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Subsidiary Companies Financials 2020-21

Part-D

Good Health Can't Wait.

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Independent Auditors' Report

To the Members of
Dr. Reddy's Venezuela, C.A..

We have audited the accompanying financial statements of **Dr. Reddy's Venezuela, C.A.** a company incorporated and administered outside India, which comprises the Balance sheet as at 31 March 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. 21202367AAABXV3591

Place: Hyderabad
Date: 11th May 2021

Dr. Reddy's Venezuela, C.A.
Balance Sheet
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non current assets			
Property, plant and equipment	2.1	-	50
Tax assets, net		-	-
Total non current assets		**-**	**50**
Current assets			
Financial assets			
Cash and cash equivalents	2.2	23	43
Loans	2.3	5	5
Other current assets	2.4	32	30
Total current assets		**60**	**78**
Total assets		**60**	**128**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.5	583	583
Other equity		(47,357)	(48,509)
Total equity		**(46,774)**	**(47,926)**
Non current liabilities			
Financial Liabilities			
Borrowings	2.6	7,636	7,654
Current liabilities			
Financial Liabilities			
Trade payables	2.7	39,147	40,309
Other current financial liabilities	2.8	6	20
Other current liabilities	2.9	45	70
Total current Liabilities		**39,198**	**40,399**
Total equity and liabilities		**60**	**128**

Significant accounting policies 1

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Venezuela, C.A.**

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

PSRVV Surya Rao
Partner
Membership No. 202367

Joga Rao KVSNHR
Finance Manager

Place: Hyderabad
Date: 11 May 2021

Dr. Reddy's Venezuela, C.A.
Statement of Profit and Loss
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
Continuing operations			
Revenue from operations		-	-
Other Income	2.10	1,552	-
Total Income		**1,552**	**-**
Expenses			
Cost of materials consumed		-	-
Employee benefits expense	2.11	154	167
Finance Cost	2.12	165	203
Depreciation and amortisation expense	2.13	54	-
Other expenses	2.14	27	3,879
Total expense		**400**	**4,249**
Profit / (Loss) before tax		**1,152**	**(4,249)**
Income tax expense		-	-
Profit / (Loss) for the year		**1,152**	**(4,249)**
Earnings per share			
Basic - Par value Bs 0.0043 per share		108.30	(399.61)
Diluted - Par value Bs 0.0043 per share		108.30	(399.61)
Significant accounting policies	1		

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Venezuela, C.A.**

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

PSRVV Surya Rao
Partner
Membership No. 202367

Joga Rao KVSNHR
Finance Manager

Place: Hyderabad
Date: 11 May 2021

Dr. Reddy's Venezuela, C.A.

Statement of Changes in Equity

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

Total equity

Particulars	Share Capital		Reserves and Surplus	Total Equity
	Shares	Amount	Retained Earnings	
Balance as of 1 April 2019	**10,633**	**583**	**(44,260)**	**(43,677)**
Profit / (Loss) for the period	-	-	(4,249)	(4,249)
Balance as of 31 March 2020	**10,633**	**583**	**(48,509)**	**(47,926)**
Profit / (Loss) for the period	-	-	1,152	1,152
Balance as of 31 March 2021	**10,633**	**583**	**(47,357)**	**(46,774)**

As per our report of even date attached

r and on behalf of the Board of Directors of **Dr. Reddy's Venezuela, C.A.**

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

A Ramachandra Rao
Partner
Membership No. 9750

Joga Rao KVSNHR
Finance Manager

Place: Hyderabad
Date: 11 May 2021

Dr. Reddy's Venezuela, C.A.
Cash Flow Statement
(All amounts in Indian Rupees lakhs, except share data and where otherwise stated)

	For the year ended 31 March 2021	For the year ended 31 March 2020
Operating activities		
Profit/ (Loss) before taxation	1,152	(4,249)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	54	-
Profit on disposal of property, plant and equipment	(7)	-
Writeback of liability	-	-
Finance costs	165	203
Net foreign exchange differences	63	103
Operating cash flows before working capital changes	**1,427**	**(3,943)**
Working capital adjustments:		
Trade and other payables	(1,162)	1,870
Other assets & liabilities,net	(41)	1,479
	224	**(594)**
Income tax paid	-	-
Net cash flows from operating activities	**224**	**(594)**
Net cash flows used in investing activities		
Proceeds from sale of property, plant and equipment	7	
Purchase of property, plant and equipment	-	
	7	**-**
Net cash flows from/ (used in) financing activities		
Proceeds from long term borrowings,net	(183)	729
	(183)	**729**
Net increase / (decrease) in cash and cash equivalents	48	135
Cash and cash equivalents at the beginning of the year	43	11
Effect of foreign exchange loss on cash and cash equivalents	(68)	(103)
Cash and cash equivalents at the end of the year	**23**	**43**
Notes to the cash flow statement:		
Cash and cash equivalents at the end of the year	23	43
Cash and bank balances at the end of the year	**23**	**43**

The accompanying notes are an integral part of financial statements

As per our report of even date attached

for and on behalf of the Board of Directors of **Dr. Reddy's Venezuela, C.A.**

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

PSRVV Surya Rao
Partner
Membership No. 202367

Joga Rao KVSNHR
Finance Manager

Place: Hyderabad
Date: 11 May 2021

Dr. Reddy's Venezuela, C.A.

Significant Accounting Policies & Notes to financial statements

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

Note 1: Significant Accounting Policies & Notes to Accounts:

Description of the Company

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

Basis of preparation of financial statements

The financial statements of the Company have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time. In August 2018, the official currency of Venezuela has been changed to Bolivar Soberano(Bs), which replaces the erstwhile currency (Venezuelan bolivar).

Use of estimates and judgments

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

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

Revenue

Sale of goods

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

Services

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

License fee

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

Interest income and dividend

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

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

Earnings per share

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

Current and non-current classification

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

Assets:

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

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

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

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

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

Liabilities:

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

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

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

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

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

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

Financial instruments

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

Financial assets

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

Financial liabilities

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

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

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

Dr. Reddy's Venezuela, C.A.

Significant Accounting Policies & Notes to financial statements

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

Income tax

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and taxable temporary differences arising upon the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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

Inventories

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

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

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

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Company at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in the statement of profit and loss in the period in which they arise.

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

Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. General and specific borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in the statement of profit and loss.

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

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

Depreciation

Depreciation is recognised in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. The depreciation expense is included in the costs of the functions using the asset. Land is not subject to depreciation.

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

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

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

Schedule II to the Companies Act, 2013 ("Schedule") prescribes the useful lives for various classes of tangible assets. For certain class of assets, based on the technical evaluation and assessment, the Company believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule.

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

Dr. Reddy's Venezuela, C.A.

Significant Accounting Policies & Notes to financial statements

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

Provisions, contingent liabilities and contingent assets

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

Restructuring

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

Onerous contracts

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

Reimbursement rights

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

Contingent liabilities

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

Contingent assets

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

Employee benefits

Short-term employee benefits

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

Defined contribution plans

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

Cash and cash equivalents

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

Trade receivables

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

Trade and other payables

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

Dr. Reddy's Venezuela, C.A.

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

Note 2: Notes to financial statements (continued)

2.1 : Property, plant and equipment

Particulars	Gross Block					Depreciation / Amortization						Net Block	
	As at 01.04.2020	Additions	Disposals	Forex	As at 31.03.2021	As at 01.04.2020	For the year	Impairment	Disposals	Forex	As at 31.03.2021	As at 31.03.2021	As at 31.03.2020
Vehicles	58	-	58	-	-	8	54	-	58	(4)	-	-	50
Total	**58**	**-**	**58**	**-**	**-**	**8**	**54**	**-**	**58**	**(4)**	**-**	**-**	**50**
Previous year	**58**	**-**	**-**	**-**	**58**	**8**	**-**	**-**	**-**	**-**	**8**	**50**	**50**

Dr. Reddy's Venezuela, C.A.

Notes to Financial Statements

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

Other Assets

Financial Assets

	As at 31 March 2021	As at 31 March 2020
2.2 : Cash and cash equivalents		
Balances with banks:		
- On current accounts	23	43
	23	**43**

	As at 31 March 2021	As at 31 March 2020
2.3 : Loans and Advances		
Other advances	5	5
	5	**5**

Other Assets	As at 31 March 2021	As at 31 March 2020
2.4 : Other current assets		
Prepaid expenses	32	30
Other current assets	-	-
	32	**30**

Dr. Reddy's Venezuela, C.A.

Notes to the Financial Statements

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

2.5 : Share capital

	As at 31 March 2021	As at 31 March 2020
Issued equity capital		
10,633 (previous year : 10,633) shares of Bs 0.0043 each	583	583
Subscribed and fully paid-up		
10,633 (previous year : 10,633) shares of Bs 0.0043 each	583	583
	583	**583**

* No concept of authorised share capital in this company.

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Number of shares outstanding at the beginning of the year	10,633	583	10,633	583
Shares issued during the year	-	-	-	-
Number of shares outstanding at the end of the year	**10,633**	**583**	**10,633**	**583**

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

The company has only one class of equity shares having a par value of Bs 0.0043 per share. Each holder of equity shares is entitled to one vote per share.

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

Particulars	As at 31 March 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	10,633	100%	10,633	100%

Financial Liabilities

	As at 31 March 2021	As at 31 March 2020
2.6 : Non-current Borrowings		
From other parties		
Long term borrowings from holding company and other group companies	7,636	7,654
	7,636	**7,654**

	As at 31 March 2021	As at 31 March 2020
2.7 : Trade Payables		
Payables to holding company and other group companies	39,147	40,309
Payables to others	-	-
	39,147	**40,309**

	As at 31 March 2021	As at 31 March 2020
2.8 : Other current financial liabilities		
Accrued expenses	6	20
Capital Creditors	-	-
	6	**20**

	As at 31 March 2021	As at 31 March 2020
Other Liabilities		
2.9 : Other Current Liabilities		
Advance from customers	35	46
Provision for staff benefit schemes	9	20
Salary & Bonus Payable	1	3
Due to statutory authorities	-	1
	45	**70**

Dr. Reddy's Venezuela, C.A.

Notes to the Financial Statements

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

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.10 : Other income		
Foreign exchange gain,net	1,545	-
Profit on sale of property, plant and equipment	7	-
	1,552	**-**

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.11 : Employee benefits expense		
Salaries, wages and bonus	81	95
Contribution to provident and other funds	73	72
	154	**167**

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.12 : Finance costs		
Interest on borrowings from holding company and other group companies	165	203
	165	**203**

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.13 : Depreciation and amortisation expense		
Depreciation of Property,plant and equipment	54	-
	54	**-**

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.14 : Other expenses		
Legal and professional	20	16
Rent	4	3
Insurance	-	1
Other general expenses	3	2
Foreign exchange loss, net	-	3,857
	27	**3,879**

Dr. Reddy's Venezuela, C.A.

Significant Accounting Policies & Notes to financial statements

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

Note 1: Significant Accounting Policies & Notes to Accounts:

2.15 Going Concern

The accounts have been prepared on Going Concern basis, despite having accumulated losses and no operational income, as the company is supported by its parent company in its activities and financial affairs.

2.16 Related Party Transactions

a. The company has the following transactions with related parties :

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest paid/payable to holding company/other group companies:		
Dr. Reddy's Laboratories SA	165	203

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

Particulars	As at 31 March 2021	As at 31 March 2020
Due to holding company and other group companies(included in trade payables and borrowings):		
Dr. Reddy's Laboratories Limited	39,147	40,309
Dr. Reddy's Laboratories SA	7,636	7,654

2.17 Taxation

a. Current Taxes

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

b. Deferred Taxes

The deferred tax liability has not been provided during the year as there is no liability arising out of any timing difference and no deferred tax asset is recognised on carry forword losses as it is not probable that future taxable profit will be available against which these can be utilised

2.18 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 and on behalf of the Board of Directors of **Dr. Reddy's Venezuela, C.A.**

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

PSRVV Surya Rao
Partner
Membership No. 202367

Joga Rao KVSNHR
Finance Manager

Place: Hyderabad
Date: 11 May 2021

IDEA2ENTERPRISES (INDIA) PRIVATE LIMITED
Regd. Office : 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034, Telangana, India.
CIN : U72200TG2000PTC034473, E-mail : shares@drreddys.com
Tel : +91 40 4900 2900 Fax : +91 40 4900 2999

Board's Report

Dear Members,

Your directors present the 21st Board's Report of the Company for the year ended 31 March 2021.

Financial Highlights

The following table gives the financial highlights of the Company for the financial year 2020-21 as compared to previous financial year:

(Rs. in thousands)

Particulars	31 March 2021	31 March 2020
Profit/(Loss) for the period after taxation	36	38
Balance brought forward	(14,101)	(14,139)
Balance carried forward to Balance Sheet	(14,065)	(14,101)

State of Company's Affairs

The Company holds land to carry out its activities. However, it did not carry out any operations during the year.

Change in the Nature of Business, if any

During the year, there was no change in the nature of business of the Company.

Dividend

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

Transfer to reserves

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

Share Capital

During the year under review, there was no change in the share capital of the Company.

Fixed Deposits

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013. Hence the relevant disclosure or reporting provisions are not applicable to the Company.

Material Changes and Commitments Affecting the Financial Position of the Company

No material changes and commitments affecting the financial position of the Company, has occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

Subsidiaries and Associates

The Company is a subsidiary of Dr. Reddy's Laboratories Limited. DRL Impex Limited is a wholly owned subsidiary of the Company.

