015	4 646	66
Proceeds from return of advances	3020	527	114
Proceeds from interest on balances of funds at current accounts	3025	1 182	985
Proceeds from debtors of forfeits (penalties, fines)	3035	-	-
Proceeds from operating lease	3040	-	-
Proceeds from royalties, author's remunerations	3045	-	-
Proceeds from insurance premiums	3050	-	-
Proceeds of financial institutions from loans repayment	3055	-	-
Other proceeds	3095	422	621
Expenses for payment of:			
Goods (works, services)	3100	(987 762)	(719 787)
Labor	3105	(110 639)	(94 638)
Deductions for social measures	3110	(23 699)	(19 666)
Liabilities on taxes and duties	3115	(63 946)	(66 645)
Expenses for payment of income tax liabilities	3116	(3 398)	(19 852)
Expenses for payment of value added tax liabilities	3117	(32 258)	(21 785)
Expenses for payment of liabilities on other taxes and duties	3118	(28 290)	(25 008)
Expenses for payment of advances	3135	(304 048)	(361 182)
Expenses for payment of advances return	3140	(305)	(-)
Expenses for payment of target contributions	3145	(-)	(-)
Expenses for payment of liabilities under insurance contracts	3150	(-)	(-)
Expenses of financial institutions for issuing loans	3155	(-)	(-)
Other expenses	3190	(3 928)	(4 071)
Net cash flow from operating activity	**3195**	**31 627**	**19 486**
II. Cash flow from investment activity			
Proceeds from sales of:			
financial investments	3200	-	-
non-current assets	3205	-	-
Proceeds from received:			
interest	3215	-	-
dividends	3220	-	-
Proceeds from derivatives	3225	-	-
Proceeds from loans repayment	3230	-	-
Proceeds from disposal of a subsidiary and other entity	3235	-	-
Other proceeds	3250	-	-
Expenses for acquisition of:			
financial investments	3255	(-)	(-)
non-current assets	3260	(1 652)	(3 725)
Payments under derivatives	3270	(-)	(-)
Expenses on issuing loans	3275	(-)	(-)
Expenses for acquisition of a subsidiary and other entity	3280	(-)	(-)
Other payments	3290	(-)	(-)
Net cash flow from investment activity	**3295**	**-1 652**	**-3 725**
III. Cash flow from financial activity			
Proceeds from:			
Equity	3300	-	-
Loans obtained	3305	142 598	107 833

Proceeds from sales of share in a subsidiary	3310	-	-
Other proceeds	3340	-	-
Expenses for: Purchase of the Company's own shares	3345	(-)	(-)
Loans repayment	3350	185 148	104 907
Dividends payment	3355	(-)	(-)
Expenses for interests payment	3360	(262)	(9 208)
Expenses for payment of debts on financial lease	3365	(-)	(-)
Expenses for acquisition of a share in a subsidiary	3370	(-)	(-)
Expenses for payments to non-controlled shares in subsidiaries	3375	(-)	(-)
Other payments	3390	(-)	(-)
Net cash flow from financial activity	**3395**	**-42 812**	**-6 282**
Net cash flow for the reporting period	**3400**	**-12 837**	**9 479**
Balance of cash as at the beginning of the year	3405	24 731	15 280
Impact of exchange rates fluctuations onto the cash balance	3410	(3 968)	(28)
Balance of cash as at the end of the year	3415	7 926	24 731

Head A.P.Maniganahalli Suriyaprakash

Chief Accountant V.M.Tsvietkova

ПЕРЕВІРЕНО АУДИТОРОМ
ТОВ АК «Кроу Україна»

Немкова Т.А.
15.05.2024р.