Pursuant to Section 129(3) of the Companies Act, 2013 and Rule 6 of the Companies (Accounts) Rules, 2014, where a company has one or more subsidiaries or associate companies, it shall, in addition to financial statements, prepare a consolidated financial statement of the company and of all the subsidiaries and associate companies in the same form and manner as that of its own and in accordance with applicable accounting standards, which shall also be laid before the annual general meeting of the company along with the laying of its financial statement.

However the Ministry of Corporate Affairs vide its circulars dated July 27, 2016 has clarified that the provisions pertaining to manner of consolidation of accounts shall not be applicable if

a) the members have been intimated in writing for not presenting the financial statements and the members do not object to the same; and
b) ultimate holding company files the consolidated financial statements with the Registrar which are in compliance with the applicable accounting standards.

The Company has written to its members for its intention of not presenting the consolidated financial statements and no objects has been received. Further, the Company's holding company, i.e. Dr. Reddy's Laboratories Limited prepares and files the consolidated financial statements with the Registrar which are in compliance with the applicable accounting standards. Therefore, the relevant provisions regarding consolidation of accounts of its wholly owned subsidiaries are not applicable to the Company.

A statement containing the salient features of the financial statement of its subsidiaries in prescribed Form AOC-1 is attached as **"Annexure – I"** to the Board's Report.

Particulars of Loans, Guarantees or Investments

Details of loans, guarantees and investments covered under Section 186 of the Companies Act, 2013 form part of the notes to financial statements provided in this Annual Report.

Number of Board meetings

The Company's board met four times during the year: 11 May 2020, 27 July 2020, 26 October 2020 and 27 January 2021.

Board of Directors

Pursuant to provisions of Section 152 of the Companies Act, 2013, Mr. Sujit Kumar Mahato (DIN: 07599067), retires by rotation at the ensuing Annual General Meeting and being eligible, seeks re-appointment. The board recommends his re-appointment for approval at the ensuing Annual General Meeting.

The brief profile of Mr. Mahato is given in the notice convening 21st Annual General Meeting, for reference of shareholders.

The Company is not required to appoint any key managerial personnel under Section 203(1) of the Companies Act, 2013.

Further, the Company was not required to have independent directors during the year 2020-21. Hence, the declaration by independent directors under section 149(6) is not applicable.

Secretarial Standards

The directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meeting of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company. The Company has also voluntarily adopted the recommendatory Secretarial Standard-4 on 'Report of the Board of Directors' issued by the Institute of Company Secretaries of India.

Directors' Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, your directors state that:

1. applicable accounting standards have been followed in the preparation of the annual accounts;
2. accounting policies have been selected and applied consistently. Reasonable and prudent judgments and estimates were made, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2020-21 and of the profit of the Company for that period;
3. proper and sufficient care has been taken to maintain adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. annual accounts have been prepared on a going concern basis; and
5. proper systems have been devised to ensure compliance with the provisions of all applicable laws and these systems were adequate and operating effectively.

Corporate Social Responsibility

Since the Company did not reach the threshold limit of net worth or turnover or net profit, during the immediate preceding financial year as stated in Section 135(1) of the Companies Act, 2013, therefore, the Company was not required to constitute a Corporate Social Responsibility Committee. Hence, provisions with regard to CSR Committee, CSR policy and CSR spent/initiatives were not applicable to the Company during the year.

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

The Company is guided by the holding company, Dr. Reddy's Laboratories Limited's (DRL) policies. Accordingly, the philosophies, policies or procedures relating to internal controls over Financial Accounting, Risk Management and Compliance of DRL are applicable to the Company as well. Identified key risks and internal control matters pertaining to your Company, if any, are reviewed by the DRL's Internal Audit and Risk Management teams.

Related Party Transactions

In accordance with Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contract or arrangement entered into by the Company with related parties referred to in Section 188(1) in Form AOC-2 is attached as **"Annexure II".**

The details of related party disclosures form part of the notes to the financial statements provided in this Annual Report.

Statutory Auditors

M/s. A. Ramachandra Rao & Co., Chartered Accountants (Firm's Registration No. 002857S) were re-appointed as statutory auditors for a period of 5 years commencing from the conclusion of 19th AGM till the conclusion of the 24th AGM in terms of Section 139 of the Companies Act, 2013 and the rules made thereunder.

The Ministry of Corporate Affairs (MCA) vide its notification dated May 7, 2018, has omitted the requirement under the first proviso to section 139 of the Companies Act, 2013 and rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, regarding ratification of appointment of statutory auditor by shareholders at every AGM.

Consequently, M/s. A. Ramachandra Rao & Co., Chartered Accountants continue to be the statutory auditors of the Company till the conclusion of 24th AGM, as approved by the shareholders at the 19th AGM of the Company.

Board's response on auditor's qualification, reservation or adverse remark or disclaimer made

There are no qualifications, reservations or adverse remarks made by the statutory auditors in their report. During the year, there were no instances of frauds reported by auditors under section 143(12) of the Companies Act, 2013.

Significant and Material Orders passed by the Court/Regulators

During the year under review, there were no significant and/or material orders, passed by any Court or Regulators or Tribunal which may impact the going concern status or the Company's operations in future.

Particulars of Employees

None of the employees of the Company draw salary more than the amount as specified under the provisions of Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time. Hence the relevant provisions are not applicable.

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

Since the Company did not have any operations during the year, the particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are not applicable.

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

Since the Company has no employees during the year, the Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was not constituted. However, the Company being a wholly-owned subsidiary of Dr. Reddy's Laboratories Limited (DRL), the Internal Complaints Committee of DRL would address any such complaint from time to time.

Maintenance of cost records

Since the Company did not have any operations, it was not required to maintain cost records as required under the provisions of Section 148(1) of the Companies Act, 2013.

Extract of the Annual Return

The details forming part of the extract of the Annual Return in Form MGT-9 are attached as **"Annexure III"** to this Report.

Acknowledgement

Your directors place on record their sincere appreciation for support and co-operation extended by all the concerned to the Company during the year.

For and on behalf of the Board of Directors

Date: May 11, 2021
Place: Hyderabad

Sujit Kumar Mahato
Director
DIN: 07599067

M V Narasimham
Director
DIN: 02677423

Annexure-I

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Rs. in thousands)

Sl. No.	Particulars	Details
1.	Name of the subsidiary	DRL Impex Limited
2.	Date since when the subsidiary was acquired	14.09.2016
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	NA
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR
5.	Share capital	Rs. 760,000
6.	Reserves & surplus	Rs. (761,890)
7.	Total assets	Rs. 10,896
8.	Total Liabilities	Rs. 10,896
9.	Investments	-
10.	Turnover	-
11.	Profit before taxation	Rs. (56)
12.	Provision for taxation	-
13.	Profit after taxation	Rs. (27)
14.	Proposed Dividend	-
15.	Extent of shareholding (in %)	100%

There was no subsidiary which is yet to commence the operations. Further, none of the subsidiary have been liquidated or sold during the year.

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129(3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures: NIL

For and on behalf of the Board of Directors

Date: May 11, 2021
Place: Hyderabad

Sujit Kumar Mahato
Director
DIN: 07599067

M V Narasimham
Director
DIN: 02677423

Annexure- II

FORM NO. AOC – 2

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis:**

(a)	Name(s) of the related party and nature of relationship	**Not Applicable**
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts/arrangements/ transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	
(f)	Date(s) of approval by the Board	
(g)	Amount paid as advances, if any	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to Section 188	

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

(a)	Names(s) of the related party and nature of relationship	**None**
(b)	Nature of contracts/arrangements/ transactions	
(c)	Duration of the contracts/arrangements transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Date(s) of approval by the Board, if any	
(f)	Amount paid as advances, if any	

For and on behalf of the Board of Directors

Date: May 11, 2021
Place: Hyderabad

Sujit Kumar Mahato
Director
DIN: 07599067

M V Narasimham
Director
DIN: 02677423

ANNEXURE - III

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31 March, 2021
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

Sl. No.	Particulars	Details
i)	CIN	U72200TG2000PTC034473
ii)	Registration Date	May 22, 2000
iii)	Name of the Company	Idea2Enterprises (India) Private Limited
iv)	Category/Sub-Category of the Company	Private Company/Limited by Shares
v)	Address of the Registered office and contact details	8-2-337, Road no. 3, Banjara Hills, Hyderabad – 500 034
vi)	Whether listed company Yes/No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are given below:

Sr. no.	Name and Description of main products/services	NIC Code of the product/ service	% to total turnover of the company
NA			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. no.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held*	Applicable Section
1	Dr. Reddy's Laboratories Limited	8-2-337, Road no. 3, Banjara Hills, Hyderabad-500 034	L85195TG1984PLC004507	Holding	99.996	2(46)
2	DRL Impex Limited	8-2-337, Road no. 3, Banjara Hills, Hyderabad-500 034	U65990TG1986PLC006695	Subsidiary	100	2(87)(ii)

* Represents aggregate % of shares held by the Company.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s).	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	2,499,826	2,499,826	100	0	2,499,826	2,499,826	100	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1)	0	**2,499,826**	**2,499,826**	100	0	**2,499,826**	**2,499,826**	100	0
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	0	0	0	0	0	0	0	0	0

Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**0**	**2,499,826**	**2,499,826**	**100**	**0**	**2,499,826**	**2,499,826**	**100**	**0**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual funds/UTI	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s).	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Non-Institutions									
a) Bodies Corp	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)									
i) Trust	0	0	0	0	0	0	0	0	0
ii) Clearing Member	0	0	0	0	0	0	0	0	0
iii) NRIs	0	0	0	0	0	0	0	0	0
iv) Foreign Nationals	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**2,499,826**	**2,499,826***	**100**	**0**	**2,499,826**	**2,499,826***	**100**	**0**

*Out of 2,499,826 equity shares, 10 equity share held by Mr. K Satish Reddy as nominee shareholder on behalf of Dr. Reddy's Laboratories Limited, Holding Company and 100 shares are held by Dr. Reddy's Bio-Sciences Limited (Wholly owned subsidiary of Dr. Reddy's Laboratories Limited)

ii) Shareholding of Promoters

Sr. no.	**Category of Shareholders**	**No. of shares held at the beginning of the year**			**No. of shares held at the end of the year**			**% change during the year**
		No. of Shares	**% of total shares of the company**	**% of Shares Pledged / encumbered to total shares***	**No. of Shares**	**% of total shares of the company**	**% of Shares Pledged / encumbered to total shares***	
1	Dr. Reddy's Laboratories Limited	2,499,726	99.996	0	2,499,726	99.996	0	0.00
2	Dr. Reddy's Bio-Sciences Limited	100	0.004	0	100	0.004	0	0.00
		2,499,826	**100**	**0**	**2,499,826**	**100**	**0**	**0**

iii) Change in Promoters' Shareholding

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
At the beginning of the year	2,499,826	100	2,499,826	100
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	No Change			
At the End of the year	2,499,826	**100**	2,499,826	**100**

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
NIL				

v) Shareholding of Directors and Key Managerial personnel

Sr. no.	Name	Date	Shareholding at the beginning of the year		Increase / (Decrease) in Shareholding, if any	Reason	Cumulative Shareholding during the year	
			No. of Shares (*)	% of total shares of the company			No. of Shares	% of total shares of the company
A. DIRECTORS								
1	Mr. G V Prasad	01.04.2020	0	0	0	-	0	0
		31.03.2021	0	0	0	-	0	0
3	Mr. Sujit Kumar Mahato	01.04.2020	0	0	0	-	0	0
		31.03.2021	0	0	0	-	0	0
4	Mr. M V Narasimham	01.04.2020	0	0	0	-	0	0
		31.03.2021	0	0	0	-	0	0
B. KEY MANAGEMENT PERSONNEL (KMPs)								
Nil								

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment –

(Rs. in thousands)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year (April 1, 2020)				
i) Principal Amount	-	3,600	-	3,600
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	3,600	-	3,600
Change in Indebtedness during the financial year				
Addition	-	-	-	-
Reduction	-	-	-	-
Net Change	-	-	-	-

Indebtedness at the end of the financial year (March 31, 2021)				
i) Principal Amount	-	3,600	-	3,600
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	-	3,600	-	3,600

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) **Remuneration of Managing Director, Whole-time Director and/or Manager** – Not applicable

B) **Remuneration of other directors** – No remuneration was paid to directors.

C) **Remuneration of Key Managerial Personnel other than MD/WTD/Manager** – Not applicable

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES – There were no penalties/punishments/compounding of offences during the year.

For and on behalf of the Board of Directors

Date: May 11, 2021
Place: Hyderabad

Sujit Kumar Mahato
Director
DIN: 07599067

M V Narasimham
Director
DIN: 02677423

IDEA2ENTERPRISES (INDIA) PRIVATE LIMITED
Regd. Office : 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034, Telangana, India.
CIN : U72200TG2000PTC034473, E-mail : shares@drreddys.com
Tel : +91 40 4900 2900 Fax : +91 40 4900 2999

NOTICE

Notice is hereby given that the 21st Annual General Meeting (AGM) of the members of Idea2enterprises (India) Private Limited (CIN: U72200TG2000PTC034473) will be held on Tuesday, July 15, 2021, at 03.00 pm at the Registered Office of the Company at 8-2-337, Road No. 3, Banjara Hills, Hyderabad, Telangana - 500 034 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the financial year ended March 31, 2021 including the audited balance sheet as at March 31, 2021 and the statement of the profit and loss of the Company for the year ended on that date along with the reports of the board of directors and the auditors thereon.

2. To re-appoint Mr. Sujit Kumar Mahato (DIN: 07599067), who retires by rotation, and being eligible, offers himself for re-appointment.

NOTES:

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

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

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

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

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

5. The requirement to place the matter relating to the appointment of statutory auditors for ratification by members at every AGM is omitted vide notification dated 7 May 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, resolution for ratification of the appointment of statutory auditors who were appointed for a period of five years at the 19th AGM held on 15 July 2019 is not proposed at this AGM.

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

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

By order of the Board

M V Narasimham
Director
DIN: 02677423
8-2-337, Road No. 3,
Banjara Hills, Hyderabad,
Telangana - 500 034

Place: Hyderabad
Date: May 11, 2021

ANNEXURE TO NOTICE OF AGM

Statement pursuant to Secretarial Standard on General Meetings (SS-2).

Item No: 1

Mr. Sujit Kumar Mahato (DIN: 07599067) aged 47 years, is a Chartered Accountant having 22 years of work experience. He worked as Finance Head of Dr. Reddy's Laboratories Limited (DRL) German operations from 2008 to 2012 and as Finance Head of DRL - Emerging Markets (including Russia, CIS, China, and other markets) from 2012 to 2014. He is currently leading the Global Financial Reporting Team of Dr. Reddy's Laboratories Limited (Holding Company). He is a director in the following wholly owned subsidiaries of Dr. Reddy's Laboratories Limited (holding company) – Svaas Wellness Limited (Formerly known as Regkinetics Services Limited), Dr. Reddy's Bio-Sciences Limited, Imperial Credit Private Limited, Cheminor Investments Limited and CFO of DRL Impex Limited (a step-down wholly owned subsidiary of DRL). He is also a director of Dr. Reddy's Research Foundation. He is also a trustee in Dr. Reddy's Employees ESOS Trust.

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

He has attended all meetings of the board held during the financial year 2020-21. He holds nil equity shares in the Company.

None of the Directors of the Company and their relatives except Mr. Sujit Kumar Mahato and his relatives are concerned or interested in the resolution as set out in item no. 1.

The board recommends the resolution set forth in item no. 1 for approval of the members.

By order of the Board

M V Narasimham
Director
DIN: 02677423
8-2-337, Road No. 3,
Banjara Hills, Hyderabad,
Telangana - 500 034

Place: Hyderabad
Date: May 11, 2021

A. Ramachandra Rao & Co.
Chartered Accountants

Flat No.302, 3rd Floor, D.No. 6-2-975
A-Block, Kushal towers,
Khairtabad, Hyderabad- 500 004

Tel: 040-27633677
E-mail: admin@arrandco.org

To
Members
Idea2 Enterprises (India) Private Limited

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the standalone Financial Statements of **Idea2 Enterprises (India) Private Limited ("the Company)")**, which comprise the Balance sheet as at March 31, 2021, and the Statement of Profit and Loss, including the statement of Other Comprehensive Income, Statement of cash flows and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit including other comprehensive income, and its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

A. Ramachandra Rao & Co.
FRN No: 002857S
Hyderabad
Chartered Accountant

A. Ramachandra Rao & Co.
Chartered Accountants

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

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountants

A. Ramachandra Rao & Co.
Chartered Accountants

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2021, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order,2016 ("the Order") issued by the Central Government interms of Section 143(11) of the Act, we give in Annexure a statement on the matters specified in paragraphs 3 and 4of the Order.

2. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the informationand explanations which to the best of our knowledgeand belief were necessary for the purposes of ouraudit.

b) In our opinion, proper books of account as requiredby law have been kept by the Company so far as itappears from our examination of those books.

c) The Balance Sheet, the Statement of Profit andLoss, the Cash Flow Statement and Statement ofChanges in Equity dealt with by this Report are inagreement with the books of account.

e) In our opinion, the aforesaid standalonefinancial statements comply with the IndianAccounting Standards prescribed under section 133of the Act.

e) On the basis of the written representations receivedfrom the directors as on March31, 2021 taken onrecord by the Board of Directors, none of thedirectors is disqualified as on March 31,2021 frombeing appointed as a director in terms of Section164(2) of the Act.

f) As the Company is exempted from the reporting requirements under Section 143(3)(i) in terms of Notification issued dated 13th June 2017, a separate report on the internal financial controls is not required to be made.

g) With respect to the other matters to be included inthe Auditor's Report in accordance with Rule 11 ofthe Companies (Audit and Auditors) Rules, 2014, inour opinion and to the best of our information andaccording to the explanations given to us:

i. TheCompany does not have any pending litigationswhich would impact its financial position.

ii. The Company did not have anylong-term contracts including derivativecontracts for which there were any materialforeseeable losses.

iii. There has been no delay in transferringamounts, required to be transferred, to theInvestor Education and Protection Fund.

For M/s A Ramachandra Rao & Co.
Chartered Accountants
Firm Regn No. 002857S

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountant

S R V V Surya RaoPonnada
Partner
Membership No. 202367
UDIN :21202367AAABYC6422

Hyderabad
Date:11/05/2021

A. Ramachandra Rao & Co.
Chartered Accountants

ANNEXURE TO THE AUDITORS' REPORT
(Idea2 Enterprises (India) Private Limited)
(Of even date referred to in Para 1 of our Report)

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

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

c) Based on the information given to us, the title deeds of the properties are held in the name of the Company.

(ii) As explained and information given to us, the company does not have any inventory and hence para 3(ii) of the Order is not applicable to the Company for the period under audit.

(iii) Based on the information provided to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 hence, in our opinion, the Clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) are not applicable to the Company for the year.

(iv) Based on the information provided to us, the Company has not given any loan, guarantee, nor provided any security in connection with a loan and not acquired any security during the year and hence, in our opinion, the clause 3(iv) is not applicable to the Company during the year.

(v) Based on the information provided to us, the Company has not accepted any deposits during the year and hence, in our opinion, the Clause 3(v) is not applicable to the Company for the year.

(vi) Based on the explanations given to us, the Company is not required to maintain cost Records under Section 148 of the Companies Act, 2013 and hence the clause 3(vi) of the order is not applicable to the Company for the period under audit.

(vii) (a) According to the records of the Company and explanations offered to us, the provisions of provident fund, employees' state insurance, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess are not applicable to the company. The Company is regular in depositing the undisputed statutory dues of Income tax with the appropriate authoritiesand there are no outstanding statutory dues on the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no dues of VAT, income tax, customs duty, excise duty, service tax, cess to be deposited on account of any dispute and hence, clause 3(vii)(b) of the Order is not applicable to the Company during the year.

(viii) Based on the information provided and explanation given to us, the Company has not taken any loans from Banks / Financial Institutions / Government / due to Debenture Holders and hence clause 3(viii) of the Order is not applicable to the Company for the period under audit.

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountant

A. Ramachandra Rao & Co.
Chartered Accountants

(ix) According to the information and explanations given to us, the Company has not raised any monies by way of IPO / further public offer not has taken any term loans and hence clause 3(ix) of the Order is not applicable to the Company for the period under audit.

(x) In our opinion and according to the information provided and explanations offered to us, no fraud on or by the Company has been noticed or reported during the year.

(xi) In our opinion, the provisions of section 197 read with Schedule V to the Companies Act,2013 the Company has not paid any managerial remuneration during the year and hence clause 3(xi) of the Order is not applicable to the Company for the period under audit.

(xii) Based on the explanations given to us, in our opinion, the Company is not a Nidhi Company as per section 406 of the Companies Act,2013 and hence clause 3(xii) is not applicable to the Company.

(xiii) Based on the information provided and explanation given to us, in our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the standalone financial statements etc., as required by the applicable accounting standards.

(xiv) The Company has not made any preferential allotment of shares during the year and during the year under review and hence, clause 3(xiv) is not applicable to the Company during the year.

(xv) As per the information given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year under review and so, clause 3(xv) is not applicable to the Company during the year.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and so, clause (xvi) is not applicable to this Company.

For M/s A Ramachandra Rao & Co
Chartered Accountants
Firm Regn No. 002857S

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountants

P S R V V Surya Rao
Partner
Membership No. 202367
UDIN :21202367AAABYC6422

Place :Hyderabad
Date:11/05/2021.

Idea2enterprises (India) Private Limited
Balance Sheet
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	14,49,989	14,49,989
Financial assets			
Investments	2.2	88,237	88,237
Other financial assets	2.4	1,066	1,000
Tax assets (net)	2.5	36	35
		15,39,328	**15,39,261**
Current assets			
Financial assets			
Cash and cash equivalents	2.3	11	38
Other financial assets	2.4	13	17
		24	**55**
Total assets		**15,39,352**	**15,39,316**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.6	24,998	24,998
Other equity		15,10,739	15,10,703
		15,35,737	**15,35,701**
Liabilities			
Current liabilities			
Financial liabilities			
Other financial liabilities	2.7	3,615	3,615
		3,615	**3,615**
Total equity and liabilities		**15,39,352**	**15,39,316**

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

As per our report of even date attached

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

for and on behalf of the Board of Directors of
Idea2enterprises (India) Private Limited
CIN: U72200TG2000PTC034473

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2021

Idea2enterprises (India) Private Limited
Statement of Profit and Loss
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
Income			
Revenue from operations		-	-
Other income	2.8	68	61
Total income		**68**	**61**
Expenses			
Other expenses	2.9	20	18
Total expenses		**20**	**18**
Profit/(Loss) before tax		**48**	**43**
Tax expense			
Current tax		12	5
Deferred tax		-	-
Profit/(Loss) for the year		**36**	**38**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss		-	-
Total other comprehensive income/(loss) for the year, net of tax		**-**	**-**
Total comprehensive income/(loss) for the year		**36**	**38**
Earnings per share:	2.10		
Basic earnings per share of Rs. 10/- each		0.01	0.02
Diluted earnings per share of Rs. 10/- each		0.01	0.02

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

As per our report of even date attached

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

for and on behalf of the Board of Directors of
Idea2enterprises (India) Private Limited
CIN: U72200TG2000PTC034473

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2021

Idea2enterprises (India) Private Limited
Statement of Cash Flows
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flows from/(used in) operating activities		
Profit before taxation	48	43
Adjustments:		
Interest income	(68)	(61)
Changes in operating assets and liabilities:		
Decrease in other liabilities	-	-
Cash used in for operations	**(20)**	**(18)**
Income taxes paid, net	(12)	(4)
Net cash used in operating activities	**(32)**	**(22)**
Cash flows from/(used in) investing activities		
Investment in fixed deposit	(66)	(50)
Interest income received	72	58
Net cash from/(used in) investing activities	**6**	**8**
Cash flows from/(used in) financing activities		
Net cash from/(used in) financing activities	**-**	**-**
Net increase / (decrease) in cash and cash equivalents	(26)	(15)
Cash and cash equivalents at the beginning of the year (Refer note 2.3)	38	53
Cash and cash equivalents at the end of the year (Refer note 2.3)	**11**	**38**

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

As per our report of even date attached

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

for and on behalf of the Board of Directors of
Idea2enterprises (India) Private Limited
CIN: U72200TG2000PTC034473

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2021

Idea2enterprises (India) Private Limited
Statement of changes in equity
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Equity share capital		Other components of equity					Total equity
			Reserves and surplus			Other comprehensive income/(loss)	Total other equity	
	No.of Shares	Amount	Securities premium	Revaluation reserve	Retained earnings			
Balance as at 1 April 2019	**24,99,826**	**24,998**	**87,840**	**14,36,964**	**(14,139)**	**-**	**15,10,665**	**15,35,663**
Profit for the year	-	-	-	-	38	-	38	38
Balance as of 31 March 2020	**24,99,826**	**24,998**	**87,840**	**14,36,964**	**(14,101)**	**-**	**15,10,703**	**15,35,701**
Balance as at 1 April 2020	**24,99,826**	**24,998**	**87,840**	**14,36,964**	**(14,101)**	**-**	**15,10,703**	**15,35,701**
Profit for the year	-	-	-	-	36	-	36	36
Balance as of 31 March 2021	**24,99,826**	**24,998**	**87,840**	**14,36,964**	**(14,065)**	**-**	**15,10,739**	**15,35,737**

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

As per our report of even date attached

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

for and on behalf of the Board of Directors of
Idea2enterprises (India) Private Limited
CIN: U72200TG2000PTC034473

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2021

Idea2enterprises (India) Private Limited
Notes to the Financial Statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

1.1 Description of the Company

The financial statements comprise of Idea2enterprises (India) Private Limited ("the Company") for the year ended 31 March 2021. The company is a private company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located in Hyderabad, Telangana, India.

1.2 Basis of preparation of financial statements

a) **Statement of compliance**

The financial statements of the Company as at and for the year ended 31 March 2021 have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31 March 2021. These financial statements were authorised for issuance by the Company's Board of Directors on 11 May 2021.

b) **Basis of measurement**

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

- financial assets are measured either at fair value or at amortised cost depending on the classification;
- long-term borrowings, except obligations under finance leases, are measured at amortised cost using the effective interest rate method;
- assets held for sale are measured at fair value less costs to sell

c) **Functional and presentation currency**

These financial statements are presented in Indian rupees, which is the functional currency of the company. All financial information presented in Indian rupees has been rounded to the nearest thousands.

d) **Use of estimates and judgements**

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

e) **Current and non-current classification**

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

Assets:

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

a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realised within twelve months after the reporting date; or
d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

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

a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

1.3 Significant accounting policies

a) Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

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

Debt instrument at FVTOCI

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

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

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

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

Debt instrument at FVTPL

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

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’).