Annex 1
to Ukrainian Accounting
Standard No. 1
"General Requirements to Financial
Statements"

	Codes		
Date (year, month, day)	2020	01	01
USREOU code	37560808		

Company "D-R REDDY'S LABORATORIES" LIMITED LIABILITY COMPANY
(name)

Statement of Equity
for the year 2020

Form No. 4 SCAR code 1801005

Item	Line code	Registered (shared) capital	Revaluated capital	Additional capital	Reserve capital	Retained earnings (uncovered loss)	Unpaid capital	Seized capital	Total
1	2	3	4	5	6	7	8	9	10
Incoming balance at the beginning of the year	**4000**	**11 968**	**-**	**-**	**-**	**83 921**	**-**	**-**	**95 889**
Adjustments:									
Change of accounting policy	4005	-	-	-	-	-	-	-	-
Correction of errors	4010	-	-	-	-	-	-	-	-
Other changes	4090	-	-	-	-	-	-	-	-
Adjusted balance as at the beginning of the year	**4095**	**11 968**	**-**	**-**	**-**	**83 921**	**-**	**-**	**95 889**
Net profit (loss) for the reporting period	**4100**	**-**	**-**	**-**	**-**	**15 485**	**-**	**-**	**15 485**
Other comprehensive income for the reporting period	**4110**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Profit distribution:									
Payments to owners (dividends)	4200	-	-	-	-	-	-	-	-
Channelling profit to registered capital	4205	-	-	-	-	-	-	-	-
Deductions to reserve capital	4210	-	-	-	-	-	-	-	-
Contributions of shareholders:									
Contributions to equity	4240	-	-	-	-	-	-	-	-
Repayment of debts on equity	4245	-	-	-	-	-	-	-	-
Seizure of capital:									
Purchase of shares	4260	-	-	-	-	-	-	-	-
Re-sale of purchased shares	4265	-	-	-	-	-	-	-	-
Cancelling purchased shares	4270	-	-	-	-	-	-	-	-
Cancelling a share in equity	4275	-	-	-	-	-	-	-	-
Reduction of par value of shares	4280	-	-	-	-	-	-	-	-
Other changes in equity	4290	-	-	-	-	-	-	-	-
Total changes in equity	**4295**	**-**	**-**	**-**	**-**	**15 485**	**-**	**-**	**15 485**
Outgoing balance as at the end of the year	**4300**	**11 968**	**-**	**-**	**-**	**99 406**	**-**	**-**	**111 374**

Head A.P.Maniganahalli Suriyaprakash

Chief Accountant V.M.Tsvietkova

ПЕРЕВІРЕНО АУДИТОРОМ
ТОВ АК «Кроу Україна»
Непомняща Т.А.
15.03.2021р.

APPROVED
with order of Ministry of Finance of Ukraine
dated November 29, 2000 No. 302
(in the wording of order dated 28.10.2003 No. 602)

			CODES		
Company:	"D-R REDDY'S LABORATORIES" LIMITED LIABILITY COMPANY	Date (year, month, day)	2019	12	01
Territory	KYIV REGION	USREOU code	37560808		
State authority		COATSU code	3220800000		
Form of incorporation	Limited Liability Company	GACS code			
Вид економічної діяльності	Wholesale trade in pharmaceutical goods	CBOLF code	240		
		UICS code	46.46		

Measurement unit: thousand UAH

NOTES
to annual financial statements
for the year 2020

Form No. 5 SCAR code 1801008

I. Intangible assets

Groups of intangible assets	Line code	Balance as at the beginning of the year		Received for the year	Revaluation (increase in value +, decrease in value -)		Disposed during the year		Amortization accrued for the year	Impairment loss for the year	Other changes for the year		Balance as at the end of the year	
		prime (revaluated) cost	accumulated amortization		prime (revaluated) cost	accumulated amortization	prime (revaluated) cost	accumulated amortization			prime (revaluated) cost	accumulated amortization	prime (revaluated) cost	accumulated amortization
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Right to use natural resources	010	-	-	-	-	-	-	-	-	-	-	-	-	-
Right to use property	020	-	-	-	-	-	-	-	-	-	-	-	-	-
Right for commercial marks	030	-	-	-	-	-	-	-	-	-	-	-	-	-
Right for industrial property objects	040	-	-	-	-	-	-	-	-	-	-	-	-	-
Copyright and related rights	050	-	-	-	-	-	-	-	-	-	-	-	-	-
	060	-	-	-	-	-	-	-	-	-	-	-	-	-
Other intangible assets	070	2004	996	-	-	-	322	322	504	-	-	-	1682	1178
Total	080	2004	996	-	-	-	322	322	504	-	-	-	1682	1178
Goodwill	090	-	-	-	-	-	-	-	-	-	-	-	-	-

From line 080, column 14	cost of intangible assets, on which there exists restriction of title	(081)	-
	cost of pledged intangible assets	(082)	-
	cost of intangible assets created by the company	(083)	-
From line 080, column 5	cost of intangible assets received through target appropriations	(084)	-
From line 080, column 15	accumulated amortization of intangible assets, on which there exists restiction of title	(085)	-

II. Property, plant and equipment

Groups of property, plant and equipment	Line code	Balance as at the beginning of the year		Received for the year	Revaluation (increase in value +, decrease in value -)		Disposed during the year		Depreciation accrued for the year	Impairment loss	Other changes for the year		Balance as at the end of the year		including			
															received through financial lease		provided into operating lease	
		prime (revaluated) cost	depreciation		prime (revaluated) cost	depreciation	prime (revaluated) cost	depreciation			prime (revaluated) cost	depreciation	prime (revaluated) cost	depreciation	prime (revaluated) cost	depreciation	prime (revaluated) cost	depreciation
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Land plots	100	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Investment real estate	105	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital costs for lands improvement	110	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Buildings, structures, and transmission devices	120	2601	2601	-	-	-	-	-	-	-	-	-	2601	2601	-	-	-	-
Machines and equipment	130	7880	4495	1146	-	-	2017	1996	1647	-	-	-	7009	4146	-	-	-	-
Vehicles	140	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Tools, devices, inventory (furniture)	150	2222	2029	-	-	-	-	-	110	-	-	-	2222	2139	-	-	-	-
Animals	160	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Perennial plants	170	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other property, plant and equipment	180	177	172	-	-	-	-	-	4	-	-	-	177	176	-	-	-	-
Library stocks	190	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Low-value non-current tangible assets	200	648	584	400	-	-	3	3	385	-	-	-	1045	966	-	-	-	-
Temporary (non-title) structures	210	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Natural resources	220	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Reusable containers	230	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rental items	240	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other non-current tangible assets	250	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total	260	13528	9881	1546	-	-	2020	1999	2146	-	-	-	13054	10028	-	-	-	-

From line 260, column 14	cost of property, plant and equipment, on which there exists restriction of title under the current legislation	(261)	-
	cost of pledged property, plant and equipment	(262)	-
	depreciated cost of property, plant and equipment not currently in use (laying-up, reconstruction etc.)	(263)	-
	prime (revaluated) cost of fully depreciated property, plant and equipment	(264)	-
	property, plant and equipment of integral property complexes	(2641)	-
From line 260, column 8	cost of property, plant and equipment held for sale	(265)	-
	depreciated cost of property, plant and equipment lost due to emergency events	(2651)	-
From line 260, column 5	cost of property, plant and equipment acquired through target financing	(266)	-
Cost of property, plant and equipment acquired through operating lease		(267)	-
From line 260, column 15	depreciation of property, plant and equipment, on which there exist restrictions of title	(268)	-
From line 105, column 14	cost of investment real estate measured at fair value	(269)	-

III. Capital investments

Indicator name	Line code	For the year	As at the end of the year
1	2	3	4
Capital construction	280	-	-
Acquisition (production) of property, plant and equipment	290	1146	-
Acquisition (production) of other non-current tangible assets	300	400	1
Acquisition (creation) of intangible assets	310	-	982
Acquisition (growing) of long-term biological assets	320	-	-
Other	330	-	-
Total	340	1546	983