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

Equity investments

All equity investments within the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

Investments in subsidiaries and joint venture:

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

Derecognition

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

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

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

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

Impairment of trade receivables and other financial assets

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.
Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as fair value through profit and loss.

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Derecognition

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

Cash and cash equivalents

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

b) **Property, plant and equipment**

Recognition and measurement

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

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

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

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

Depreciation

Depreciation is recognised in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

Schedule II to the Companies Act, 2013 ("Schedule") prescribes the useful lives for various classes of tangible assets. For certain class of assets, based on the technical evaluation and assessment, the Company believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date and the cost of property, plant and equipment not ready to use before such date are disclosed as such under other non-current assets. Assets not ready for use are not depreciated but are tested for impairment.

c) **Impairment of non-financial assets**

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

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

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Goodwill that forms part of the carrying amount of an investment in an associate is not recognised separately, and therefore is not tested for impairment separately. Instead, the entire amount of the investment in an associate is tested for impairment as a single asset when there is objective evidence that the investment in an associate may be impaired.

d) **Provisions**

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

e) **Contingent liabilities and contingent assets**

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

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

f) **Revenue**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind AS

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

g) **Other income and finance cost**

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

Borrowing costs are recognised in the statement of profit and loss using the effective interest method. The associated cash flows are classified as financing activities in the statement of cash flows.

h) **Income tax**

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

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

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

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

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

Any deferred tax asset or liability arising from deductible or taxable temporary differences in respect of unrealised inter-company profit or loss on inventories held by the Company in different tax jurisdictions is recognised using the tax rate of the jurisdiction in which such inventories are held.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

i) **Earnings per share**

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

j) **New Standards adopted by the Company**

On 24 July 2020, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind AS as summarised below:

Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Refined definition of term 'material' and related clarifications.

The amendments provided a new definition to the word material as under:

'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

An information is considered to be obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The amendments provided examples of circumstances that may result in information being obscured.

An entity should apply the amendments prospectively for annual periods beginning on or after 1 April 2020.

The amendments to the definition of material are not expected to have a significant impact on the financial statements of the Company.

Idea2enterprises (India) Private Limited

Notes to the Financial Statements

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

2.1 Property, plant and equipment

Particulars	Land	Total
Gross carrying value		
Balance as at 1 April 2019	14,49,989	14,49,989
Additions	-	-
Disposals	-	-
Balance as at 31 March 2020	**14,49,989**	**14,49,989**
Balance as at 1 April 2020	14,49,989	14,49,989
Additions	-	-
Disposals	-	-
Balance as at 31 March 2021	**14,49,989**	**14,49,989**
Accumulated Depreciation		
Balance as at 1 April 2019	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2020	**-**	**-**
Balance as at 1 April 2020	-	-
Depreciation for the year	-	-
Disposals	-	-
Balance as at 31 March 2021	**-**	**-**
Net carrying value		
As at 31 March 2020	14,49,989	14,49,989
As at 31 March 2021	14,49,989	14,49,989

Financial assets

2.2 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
Non-current		
Investment at fair value through profit or loss (Unquoted)		
In subsidiary		
76,000,000 (31 March 2020: 76,000,000) equity shares of Rs. 10 each in DRL Impex Limited	88,237	88,237
Total non-current investments	**88,237**	**88,237**

2.3 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with banks		
In current accounts	11	38
Cash and cash equivalents	**11**	**38**

2.4 Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Investment carried at amortised cost (Unquoted)		
Non-current		
Deposit with bank	1,066	1,000
	1,066	**1,000**
Current		
Considered good, unsecured		
Interest accured but not due on bank deposit	13	17
	13	**17**

Idea2enterprises (India) Private Limited

Notes to the Financial Statements

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

2.5 Tax asset

Particulars	As at 31 March 2021	As at 31 March 2020
Advance tax	1	4
TDS receivable	35	31
	36	**35**

2.6 Share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
2,500,000 equity shares of Rs. 10/- each (31 March 2020: 2,500,000)	25,000	25,000
Issued equity capital		
2,499,826 equity shares of Rs. 10/- each (31 March 2020: 2,499,826)	24,998	24,998
Subscribed and fully paid-up		
2,499,826 equity shares of Rs. 10/- each fully paid-up (31 March 2020: 2,499,826)	24,998	24,998
	24,998	**24,998**

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

Particulars	For the year ended 31 March 2021		For the year ended 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares/share capital	24,99,826	24,998	24,99,826	24,998
Add/Less: During the year	-	-	-	-
Closing number of equity shares/share capital	**24,99,826**	**24,998**	**24,99,826**	**24,998**

(b) Terms / rights attached to the equity shares

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

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Dr. Reddy's Laboratories Limtied (including shares held by nominees)	24,99,726	100.00%	24,99,726	100%

Financial liabilities

2.7 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Current		
Accrued expenses		
Due to related party - holding company	3,600	3,600
Due to other than related party	15	15
	3,615	**3,615**

Idea2enterprises (India) Private Limited

Notes to the Financial Statements

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

2.8 Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income on fixed deposits	68	61
	68	**61**

2.9 Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Rates and taxes	5	2
Auditors' remuneration (Audit fee)	15	15
Bank charges	-	1
	20	**18**

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

2.10 Earnings Per Share

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit for the year	36	38
Weighted average number of equity shares		
outstanding during the year - Basic	24,99,826	24,99,826
outstanding during the year - Diluted	24,99,826	24,99,826
Earnings Per Share:		
Basic (face value of Rs.10/-)	0.01	0.02
Diluted (face value of Rs.10/-)	0.01	0.02

2.11 Related Parties

A. List of related parties:

Name of the party	Nature of relationship
Dr. Reddy's Laboratories Limited	Holding Company
Dr. Reddy's Bio-Sciences Limited	Fellow subsidiary
DRL Impex Limited	Subsidiary

B. Particulars of related parties transactions:
There are no transactions with related party during the current and previous financial year.

C.The Company has the following amounts due to related parties:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Dr. Reddy's Laboratories Limited		
Other current liabilities	3,600	3,600

2.12 Employee benefits
Ind AS 19 is not applicable to the company during the year as there are no employees .

2.13 Segment Reporting

In terms of Ind AS 108 relating to "segment reporting", the company operates only in one segment and hence the requirements under the standard are not applicable to the company.

2.14 Details of dues to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Act, 2006

Based on the information available with the Company, there are no vendors who are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006", as at March 31, 2021 and March 31, 2020.

2.15 Impairment of Assets

In the opinion of the management, there is no impairment of its assets as on 31 March 2021 requiring recognition in terms of Ind AS 36.

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

2.16 Financial Instruments

The carrying value and fair value of financial instruments as at 31 March 2021 and 31 March 2020 were as follows:

	Carrying Values		Fair Values		Hierarchy
	31 March 2021	**31 March 2020**	**31 March 2021**	**31 March 2020**	
Financial assets					
At amortised cost					
Cash and cash equivalents	11	38	11	38	Level-3
Other financial assets	1,079	1,017	1,079	1,017	Level-3
At FVTPL					
Investment	88,237	88,237	88,237	88,237	Level-3
Total	**89,327**	**89,292**	**89,327**	**89,292**	
Financial liabilities					
At amortised cost					
Other financial liabilities	3,615	3,615	3,615	3,615	Level-3
Total	**3,615**	**3,615**	**3,615**	**3,615**	

Fair value hierarchy

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

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

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

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

2.17 Financial Risk Management

The Company's activities expose to liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities. The Board of Directors is responsible for overseeing the Company's risk assessment and management policies and processes.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Management monitors rolling forecasts of the Company's cash flow position and ensures that the Company is able to meet its financial obligations at all times including contingencies with the support from holding company.

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

2.18 Capital management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages it's capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using gearing ratio, which is total debt divided by total capital plus debt. The capital gearing ratio as on 31 March 2021 and 31 March 2020.

Particulars	**As at 31 March 2021**	**As at 31 March 2020**
Other financial liabilities	3,615	3,615
Total debts	**3,615**	**3,615**
Equity	24,998	24,998
Other Equity	15,10,739	15,10,703
Total Capital	**15,35,737**	**15,35,701**
Capital and debt	**15,39,352**	**15,39,316**
Gearing ratio (%)	0.23%	0.23%

2.19 Subsequent events
There are no significant events that occurred after the balance sheet date.

As per our report of even date attached

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

for and on behalf of the Board of Directors of
Idea2enterprises (India) Private Limited
CIN: U72200TG2000PTC034473

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Sujit Kumar Mahato
Director
DIN : 0007599067

Venkatanarasimham Mannam
Director
DIN : 0002677423

Place: Hyderabad
Date: 11-May-2021

IMPERIAL CREDIT PRIVATE LIMITED
Regd. Office : 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034, Telangana, India
CIN : U06519TG1991PTC126383, E-mail : shares@drreddys.com
Tel : +91 40 4900 2900 Fax : +91 40 4900 2999

Board's Report

Dear Members,

Your directors are pleased to present the 30th Board's Report of the Company for the year ended 31 March 2021.

Financial Highlights

The following table gives the financial highlights of the Company for the financial year 2020-21 as compared to previous financial year:

(Rs. in Thousands)

Particulars	31 March 2021	31 March 2020
Total Revenue	1,029	1,361
Profit Before Tax	1,003	1,331
Profit After Tax	794	1,070

Company's Affairs

The Company's net revenue for the year was Rs. 10.29 lakhs as against Rs 13.61 lakhs in the previous year. The profit before tax (PBT) was Rs. 10.03 lakhs as against Rs. 13.32 lakhs in the previous year. The profit for the year increased to Rs. 7.94 lakhs compared to Rs. 12.49 lakhs in the previous year.

Change in the Nature of Business, if any

During the year, there was no change in the nature of business of the Company.

Dividend

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

Transfer to reserves

The Company has transferred an amount of Rs. 1,58,823/- amounting to twenty per cent of net profit of FY 2020-21 to Reserve Fund pursuant to Section 45-IC of Reserve Bank of India Act, 1934.

Share Capital

During the year under review, there was no change in the share capital of the Company.

Deposits

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013. Hence the relevant disclosure or reporting provisions are not applicable to the Company.

Material Changes and Commitments Affecting the Financial Position of the Company

No material change and commitments affecting the financial position of the Company, has occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

Particulars of Loans, Guarantees or Investments

The Company has not made any loans, guarantees and investments under section 186 of the Companies Act. 2013 during the year under review.

Subsidiaries and Associates

The Company does not have any subsidiary, joint venture or associate company.

Number of Board meetings

The Company's board met five times during the year: 27 April 2020, 11 May 2020, 27 July 2020, 26 October 2020 and 27 January 2021.

Board of Directors and Key Managerial Personnel

Pursuant to provisions of Section 152 of the Companies Act, 2013, Mr. Sujit Kumar Mahato (DIN: 07599067), retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, seeks re-appointment. The board recommends his re-appointment for approval at the ensuing AGM.

The brief profile of Mr Sujit Kumar Mahato is given in the notice convening 30th AGM, for reference of shareholders.

The Company is not required to appoint any key managerial personnel under Section 203(1) of the Companies Act, 2013.

Further, the Company was not required to have independent directors during the year 2020-21. Hence, the declaration by independent directors under Section 149(6) is not applicable.

Secretarial Standards

The directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meeting of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company. The Company has also voluntarily adopted the recommendatory

Secretarial Standard-4 on 'Report of the Board of Directors' issued by the Institute of Company Secretaries of India.

Directors' Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, your directors state that:

1. applicable accounting standards have been followed in the preparation of the annual accounts;
2. accounting policies have been selected and applied consistently. Reasonable and prudent judgments and estimates were made, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2020-21 and of the profit of the Company for that period;
3. proper and sufficient care has been taken to maintain adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. annual accounts have been prepared on a going concern basis; and
5. proper systems have been devised to ensure compliance with the provisions of all applicable laws and these systems were adequate and operating effectively.

Corporate Social Responsibility

Since the Company did not reach the threshold limit of net worth or turnover or net profit, during the immediate preceding financial year as stated in Section 135(1) of the Companies Act, 2013, therefore, the Company was not required to constitute a Corporate Social Responsibility Committee. Hence, provisions with regard to CSR Committee, CSR policy and CSR spent/initiatives were not applicable to the Company during the year.

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

The Company is guided by the holding company, Dr. Reddy's Laboratories Limited's (DRL) policies. Accordingly, the philosophies, policies or procedures relating to internal controls over Financial Accounting, Risk Management and Compliance of DRL are made applicable to the Company as well. Identified key risks and internal control matters pertaining to your Company, if any, are reviewed by the DRL's Internal Audit and Risk Management teams.

Statutory Auditors

M/s. A. Ramachandra Rao & Co., Chartered Accountants (Firm's Registration No. 002857S) were re-appointed as statutory auditors for a period of 5 years commencing from the conclusion of 28th AGM till the conclusion of the 33rd AGM in terms of Section 139 of the Companies Act, 2013 and the rules made thereunder.

The Ministry of Corporate Affairs (MCA) vide its notification dated May 7, 2018, has omitted the requirement under the first proviso to section 139 of the Companies Act, 2013 and rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, regarding ratification of appointment of statutory auditor by shareholders at every AGM.

Consequently, M/s. A. Ramachandra Rao & Co., Chartered Accountants continue to be the statutory auditors of the Company till the conclusion of 33rd AGM, as approved by the shareholders at the 28th AGM of the Company.

Board's response on auditor's qualification, reservation or adverse remark or disclaimer made

There are no qualifications, reservations or adverse remarks made by the statutory auditors in their report. During the year, there were no instances of frauds reported by auditors under section 143(12) of the Companies Act, 2013.

Particulars of Employees

None of the employees of the Company draws salary more than the amount as specified under the provisions of Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time. Hence the relevant provisions are not applicable.

Related Party Transactions

During the year under review, the Company has not entered into contract or arrangement falling under the ambit of Section 188 of the Companies Act, 2013. Hence disclosure of particulars of contracts or arrangements with related parties in Form AOC-2 is not applicable.

Significant and Material Orders passed by the Court/Regulators

None

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

Since the Company did not have any operations during the year, the particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are not applicable.

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

Since the Company has no employees during the year, the internal complaints committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 was not constituted. However, the Company being a wholly-owned subsidiary of Dr.

Reddy's Laboratories Limited (DRL), the internal complaints committee of DRL would address any such complaint from time to time.

Maintenance of cost records

Since the Company is not engaged in the production of the goods or providing services, it was not required to maintain cost records as required under the provisions of Section 148(1) of the Companies Act, 2013.

Extract of the Annual Return

The details forming part of the extract of the annual return in Form MGT-9 are attached as **"Annexure I"** to this Report.

Acknowledgement

Your directors place on record their sincere appreciation for support and co-operation extended by all the concerned to the Company during the year.

For and on behalf of the Board of Directors

Date: May 11, 2021	**Sujit Kumar Mahato**	**Kiran Yanamandra**
Place: Hyderabad	Director	Director
	DIN: 07599067	DIN: 07762357

ANNEXURE I

FORM NO. MGT-9
EXTRACT OF ANNUAL RETURN
As on the financial year ended on 31 March, 2021
[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

Sl. No.	Particulars	Details
i)	CIN	U06519TG1991PTC126383
ii)	Registration Date	August 6, 1991
iii)	Name of the Company	Imperial Credit Private Limited
iv)	Category/Sub-Category of the Company	Private Company / Limited by Shares
v)	Address of the Registered office and contact details	8-2-337, Road no. 3, Banjara Hills, Hyderabad – 500 034
vi)	Whether listed company Yes/No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are given below:

Sr. no.	Name and Description of main products/services	NIC Code of the product/ service	% to total turnover of the company
1	Financial and Insurance Services	K65	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. no.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held*	Applicable Section
1	Dr. Reddy's Laboratories Limited	8-2-337, Road No: 3, Banjara Hills, Hyderabad – 500034	L85195TG1984PLC004507	Holding	100	2(46)

* Represents aggregate % of shares held by the Company.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s).	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	123,000	123,000	100	0	123,000	123,000	100	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1)	0	123,000	123,000	100	0	123,000	123,000	100	0
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	0	0	0	0	0	0	0	0	0
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**0**	**123,000**	**123,000**	**100**	**0**	**123,000**	**123,000**	**100**	**0**
B. PUBLIC SHAREHOLDING									
(1) Institutions									

a) Mutual funds/UTI	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s).	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Non-Institutions									
a) Bodies Corp	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)									
i) Trust	0	0	0	0	0	0	0	0	0
ii) Clearing Member	0	0	0	0	0	0	0	0	0
iii) NRIs	0	0	0	0	0	0	0	0	0
iv) Foreign Nationals	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**123,000**	**123,000***	**100**	**0**	**123,000**	**123,000***	**100**	**-**

(*) Out of 123,000 equity shares, 10 equity shares are held by one individual as nominee shareholder on behalf of Dr. Reddy's Laboratories Limited, Holding Company.

ii) Shareholding of Promoters

Sr. no.	Name of Shareholders	No. of shares held at the beginning of the year			No. of shares held at the end of the year			% change during the year
		No. of Shares	% of total shares of the company	% of Shares Pledged / encumbered to total shares*	No. of Shares	% of total shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dr. Reddy's Laboratories Limited*	**123,000**	**100%**	-	**123,000**	**100%**	-	Nil

(*) Out of 123,000 equity shares, 10 equity shares are held by 1 individual as nominee shareholder on behalf of Dr. Reddy's Laboratories Limited, Holding Company.

iii) Change in Promoters' Shareholding

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
At the beginning of the year	**123,000**	**100%**	**123,000**	**100%**
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	No Change			
At the End of the year	**123,000**	**100%**	**123,000**	**100%**

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
NIL				

v) Shareholding of Directors and Key Managerial personnel

Sr. no.	Name	Date	Shareholding at the beginning of the year		Increase / (Decrease) in Shareholding, if any	Reason	Cumulative Shareholding during the year	
			No. of Shares (*)	% of total shares of the company			No. of Shares	% of total shares of the company
A. DIRECTORS								
1	Sujit Kumar Mahato	01.04.2020	0	0	0	-	0	0
		31.03.2021	0	0	0	-	0	0
2	Sandeep Poddar	01.04.2020	0	0	0	-	0	0
		31.03.2021	0	0	0	-	0	0
3	Kiran Yanamandra (as nominee of Dr. Reddy's Laboratories Limited)	01.04.2020	10	0	0	-	10	0
		31.03.2021	10	0	0	-	10	0
B. KEY MANAGEMENT PERSONNEL (KMPs) – Nil								

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment - NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) **Remuneration of Managing Director, Whole-time Director and/or Manager –** Not applicable
B) **Remuneration of other directors –** No remuneration was paid to directors.
C) **Remuneration of Key Managerial Personnel other than MD/WTD/Manager –** NA

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES – There were no penalties/punishments/compounding of offences during the year.

For and on behalf of the Board of Directors

Date: May 11, 2021	**Sujit Kumar Mahato**	**Kiran Yanamandra**
Place: Hyderabad	Director	Director
	DIN: 07599067	DIN: 07762357

IMPERIAL CREDIT PRIVATE LIMITED

Regd. Office : 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034, Telangana, India
CIN : U06519TG1991PTC126383, E-mail : shares@drreddys.com

Tel : +91 40 4900 2900 Fax : +91 40 4900 2999

NOTICE

Notice is hereby given that the 30th Annual General Meeting (AGM) of the members of Imperial Credit Private Limited (CIN: U06519TG1991PTC126383) will be held on Tuesday, July 15, 2021, at 10.00 am at the Registered Office of the Company at 8-2-337, Road No. 3, Banjara Hills, Hyderabad, Telangana - 500 034 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the financial year ended March 31, 2021 including the audited balance sheet as at March 31, 2021 and the statement of the profit and loss of the Company for the year ended on that date along with the reports of the board of directors and the auditors thereon.

2. To appoint a director in place of Mr. Sujit Kumar Mahato (DIN: 07599067), who retires by rotation, and being eligible, offers himself for re-appointment.

NOTES:

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

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

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

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

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

5. The requirement to place the matter relating to the appointment of statutory auditors for ratification by members at every AGM is omitted vide notification dated 7 May 2018 issued by the Ministry of Corporate Affairs, New Delhi. Accordingly, resolution for ratification of the appointment of statutory auditors who were appointed for a period of five years at the 28th AGM held on 15 July 2019 is not proposed at this AGM.

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

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

Place: Hyderabad
Date: May 11, 2021

By order of the Board

Sujit Kumar Mahato
Director
DIN: 07599067
8-2-337, Road No. 3,
Banjara Hills, Hyderabad,
Telangana - 500 034

ANNEXURE TO NOTICE OF AGM

Statement pursuant to Secretarial Standard on General Meetings (SS-2).

ITEM NO: 1

Mr. Sujit Kumar Mahato (DIN: 07599067) aged 47 years, is a Chartered Accountant having 22 years of work experience. He worked as Finance Head of Dr. Reddy's Laboratories Limited (DRL) German operations from 2008 to 2012 and as Finance Head of DRL - Emerging Markets (including Russia, CIS, China, and other markets) from 2012 to 2014. He is currently leading the Global Financial Reporting Team of Dr. Reddy's Laboratories Limited (Holding Company). He is a director in the following wholly owned subsidiaries of Dr. Reddy's Laboratories Limited (holding company) – Svaas Wellness Limited (Formerly known as Regkinetics Services Limited), Idea2Enterprises (India) Private Limited, Dr. Reddy's Bio-Sciences Limited, Cheminor Investments Limited and CFO of DRL Impex Limited (a step-down wholly owned subsidiary of DRL). He is also a director of Dr. Reddy's Research Foundation. He is also a trustee in Dr. Reddy's Employees ESOS Trust.

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

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

He does not hold any shares in the Company.

None of the Directors of the Company and their relatives other than Mr. Sujit Kumar Mahato and his relatives are concerned or interested in the resolution as set out in item no. 1.

The Board recommends the resolution set forth in item no. 1 for approval of the members.

Place: Hyderabad
Date: May 11, 2021

By order of the Board

Sujit Kumar Mahato
Director
DIN: 07599067
8-2-337, Road No. 3,
Banjara Hills, Hyderabad,
Telangana - 500 034

A. Ramachandra Rao & Co.
Chartered Accountants

Flat No.302, 3rd Floor, D.No. 6-2-975
A-Block, Kushal towers,
Khairtabad, Hyderabad- 500 004.

Tel: 040-27633677
E-mail: admin@arrandco.org

To
Members
IMPERIAL CREDIT PRIVATE LIMITED

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the standalone Financial Statements of IMPERIAL CREDIT PRIVATE LIMITED **("the Company)")**, which comprise the Balance sheet as at March 31, 2021, and the Statement of Profit and Loss,including the statement of Other Comprehensive Income, Statement of cash flows and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit including other comprehensive income, and its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountant

A. Ramachandra Rao & Co.
Chartered Accountants

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

A. Ramachandra Rao & Co. * Chartered Accountants * FRN No: 002857S Hyderabad

A. Ramachandra Rao & Co.
Chartered Accountants

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2021, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order,2016 ("the Order") issued by the Central Government interms of Section 143(11) of the Act, we give in "Annexure A"a statement on the matters specified in paragraphs 3 and 4of the Order.

2. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the informationand explanations which to the best of our knowledgeand belief were necessary for the purposes of ouraudit.

b) In our opinion, proper books of account as requiredby law have been kept by the Company so far as itappears from our examination of those books.

c) The Balance Sheet, the Statement of Profit andLoss, the Cash Flow Statement and Statement ofChanges in Equity dealt with by this Report are inagreement with the books of account.

e) In our opinion, the aforesaid standalone financial statements comply with the IndianAccounting Standards prescribed under section 133of the Act.

e) On the basis of the written representations receivedfrom the directors as on March31,2021 taken onrecord by the Board of Directors, none of thedirectors is disqualified as on March31, 2021 frombeing appointed as a director in terms of Section164(2) of the Act.

f) As the Company is exempted from the reporting requirements under Section 143(3)(i) in terms of Notification issued dated 13th June 2017, a separate report on the internal financial controls is not required to be made.

g) With respect to the other matters to be included inthe Auditor's Report in accordance with Rule 11 ofthe Companies (Audit and Auditors) Rules, 2014, inour opinion and to the best of our information andaccording to the explanations given to us:

i. TheCompany does not have any pending litigationswhich would impact its financial position.

ii. The Company did not have anylong-term contracts including derivativecontracts for which there were any materialforeseeable losses.

iii. There has been no delay in transferringamounts, required to be transferred, to theInvestor Education and Protection Fund.

h) With reference to the matters to be included under Section 143(16) of the Companies Act, based on the information provided and explanations offered, the company has not employed any managerial personnel and hence the provisions of the Companies Act, 2013 relating to Managerial remuneration are not applicable to the Company.

For M/s A Ramachandra Rao & Co
Chartered Accountants
Firm Regn No. 002857S

A. Ramachandra Rao & Co. Chartered Accountant FRN No: 002857S Hyderabad

P S R V V Surya Rao
Partner
Membership No. 202367
UDIN : 21202367AAABYB4647

Place :Hyderabad
Date : 11/05/2021.

A. Ramachandra Rao & Co.
Chartered Accountants

ANNEXURE TO THE AUDITORS' REPORT
IMPERIAL CREDIT PRIVATE LIMITED
(***Of even date referred to in Para 1 of our Report***)

(i) Based on the information provided and explanations offered to us, the Company does not have any fixed assets and hence para 3(i) of the Order is not applicable to the Company for the year under report.

(ii) In our opinion, as the company is an investment company, sub-clause (ii) of the order is not applicable to the company.

(iii) Based on the information and explanations provided to us, the company has not granted any loans, whether secured or unsecured, to the companies, firms or other parties covered in the Register maintained u/s Sec. 189 of the Companies Act, 2013 during the year. Hence sub clauses (a), (b) and (c) of clause 3(iii) of the order are not applicable to the company for the year.

(iv) Based on the information provided to us, the Company has not given any loan, guarantee, nor provided any security in connection with a loan and not acquired any security during the year and hence, in our opinion, the clause 3(iv) is not applicable to the Company during the year.

(v) Based on the information provided to us, the Company has not accepted any deposits during the year and hence, in our opinion, the Clause 3(v) is not applicable to the Company for the year.