From line 340, column 3 capital investments into investment real estate (341) -
financial costs included into capital investments (342) -

IV. Financial investments

Indicator name	Line code	For the year	As at the end of the year	
			long-term	current
1	2	3	4	5
A. Financial investments according to equity method into:				
associates	350	-	-	-
subsidiaries	360	-	-	-
joint activity	370	-	-	-
B. Other financial investments into:				
shares and participatory interests in statutory capital of other entities	380	-	-	-
stock	390	-	-	-
bonds	400	-	-	-
other	410	-	-	-
Total (Section A + Section B)	420	-	-	-

From line 1035, column 4 of the Balance Sheet (Statement of Financial Position)

Other long-term financial investments are recorded:
at cost (421) -
at fair value (422) -
at depreciated prime cost (423) -

From line 1160, column 4 of the Balance Sheet (Statement of Financial Position)

Current financial investments are recorded:
at cost (424) -
at fair value (425) -
at depreciated prime cost (426) -

V. Income and expenses

Indicator name	Line code	Income	Expenses
1	2	3	4
A. Other operating income and expenses			
Operating lease of assets	440	805	-
Operating exchange difference	450	59984	150527
Sales of other current assets	460	203	15
Penalties, fines, forfeits	470	-	-
Maintenance of municipal housing and socio-cultural objects	480	-	-
Other operating income and expenses	490	183215	45319
including: deductions to allowance for doubtful debts	491	X	-
non-productive expenses and losses	492	X	36408
B. Gains and losses from participation in equity through investments into:			
associates	500	-	-
subsidiaries	510	-	-
joint activity	520	-	-
C. Other financial income and expenses			
Dividends	530	-	X
Interest	540	X	5841
Financial lease of assets	550	-	-
Other financial income and expenses	560	1182	-
D. Other income and expenses			
Sale of financial investments	570	-	-
Gains from amalgamation of entities	580	-	-
Result of utility estimate	590	-	-
Non-operating exchange difference	600	-	-
Assets received free of charge	610	-	X
Non-current assets write-off	620	X	5
Other income and expenses	630	-	-

Goods exchange (barter) transactions with products (goods, works, services) (631) -

Share of income from products (goods, works, services) sales under goods exchange (barter) contracts with related parties (632) - %

From lines 540-560, column 4 Financial costs included into prime cost of assets (633) -

VI. Cash assets

Indicator name	Line code	As at the end of the year
1	2	3
Ready cash	640	-
Current bank account	650	7926
Other bank accounts (letters of credit, cheque books)	660	-
Cash in transit	670	-
Cash equivalents	680	-
Total	690	7926

From line 1090, column 4 of the Balance Sheet (Statement of Financial Position)

Cash, usage of which is limited (691) -

VII. Provisions and allowances

Types of provisions and allowances	Line code	Balance as at the beginning of the year	Increase for the reporting year: accrued (created)	Increase for the reporting year: additional deductions	Used in the reporting year	Reversed unused amount in the reporting year	Amount of expected losses compensation by the other party, considered in estimation of provision	Balance as at the end of the year
1	2	3	4	5	6	7	8	9
Provision for vacations payment to employees	710	3594	11071	-	8440	-	-	6225
Provision for future payments on additional pension support	720	-	-	-	-	-	-	-
Provision of future expenses for fulfillment of warranty obligations	730	70410	12191	-	4782	-	-	72730
Provision for future expenses on restructuring	740	-	-	-	-	-	-	-
Provision for future expenses on fulfillment of obligations under onerous contracts	750	-	-	-	-	-	-	-
	760	-	-	-	-	-	-	-
	770	-	-	-	-	-	-	-
Allowance for doubtful debts	775	38365	-	-	-	-	-	38365
Total	780	112369	23262	-	13222	-	-	122409