(vi) Based on the explanations given to us, the Company is not required to maintain cost Records under Section 148 of the Companies Act, 2013 and hence the clause 3(vi) of the order is not applicable to the Company for the period under audit.

(vii) Based on the information provided to us, the Company is a non-banking financial company and had obtained a certificate of registration from the Reserve bank of India. Further

a. The Board of Directors of the company has passed a resolution for non-acceptance of any public deposits;

b. The company has not accepted any deposits from the public during the year; and

c. The prudential norms relating to income recognition, accounting standards, asset classification and provision for bad and doubtful debts are not applicable to it as it has not advance any loans;

(viii) Based on the explanations given to us, the Company is not required to maintain any cost records and accounts as specified by the Central Government under Section 148 of the Companies Act, 2013.

(vii) (a) According to the records of the Company and explanations offered to us, the provisions of provident fund, employees' state insurance, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess are not applicable to the company. The Company is regular in depositing the undisputed statutory dues of Income tax with the appropriate authorities and there are no outstanding statutory dues on the last day of the financial year for a period of more than six months from the date they became payable.

A. Ramachandra Rao & Co. * Chartered Accountant * FRN No: 002857S Hyderabad

A. Ramachandra Rao & Co.
Chartered Accountants

(b) According to the information and explanations given to us, there are no dues of VAT, income tax, customs duty, excise duty, service tax, cess to be deposited on account of any dispute and hence, clause 3(vii)(b) of the Order is not applicable to the Company during the year.

(viii) According to the information provided and explanations offered to us, the Company has not taken any loans or borrowings from any financial institution, Bank, Government or dues to debenture holders and hence clause 3(viii) of the Order is not applicable to the Company for the year under report.

(ix) According to the information provided and explanations offered to us, the Company has not raised any funds by Initial Public Officer or further public offer and hence clause 3(ix) of the Order is not applicable to the Company for the year under report.

(x) According to the information provided and explanations offered to us, no fraud by the Company on any fraud on the Company by its officers, employees have been noticed during the year under report.

(xi) According to the information provided and explanations offered to us, the Company has not paid any managerial remuneration during the year under report and hence Clause 3(xi) of the Order is not applicable to the Company for the year under report.

(xii) According to the information provided and explanations offered to us, the Company is not a Nidhi Company and hence clause 3(xii) of the Order is not applicable to the Company for the year under report.

(xiii) According to the information provided and explanations offered to us, all the transactions with the related parties are in compliance with Section 177 and 180 of the Companies Act, 2013 and such transactions have been adequately disclosed in the standalone financial statements as required by the applicable Accounting Standards.

(xiv) According to the information provided and explanations offered to us, the Company has not made any preferential allotment or private placement of shares and hence clause 3(xiv) of the Order is not applicable to the Company for the year under report.

(xv) According to the information provided and explanations offered to us, the Company has not entered into any cash transactions with the Directors or persons connected with them and hence clause 3(xv) of the Order is not applicable to the Company for the year under report.

(xvi) According to the information provided and explanations offered to us, the Company has obtained registration under Section 45IA of the Reserve Bank of India Act, 1934.

For M/s A Ramachandra Rao & Co

A. Ramachandra Rao & Co. FRN No: 002857S Hyderabad Chartered Accountant

Chartered Accountants
Firm Regn No. 002857S

PSR VV Surya Rao
Partner
Membership No. 202367
UDIN : 21202367AAABYB4647

Place :Hyderabad
Date: 11/05/2021.

Imperial Credit Private Limited
Balance Sheet
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Financial assets			
Cash and cash equivalents	2.1	40	206
Investments	2.2	4,597	24,002
Other current financial assets	2.3	20,347	-
		24,984	**24,208**
Non Financial assets			
		-	-
Total assets		**24,984**	**24,208**
LIABILITIES AND EQUITY			
Liabilities			
Financial liabilities			
Other financial liabilities	2.4	15	15
		15	**15**
Non Financial liabilities			
Liabilities for current tax	2.5	36	45
Deferred tax liabilities	2.6	95	104
		131	**149**
Equity			
Equity share capital	2.7	12,300	12,300
Other equity		12,538	11,744
		24,838	**24,044**
Total liabilities and equity		**24,984**	**24,208**

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

As per our report of even date attached

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

for and on behalf of the Board of Directors of
Imperial Credit Private Limited
CIN: U06519TG1991PTC126383

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Kiran Yanamandra
Director
DIN : 0007762357

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2021

Imperial Credit Private Limited
Statement of Profit and Loss
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations			
Net gain on fair value changes	2.8	1,029	1,361
Total Revenue from operations		**1,029**	**1,361**
Expenses			
Other expenses	2.9	26	30
Total expenses		**26**	**30**
Profit/(Loss) before tax		**1,003**	**1,331**
Tax expense			
Current tax		218	232
Deferred tax		(9)	29
Profit/(Loss) for the year		**794**	**1,070**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss		-	-
Total other comprehensive income/(loss) for the year, net of tax		**-**	**-**
Total comprehensive income/(loss) for the year		**794**	**1,070**
Earnings per share:	2.10		
Basic earnings per share of Rs. 100/- each		6.46	8.70
Diluted earnings per share of Rs. 100/- each		6.46	8.70

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

As per our report of even date attached

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

for and on behalf of the Board of Directors of
Imperial Credit Private Limited
CIN: U06519TG1991PTC126383

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Kiran Yanamandra
Director
DIN : 0007762357

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2021

Imperial Credit Private Limited
Statement of changes in equity
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Equity share capital		Other components of equity					Total equity
			Securities premium	Reserves and surplus		Other comprehensive income/(loss)	Total other equity	
	No.of Shares	Amount		Other reserve*	Retained earnings			
Balance as at 1 April 2019	**1,23,000**	**12,300**	**7,348**	**661**	**2,665**	**-**	**10,674**	**22,974**
Profit for the year	-	-	-	-	1,070	-	1,070	**1,070**
Add/(Less): Transferred from surplus in the Statement of Profit and Loss	-	-	-	214	(214)	-	-	**-**
Balance as of 31 March 2020	**1,23,000**	**12,300**	**7,348**	**875**	**3,521**	**-**	**11,744**	**24,044**
Balance as at 1 April 2020	**1,23,000**	**12,300**	**7,348**	**875**	**3,521**	**-**	**11,744**	**24,044**
Profit for the year	-	-	-	-	794	-	794	**794**
Add/(Less): Transferred from surplus in the Statement of Profit and Loss	-	-		159	-159	-	-	**-**
Balance as of 31 March 2021	**1,23,000**	**12,300**	**7,348**	**1,034**	**4,156**	**-**	**12,538**	**24,838**

**Reserve u/s 45-IC of Reserve Bank of India Act, 1934*

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

As per our report of even date attached

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

for and on behalf of the Board of Directors of
Imperial Credit Private Limited
CIN: U06519TG1991PTC126383

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Kiran Yanamandra
Director
DIN : 0007762357

Sujit Kumar Mahato
Director
DIN : 0007599067

Date: 11-May-2021

Imperial Credit Private Limited
Statement of Cash Flows
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flows from/(used in) operating activities		
Profit before taxation	1,003	1,331
Adjustments:		
Profit on sale of mutual funds	(1,307)	(1,842)
Fair value changes unrealised	762	481
Interest income	(484)	-
Cash used in operations	**(26)**	**(30)**
Income taxes paid, net	(226)	(223)
Net cash used in operating activities	**(252)**	**(253)**
Cash flows from/(used in) investing activities		
Proceeds from sale of investments	19,950	400
Investment in deposits	(19,900)	-
Interest income received	37	-
Net cash from investing activities	**87**	**400**
Cash flows from/(used in) financing activities		
Net cash used in financing activities	**-**	**-**
Net decrease in cash and cash equivalents	(166)	147
Cash and cash equivalents at the beginning of the year (Refer note 2.1)	206	59
Cash and cash equivalents at the end of the year (Refer note 2.1)	**40**	**206**

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

As per our report of even date attached

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

for and on behalf of the Board of Directors of
Imperial Credit Private Limited
CIN: U06519TG1991PTC126383

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Kiran Yanamandra
Director
DIN : 0007762357

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2021

Imperial Credit Private Limited
Notes to the Financial Statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

1.1 Description of the Company

The financial statements comprise of Imperial Credit Private Limited ("the Company") for the year ended 31 March 2021. The company is a private company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located in Hyderabad, Telangana, India. The Company is in the business of non-banking financial company registered with Reserve Bank of India.

1.2 Basis of preparation of financial statements

a) Statement of compliance

The financial statements of the Company as at and for the year ended 31 March 2021 have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.

These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31 March 2021. These financial statements were authorised for issuance by the Company's Board of Directors on 11 May 2021.

b) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for fair value through other comprehensive income (FVOCI) instruments, derivative financial instruments, other financial assets held for trading and financial assets and liabilities designated at fair value through profit or loss (FVTPL), all of which have been measured at fair value. Further the carrying values of recognised assets and liabilities that are hedged items in fair value hedges, and otherwise carried at amortised cost, are adjusted to record changes in fair value attributable to the risks that are being hedged.

c) Functional and presentation currency

These financial statements are presented in Indian rupees, which is the functional currency of the company. All financial information presented in Indian rupees has been rounded to the nearest thousands.

1.3 Presentation of financial statements

The Company presents its balance sheet in order of liquidity. An analysis regarding recovery or settlement within 12 months after the reporting date (current) and more than 12 months after the reporting date (non–current) is presented.

Financial assets and financial liabilities are generally reported gross in the balance sheet. They are only offset and reported net when, in addition to having an unconditional legally enforceable right to offset the recognised amounts without being contingent on a future event, the parties also intend to settle on a net basis in all of the following circumstances:
- The normal course of business
- The event of default
- The event of insolvency or bankruptcy of the Company and/or its counterparties

1.4 Significant accounting policies

a) Recognition of income and expenses

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind AS

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

b) **Financial instruments**

Date of recognition

Financial assets and liabilities, with the exception of loans, debt securities, deposits and borrowings are initially recognised on the trade date, i.e., the date that the Company becomes a party to the contractual provisions of the instrument. This includes regular way trades: purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place. Loans are recognised when funds are transferred to the customers' account. The Company recognises debt securities, deposits and borrowings when funds reach the Company.

Initial measurement of financial instruments

The classification of financial instruments at initial recognition depends on their contractual terms and the business model for managing the instruments. Financial instruments are initially measured at their fair value , except in the case of financial assets and financial liabilities recorded at FVTPL, transaction costs are added to, or subtracted from, this amount. Trade receivables are measured at the transaction price. When the fair value of financial instruments at initial recognition differs from the transaction price, the Company accounts for the Day 1 profit or loss, as described below.

Day 1 profit or loss

When the transaction price of the instrument differs from the fair value at origination and the fair value is based on a valuation technique using only inputs observable in market transactions, the Company recognises the difference between the transaction price and fair value in net gain on fair value changes. In those cases where fair value is based on models for which some of the inputs are not observable, the difference between the transaction price and the fair value is deferred and is only recognised in profit or loss when the inputs become observable, or when the instrument is derecognised.

Measurement categories of financial assets and liabilities

The Company classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms, measured at either:

- Amortised cost
- FVOCI
- FVTPL

A. At Amortised Cost

The Company measures Bank balances, Loans, Trade receivables and other financial investments at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

The details of these conditions are outlined below.

Business model assessment

The Company determines its business model at the level that best reflects how it manages Companys of financial assets to achieve its business objective.

The Company's business model is not assessed on an instrument-by-instrument basis, but at a higher level of aggregated portfolios and is based on observable factors such as:

- How the performance of the business model and the financial assets held within that business model are evaluated and reported to the entity's key management personnel
- The risks that affect the performance of the business model (and the financial assets held within that business model) and, in particular, the way those risks are managed
- How managers of the business are compensated (for example, whether the compensation is based on the fair value of the assets managed or on the contractual cash flows collected)- The expected frequency, value and timing of sales are also important aspects of the Company's assessment

The business model assessment is based on reasonably expected scenarios without taking 'worst case' or 'stress case' scenarios into account. If cash flows after initial recognition are realised in a way that is different from the Company's original expectations, the Company does not change the classification of the remaining financial assets held in that business model, but incorporates such information when assessing newly originated or newly purchased financial assets going forward.

The SPPI test
As a second step of its classification process the Company assesses the contractual terms of financial to identify whether they meet the SPPI test.

'Principal' for the purpose of this test is defined as the fair value of the financial asset at initial recognition and may change over the life of the financial asset (for example, if there are repayments of principal or amortisation of the premium/discount).

The most significant elements of interest within a lending arrangement are typically the consideration for the time value of money and credit risk. To make the SPPI assessment, the Company applies judgement and considers relevant factors such as the currency in which the financial asset is denominated, and the period for which the interest rate is set.

In contrast, contractual terms that introduce a more than de minimis exposure to risks or volatility in the contractual cash flows that are unrelated to a basic lending arrangement do not give rise to contractual cash flows that are solely payments of principal and interest on the amount outstanding. In such cases, the financial asset is required to be measured at FVTPL.

Financial assets or financial liabilities held for trading
The Company classifies financial assets as held for trading when they have been purchased or issued primarily for short-term profit making through trading activities or form part of a portfolio of financial instruments that are managed together, for which there is evidence of a recent pattern of short-term profit taking. Held-for-trading assets and liabilities are recorded and measured in the balance sheet at fair value. Changes in fair value are recognised in net gain on fair value changes. Interest and dividend income or expense is recorded in net gain on fair value changes according to the terms of the contract, or when the right to payment has been established.