VIII. Inventories

Indicator name	Line code	Book value as at the end of the year	Revaluation for the year: increase of net realizable value*	Revaluation for the year: reduction of cost
1	2	3	4	5
Raw materials and supplies	800	-	-	-
Purchase semi-products and component parts	810	-	-	-
Fuel	820	-	-	-
Containers and container materials	830	-	-	-
Construction materials	840	-	-	-
Spare parts	850	-	-	-
Agricultural materials	860	-	-	-
Current biological assets	870	-	-	-
Low-value and rapidly amortized items	880	-	-	-
Construction in progress	890	-	-	-
Ready products	900	-	-	-
Goods	910	261808	-	-
Total	920	261808	-	-

From line 920, column 3 Inventories' book value:

recorded at net realizable value	(921)	-
sent for recycling	(922)	-
pledged	(923)	-
sent for commission	(924)	-
Assets in custody - account 02	(925)	-
From line 1200, column 4 of the Balance Sheet (Statement of Financial Position) Inventories held for sale	(926)	-

* determined according to clause 28 of Ukrainian Accounting Standards No. 9 "Inventories".

IX. Accounts receivable

Indicator name	Line code	Total as at the end of the year	including based on non-repayment timing		
			up to 12 months	from 12 to 18 months	from 18 to 36 months
1	2	3	4	5	6
Accounts receivable for goods, works, services	940	391978	-	-	-
Other current accounts receivable	950	2083	-	-	-

Bad receivables written off in the reporting year (951) -
From lines 940 and 950, column 3 indebtedness with related parties (952) -

X. Deficiencies and losses from spoilage of values

Indicator name	Line code	Amount
1	2	3
Deficiencies and losses detected (written off) for the year	960	-
Recognized as debt of guilty persons in the reporting year	970	-
Amount of deficiencies and losses, on which the final decision has not been taken with regard to guilty persons (off-balance sheet account 072)	980	-

XI. Construction contracts

Indicator name	Line code	Amount
1	2	3
Income under construction contracts for the reporting period	1110	-
Indebtedness as at the end of the reporting period:		
gross from clients	1120	-
gross to clients	1130	-
from received advances	1140	-
Amount of seized cash as at the end of the year	1150	-
Cost of works performed by sub-contractors under incomplete construction contracts	1160	-

XII. Income tax

Indicator name	Line code	Amount
1	2	3
Current income tax	1210	6376
Deferred tax assets: as at the beginning of the reporting year	1220	22696
as at the end of the reporting year	1225	25672
Deferred tax liabilities: as at the beginning of the reporting year	1230	-
as at the end of the reporting year	1235	-
Included into the Statement of Financial Results - total	1240	3399
including: current income tax	1241	6376
decrease (increase) of deferred tax assets	1242	-2977
increase (decrease) of deferred tax liabilities	1243	-
Recorded in equity - total	1250	-
including: current income tax	1251	-
decrease (increase) of deferred tax assets	1252	-
increase (decrease) of deferred tax liabilities	1253	-

XIII. Usage of depreciation expenses

Indicator name	Line code	Amount
1	2	3
Accrued for the reporting year	1300	2650
Used for the year - total	1310	-
including for: construction of objects	1311	-
acquisition (production) and improvement of propeprty, plant and equipment	1312	-
of them machines and equipment	1313	-
acquisition (creation) of intangible assets	1314	-
repayment of loans received for capital investments	1315	-
	1316	-
	1317	-

A.P. Maniganahalli Suriyaprakash

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ТОВАРИСТВО З ОБМЕЖЕНОЮ ВІДПОВІДАЛЬНІСТЮ «ДР. РЕДДІ'С ЛАБОРАТОРІЗ» Ідентифікаційний код 37560808 Київська область Бориспільський район с. Велика Олександрівка УКРАЇНА

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Зав. ... Нечаєва Т.А.

15.05.2024р.