Included in this classification are debt securities, equities, and customer loans that have been acquired principally for the purpose of selling or repurchasing in the near term.

B. At FVOCI
Debt instruments are measured at FVOCI when both of the following conditions are met:
- The instrument is held within a business model, the objective of which is achieved by both collecting contractual cash flows and selling financial assets
- The contractual terms of the financial asset meet the SPPI test

These instruments largely comprise long-term strategic investments made by the Company.

FVOCI debt instruments are subsequently measured at fair value with gains and losses arising due to changes in fair value recognised in OCI. Interest income and foreign exchange gains and losses are recognised in profit or loss in the same manner as for financial assets measured at amortised cost. The ECL calculation for Debt instruments at FVOCI is explained in Note 4.6.3. Where the Company holds more than one investment in the same security, they are deemed to be disposed of on a first–in first–out basis. On derecognition, cumulative gains or losses previously recognised in OCI are reclassified from OCI to profit or loss.

Equity instruments at FVOCI
The Company subsequently measures all equity investments at fair value through profit or loss, unless the Company's management has elected to classify irrevocably some of its equity investments as equity instruments at FVOCI, when such instruments meet the definition of definition of Equity under Ind AS 32 Financial Instruments: Presentation and are not held for trading. Such classification is determined on an instrument-by-instrument basis.

Gains and losses on these equity instruments are never recycled to profit or loss. Dividends are recognised in profit or loss as dividend income when the right of the payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the instrument, in which case, such gains are recorded in OCI. Equity instruments at FVOCI are not subject to an impairment assessment.

C. Financial assets and financial liabilities at fair value through profit or loss (FVTPL)

Financial assets and financial liabilities in this category are those that are not held for trading and have been either designated by management upon initial recognition or are mandatorily required to be measured at fair value under Ind AS 109. Management only designates an instrument at FVTPL upon initial recognition when one of the following criteria are met. Such designation is determined on an instrument-by-instrument basis:

- The designation eliminates, or significantly reduces, the inconsistent treatment that would otherwise arise from measuring the assets or liabilities or recognising gains or losses on them on a different basis

Or

The liabilities are part of a Company of financial liabilities, which are managed and their performance evaluated on a fair value basis, in accordance with a documented risk management or investment strategy

Or

Financial assets and financial liabilities at FVTPL are recorded in the balance sheet at fair value. Changes in fair value are recorded in profit and loss with the exception of movements in fair value of liabilities designated at FVTPL due to changes in the Company's own credit risk. Such changes in fair value are recorded in the Own credit reserve through OCI and do not get recycled to the profit or loss. Interest earned or incurred on instruments designated at FVTPL is accrued in interest income or finance cost, respectively, using the EIR, taking into account any discount/ premium and qualifying transaction costs being an integral part of instrument. Interest earned on assets mandatorily required to be measured at FVTPL is recorded using contractual interest rate.

Reclassification of financial assets and liabilities

The Company does not reclassify its financial assets subsequent to their initial recognition, apart from the exceptional circumstances in which the Company acquires, disposes of, or terminates a business line. Financial liabilities are never reclassified.

Derecognition of financial assets and liabilities

i. Derecognition of financial assets due to substantial modification of terms and conditions

The Company derecognises a financial asset, such as a loan to a customer, when the terms and conditions have been renegotiated to the extent that, substantially, it becomes a new loan, with the difference recognised as a derecognition gain or loss, to the extent that an impairment loss has not already been recorded. The newly recognised loans are classified as Stage 1 for ECL measurement purposes, unless the new loan is deemed to be POCI.

When assessing whether or not to derecognise a loan to a customer, amongst others, the Company considers the following factors:

- Change in currency of the loan
- Introduction of an equity feature
- Change in counterparty

If the modification is such that the instrument would no longer meet the SPPI criterion

If the modification does not result in cash flows that are substantially different, the modification does not result in derecognition. Based on the change in cash flows discounted at the original EIR, the Company records a modification gain or loss, to the extent that an impairment loss has not already been recorded.

ii. Derecognition of financial assets other than due to substantial modification

Financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is derecognised when the rights to receive cash flows from the financial asset have expired. The Company also derecognises the financial asset if it has both transferred the financial asset and the transfer qualifies for derecognition.

The Company has transferred the financial asset if, and only if, either:
The Company has transferred its contractual rights to receive cash flows from the financial asset
Or
It retains the rights to the cash flows, but has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass–through' arrangement

Pass-through arrangements are transactions whereby the Company retains the contractual rights to receive the cash flows of a financial asset (the 'original asset'), but assumes a contractual obligation to pay those cash flows to one or more entities (the 'eventual recipients'), when all of the following three conditions are met:
- The Company has no obligation to pay amounts to the eventual recipients unless it has collected equivalent amounts from the original asset, excluding short-term advances with the right to full recovery of the amount lent plus accrued interest at market rates
- The Company cannot sell or pledge the original asset other than as security to the eventual recipients.

The Company has to remit any cash flows it collects on behalf of the eventual recipients without material delay. In addition, the Company is not entitled to reinvest such cash flows, except for investments in cash or cash equivalents including interest earned, during the period between the collection date and the date of required remittance to the eventual recipients.

A transfer only qualifies for derecognition if either:
-The Company has transferred substantially all the risks and rewards of the asset
Or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset
The Company considers control to be transferred if and only if, the transferee has the practical ability to sell the asset in its entirety to an unrelated third party and is able to exercise that ability unilaterally and without imposing additional restrictions on the transfer.

When the Company has neither transferred nor retained substantially all the risks and rewards and has retained control of the asset, the asset continues to be recognised only to the extent of the Company's continuing involvement, in which case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration the Company could be required to pay.

If continuing involvement takes the form of a written or purchased option (or both) on the transferred asset, the continuing involvement is measured at the value the Company would be required to pay upon repurchase. In the case of a written put option on an asset that is measured at fair value, the extent of the entity's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

Financial liabilities

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

c) **Determination of fair value**

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

► In the principal market for the asset or liability, or

► In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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

In order to show how fair values have been derived, financial instruments are classified based on a hierarchy of valuation techniques, as summarised below:

Level 1 financial instruments − Those where the inputs used in the valuation are unadjusted quoted prices from active markets for identical assets or liabilities that the Company has access to at the measurement date. The Company considers markets as active only if there are sufficient trading activities with regards to the volume and liquidity of the identical assets or liabilities and when there are binding and exercisable price quotes available on the balance sheet date.

Level 2 financial instruments − Those where the inputs that are used for valuation and are significant, are derived from directly or indirectly observable market data available over the entire period of the instrument's life. Such inputs include quoted prices for similar assets or liabilities in active markets, quoted prices for identical instruments in inactive markets and observable inputs other than quoted prices such as interest rates and yield curves, implied volatilities, and credit spreads. In addition, adjustments may be required for the condition or location of the asset or the extent to which it relates to items that are comparable to the valued instrument. However, if such adjustments are based on unobservable inputs which are significant to the entire measurement, the Company will classify the instruments as Level 3.

Level 3 financial instruments − Those that include one or more unobservable input that is significant to the measurement as whole.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company periodically reviews its valuation techniques including the adopted methodologies and model calibrations. However, the base models may not fully capture all factors relevant to the valuation of the Company's financial instruments such as credit risk (CVA), own credit (DVA) and/or funding costs (FVA). Therefore, the Company applies various techniques to estimate the credit risk associated with its financial instruments measured at fair value, which include a portfolio-based approach that estimates the expected net exposure per counterparty over the full lifetime of the individual assets, in order to reflect the credit risk of the individual counterparties for non-collateralised financial instruments. The Company estimates the value of its own credit from market observable data, such as secondary prices for its traded debt and the credit spread on credit default swaps and traded debts on itself.

The Company evaluates the levelling at each reporting period on an instrument-by-instrument basis and reclassifies instruments when necessary based on the facts at the end of the reporting period.

d) **Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and shortterm deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

e) **Provisions**

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. When the effect of the time value of money is material, the Company determines the level of provision by discounting the expected cash flows at a pre-tax rate reflecting the current rates specific to the liability. The expense relating to any provision is presented in the statement of profit and loss net of any reimbursement.

f) **Contingent liabilities and contingent assets**

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

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

g) **Income tax**

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

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

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

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

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

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

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

Any deferred tax asset or liability arising from deductible or taxable temporary differences in respect of unrealised inter-company profit or loss on inventories held by the Company in different tax jurisdictions is recognised using the tax rate of the jurisdiction in which such inventories are held.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

h) **Earnings per share**

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

i) **New Standards adopted by the Company**

On 24 July 2020, the Ministry of Corporate Affairs (MCA) has issued amendments to certain Ind AS as summarised below:

Ind AS 1, Presentation of Financial Statements and Ind AS 8, Accounting Policies, Changes in Accounting Estimates and Errors - Refined definition of term 'material' and related clarifications.

The amendments provided a new definition to the word material as under:

'Information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general-purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.'

The amendments clarify that materiality will depend on the nature or magnitude of information, either individually or in combination with other information, in the context of the financial statements. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users.

An information is considered to be obscured if it is communicated in a way that would have a similar effect for primary users of financial statements to omitting or misstating that information. The amendments provided examples of circumstances that may result in information being obscured.

An entity should apply the amendments prospectively for annual periods beginning on or after 1 April 2020.

The amendments to the definition of material are not expected to have a significant impact on the financial statements of the Company.

1.5 Significant accounting judgements, estimates and assumptions

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, as well as the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Imperial Credit Private Limited
Notes to the Financial Statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Financial assets

2.1 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with banks		
In current accounts	40	206
Cash and cash equivalents	**40**	**206**

2.2 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
Current		
Investments at Fair value through profit & loss account		
Investment in mutual funds - unquoted	4,597	24,002
Total current investments	**4,597**	**24,002**

2.3 Other financial assets

Particulars	As at 31 March 2021	As at 31 March 2020
Current		
Investment carried at amortised cost (Unquoted)		
Deposit with bank	19,900	-
Interest accured but not due on bank deposit	447	-
	20,347	**-**

Financial liabilities

2.4 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Current		
Accrued expenses	15	15
	15	**15**

Non Financial liabilities

2.5 Tax liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Current tax liability	36	45
	36	**45**

2.6 Deferred tax liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax liabilities	95	104
	95	**104**

2.7 Share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
150,000 equity shares of Rs. 100/- each (31 March 2020: 150,000)	15,000	15,000
Issued equity capital		
123,000 equity shares of Rs. 100/- each fully paid-up (31 March 2020: 123,000)	12,300	12,300
Subscribed and fully paid-up		
123,000 equity shares of Rs. 100/- each fully paid-up (31 March 2020: 123,000)	12,300	12,300
	12,300	**12,300**

Imperial Credit Private Limited
Notes to the Financial Statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

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

Particulars	For the year ended 31 March 2021		For the year ended 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares/share capital	1,23,000	12,300	1,23,000	12,300
Add/Less: During the year	-	-	-	-
Closing number of equity shares/share capital	**1,23,000**	**12,300**	**1,23,000**	**12,300**

(b) Terms / rights attached to the equity shares
The company has only one class of equity share having a par value of Rs.100/- per share . Each holder of equity share is entitled to one vote per share.

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Dr. Reddy's Laboratories Limtied (including shares held by nominees)	1,23,000	100%	1,23,000	100%

(d) No shares have been reserved for issue under option and contracts/commitments for the sale of shares /disinvestment as at the Balance Sheet date.

(e) No Shares have been allotted by way of Bonus share or pursuant to contracts or has been bought back by the Company during the period of five years preceding the date at which the Balance Sheet is prepared.

(f) No Convertible Securities have been issued by the Company during the year.
(g) No calls are unpaid by any Director and Officer of the Company during the year.

2.8 Net gain on fair value changes

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Fair value gain/(loss) on financial instruments through profit or loss		
On mutual funds		
Realised - profit on sale	1,307	1,842
Unrealised - fair value changes	(762)	(481)
On financial instruments at amortised cost		
Interest income on fixed deposits	484	-
	1,029	**1,361**

2.9 Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Legal and professional	6	12
Rates and taxes	5	3
Auditors’ remuneration (Audit fee)	15	15
	26	**30**

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

2.10 Earnings Per Share

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit for the year	794	1,070
Weighted average number of equity shares		
outstanding during the year - Basic	1,23,000	1,23,000
outstanding during the year - Diluted	1,23,000	1,23,000
Earnings Per Share:		
Basic (face value of Rs.100/-)	6.46	8.70
Diluted (face value of Rs.100/-)	6.46	8.70

2.11 Related Parties

A. List of related parties:

Name of the party	Nature of relationship
Dr. Reddy's Laboratories Limited	Holding Company

B. Particulars of related parties transactions:
There are no transactions with related party during the current and previous financial year.

C.The Company has nil dues from/to related parties:
There are no dues payable or receivable from related party at the end of current and previous financial year.

2.12 Employee benefits
Ind AS 19 is not applicable to the company during the year as there are no employees .

2.13 Segment Reporting

In terms of Ind AS 108 relating to "segment reporting", the company operates only in one segment and hence the requirements under the standard are not applicable to the company.

2.14 Details of dues to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Act, 2006
Based on the information available with the Company, there are no vendors who are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006", as at March 31, 2021 and March 31, 2020.

2.15 Financial Instruments
The carrying value and fair value of financial instruments as at 31 March 2021 and 31 March 2020 were as follows:

	Carrying Values		Fair Values		Hierarchy
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	
Financial assets					
At amortised cost					
Cash and cash equivalents	40	206	40	206	Level 3
Other financial assets	20,347	-	20,347	-	Level 3
At FVTPL					
Investments	4,597	24,002	4,597	24,002	Level 1
Total	**24,984**	**24,208**	**24,984**	**24,208**	
Financial liabilities					
At amortised cost					
Other financial liabilities	15	15	15	15	Level 3
Total	**15**	**15**	**15**	**15**	

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

Imperial Credit Private Limited
Notes to the Financial Statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

2.16 Financial Risk Management

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

a. Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments. The Company is exposed to market risk primarily related to market value of its investments.

b. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Management monitors rolling forecasts of the Company's cash flow position and ensures that the Company is able to meet its financial obligations at all times including contingencies.

2.17 Capital management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages it's capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using gearing ratio, which is total debt divided by total capital plus debt. The capital gearing ratio as on 31 March 2021 and 31 March 2020.

Particulars	As at 31 March 2021	As at 31 March 2020
Other financial liabilities	15	15
Total debts	**15**	**15**
Equity	12,300	12,300
Other Equity	12,538	11,744
Total Capital	**24,838**	**24,044**
Capital and debt	**24,853**	**24,059**
Gearing ratio (%)	0.06%	0.06%

2.18 Subsequent events

There are no significant events that occurred after the balance sheet date.

As per our report of even date attached

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

for and on behalf of the Board of Directors of
Imperial Credit Private Limited
CIN: U06519TG1991PTC126383

P S R V V Surya Rao
Partner
ICAI Firm registration number: 202367

Kiran Yanamandra
Director
DIN : 0007762357

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2021

INDUSTRIAS QUÍMICAS FALCON DE MÉXICO,
S.A. DE C.V.

Financial Statements

To December 31st 2020 and 2019
with independent auditor's report

INDUSTRIAS QUÍMICAS FALCON DE MÉXICO, S.A. DE C.V.

Financial Statements

To December 31st 2020 and 2019

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Cash flow statement
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INDEPENDET AUDITOR'S REPORT

To The Shareholder's Meeting of
Industrias Químicas Falcon de México, S.A. de C.V.

Opinion

We have audited the attached financial statements of Industrias Químicas Falcon de México, S.A. de C.V. (hereinafter referred to as "the Company"), comprising the statement of financial position as of December 31st 2020, the statement of comprehensive income, the Statement of changes in shareholders equity and the statement of cash flow for the financial year ended on that date, as well as the explanatory notes to the financial statements that include a summary of the significant accounting policies.

In our opinion, the attached financial statements reasonably present, in all material aspects, the financial position of Industrias Químicas Falcon de México, S.A. de C.V. as of December 31st 2020, as well as its results and cash flows for the financial year ended on that date, in accordance with the Mexican Financial Reporting Standards.

Basis of opinion

We have conducted our audit in accordance with the International Audit Standards (NIA). Our responsibilities under these standards are described below in the "Auditor Responsibilities in Relation to the Financial Statements Audit" section of our report. We are independent of the Company in accordance with the "Code of Ethics for Accounting Professionals of the International Ethics Standards Council for Accountants" ("IESBA Code of Ethics") together with the ethical requirements that are applicable to our financial statements audit in Mexico by the "Code of Professional Ethics of the Mexican Institute of Public Accountants" ("IMCP Code of Ethics") and we have fulfilled the other ethical responsibilities in accordance with those requirements and with the IESBA Code of Ethics.
We consider that the audit evidence we have obtained provides a sufficient and adequate basis for our opinion.

Responsibilities of the Administration and the Company's government officials in relation to financial statements

The Administration is responsible for the preparation and reasonable presentation of the attached financial statements in accordance with the Mexican Financial Reporting Standards, and for the internal control that the administration deems necessary to allow the preparation of financial statements free of material deviation, due to fraud or error.

In the preparation of the financial statements, the Administration is responsible for the assessment of the Company's ability to continue as an on-going business, revealing, as appropriate, the issues related to the on-going business and using the on-going business accounting base except when the Administration intends to liquidate the Company or cease its operations, or there is no other realistic alternative.

The Company's government officials are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities in relation to financial statements audit

Our objectives are to obtain a reasonable security that the financial statements as a whole are free from material deviation, due to fraud or error, and to issue an audit report containing our opinion. Reasonable safety is a high degree of security, but does not guarantee that an audit conducted in accordance with the NIA will always detect a material deviation when it exists. Deviations may be due to fraud or error and are considered material if, individually or in aggregate form, they can reasonably be expected to influence the economic decisions of users based on financial statements.

As part of an audit in accordance with the NIA, we apply our professional judgment and maintain an attitude of professional skepticism throughout the audit. Also:

- We identify and evaluate the risks of material deviation in financial statements due to fraud or error; we design and apply audit procedures to respond to such risks, and we obtain sufficient and adequate audit evidence to provide a basis for our opinion. The risk of not detecting a material deviation due to fraud is higher than in the case of a material deviation due to error, as fraud may involve collusion, forgery, deliberate omissions, intentionally erroneous statements or circumvention of internal control.

- We gain knowledge of the internal control relevant to the audit in order to design audit procedures that are appropriate according to the circumstances and not in order to express an opinion on the effectiveness of the Company's internal control.

- We evaluate the appropriateness of the applied accounting policies and the reasonableness of the accounting estimates and the corresponding information disclosed by the Administration.

- We conclude on the appropriate use by the Administration of the on-going business accounting base and, based on the audit evidence obtained, we conclude whether or not there is material uncertainty related to facts or conditions that may raise significant doubts about the Company's ability to continue as an on-going business. If we conclude that there is material uncertainty, we are required to draw attention in our audit report to the corresponding information disclosed in the financial statements or, if such disclosures are not appropriate, to express an amended opinion. Our findings are based on the audit evidence obtained to date from our audit report. However, future facts or conditions may cause the Company to cease to continue as an on-going business.

- We evaluate the overall presentation, the structure, and the content of the financial statements, including disclosed information, and whether the financial statements represent the underlying transactions and facts in a way that they achieve a reasonable presentation.

We communicate with the Company's government officials regarding, among other matters, the scope and timing of the planned audit and the significant findings of the audit, as well as any significant internal control deficiencies we identified in the course of the audit.

Mancera, S.C.
Integrante de
Ernst & Young Global Limited

C.P.C. Yazmin Espinosa Moscosa

Mexico City
May 3, 2021

INDUSTRIAS QUÍMICAS FALCON DE MÉXICO, S.A. DE C.V.

Statements of Financial Position

(Figures in thousands of Mexican pesos)

	To December 31 2020	2019
Assets		
Current assets:		
Cash	$ 4,116	$ 35,504
Customers, net (Note 2)	219,701	312,791
Related parties (Note 3)	87,606	50,043
Tax receivable (Note 4)	92,548	79,194
Inventories, net (Note 5)	415,739	396,046
Advance payments (Note 6)	6,039	4,394
Other accounts receivable	305	448
Total current assets	826,054	878,420
Non-current assets:		
Properties, plant and equipment, net (Note 7)	460,934	407,936
Deferred income taxes (Note 14)	67,325	59,968
Workers' participation in profit, deferred (Note 12)	24,234	21,041
Total non-current assets	552,493	488,945
Total assets	$ 1,378,547	$ 1,367,365
Liabilities and shareholder's equity		
Short term liability:		
Suppliers	$ 132,358	$ 80,041
Direct benefits to employees (Note 12)	14,682	12,673
Contributions payable	3,891	26,629
Provisions (Note 9)	38,777	50,039
Related parties (Note 3)	268,614	365,681
Short term loans (Note 8)	530,670	490,599
Total short term liabilities	988,992	1,025,662
Long term liabilities:		
Net liabilities due to defined employee benefits (Note 11)	46,741	37,461
Total long term liabilities	46,741	37,461
Total liabilities	1,035,733	1,063,123
Shareholder's equity (Note 13):		
Share capital	150,299	150,299
Cumulative income	197,325	155,205
Other comprehensive income	(4,810)	(1,262)
Total shareholder's equity	342,814	304,242
Total liabilities and shareholder's equity	$1,378,547	$1,367,365

Attached notes are part of the financial statements.

INDUSTRIAS QUÍMICAS FALCON DE MÉXICO, S.A. DE C.V.

Statements of Comprehensive Income

(Figures in thousands of Mexican pesos)

	For concluded years December 31 2020	2019
Net sales (Note 15)	$ 1,720,611	$ 1,496,526
Other incomes (Note 15)	12,182	31,258
Total revenues	1,732,793	1,527,784
Cost of sales (Note 16)	1,420,185	1,189,332
Gross income	312,608	338,452
Operating costs (Note 16)	175,314	196,291
Operating income	137,294	142,161
Comprehensive financing income:		
Interest expense	(33,165)	(46,995)
Foreign exchange loss, net	(46,871)	(4,573)
Comprehensive financing income, net	(80,036)	(51,568)
Income before income tax	57,258	90,593
Income tax (Note 14):		
Current	22,495	33,704
Deferred	(7,357)	4,324
Income tax	15,138	38,028
Net income	42,120	52,565
Otros comprehensive income (Note 12)	(3,548)	(9,768)
Comprehensive income of the fiscal year	$ 38,572	$ 42,797

Attached notes are part of the financial statements.

INDUSTRIAS QUÍMICAS FALCON DE MÉXICO, S.A. DE C.V.

Statement of changes in the Shareholder's equity

For the concluded fiscal years December 31st 2020 and 2019

(Figures in thousands of Mexican pesos)

	Share Capital (Note 13)	Cumulative Income	Other Comprehensive Income	Total Shareholders equity
Balance to December 31st 2018	$ 150,299	$102,640	$ 8,506	$ 261,445
Comprehensive income	-	52,565	(9,768)	42,797
Balance to December 31st 2019	150,299	155,205	(1,262)	304,242
Comprehensive income	-	42,120	(3,548)	38,572
Balance to December 31st 2020	$ 150,299	$197,325	$ (4,810)	$ 342,814

Attached notes are part of the financial statements.

INDUSTRIAS QUÍMICAS FALCON DE MÉXICO, S.A. DE C.V.

Cash flow statements

(Figures in thousands of Mexican pesos)

	For the concluded financial years December 31 2020	2019
Operating activity		
Income before income tax	$ 57,258	$ 90,593
Income items that did not affect cash:		
Net cost of the period due to employees benefits (Note 11)	7,025	9,216
Employee benefit payments (Note 11)	(1,293)	(14,960)
Employee deferred profit sharing (Note 12)	4,475	(1,839)
Items related to investment activities:		
Depreciation of properties, plant and equipment (Note 7)	45,915	37,877
Interests receivable	(2,772)	-
Income from sale of properties, plant and equipment	123	289
Item related to financing activities:		
Interests payable	35,936	50,603
Sum	146,667	171,779
Changes in operating assets and liabilities:		
Customers	93,090	(146,693)
Related parties	(134,630)	129,007
Recoverable taxes	(13,354)	(36,487)
Inventories	(19,693)	(10,957)
Advance payments	(1,645)	8,342
Other accounts receivable	142	(241)
Suppliers, direct employee benefits and provisions	35,396	(12,492)
Income taxes	(22,495)	(33,704)
Contributions payable	(22,738)	20,502
Net cash flows used in operating activities	(85,927)	(82,723)
Investment activities		
Acquisitions of properties, plant and equipment	(97,935)	(20,312)
Resources from the sale of properties, plant and equipment	(1,101)	(417)
Interest collected	2,771	-
Net cash flows used in investment activities	(96,265)	(20,729)
Excess cash (to be obtained from) to be applied in financing activities	(35,525)	68,327
Financing activities		
Interest paid	(35,863)	(46,995)
Obtaining bank loans (Note 8)	530,000	490,000
Bank loans paid (Note 8)	(490,000)	(490,000)
Net cash flows (used in) obtained by financing activities	4,137	(46,995)
Cash increase	(31,388)	21,332
Cash at beginning of period	35,504	14,172
Cash at end of period	$ 4,116	$ 35,504

Attached notes are part of the financial statements.

INDUSTRIAS QUÍMICAS FALCON DE MÉXICO, S.A. DE C.V.

Notes to the financial statements

To December 31st 2020 and 2019

(Figures in thousands of Mexican pesos, unless another name is indicated)

1. Operations and summary of major accounting policies

Industrias Químicas Falcon de México, S.A. de C.V. (hereinafter referred to as "the Company") was incorporated under the Mexican law on July 22nd 2005 with address at Carretera Federal Cuernavaca-Cuautla Km. 4.5, Zona Industrial Civac, C.P. 62578, Jiutepec, Mor. Mexico. The Company is a subsidiary of Dr. Reddy's Laboratories Limited, located in India, with whom it carries out some of the operations described in Note 3.

Its main activity is the manufacture, distribution and marketing of all kinds of products and articles related to the chemical and pharmaceutical industry.

The duration of the entity is 99 years.

The Company's operating period and fiscal year range from January 1st to December 31st.

The issuance of the financial statements and corresponding notes was authorized by the Chief Financial Officer, Mr. Kumar Govind, on May 3rd 2021. These financial statements shall be approved at a later date by the Board of Directors, and the Shareholders' Meeting. These bodies have the power to modify the financial statements. Subsequent events were considered to date.

Important events

Health contingency caused by COVID-19:

Covid-19 is an infectious disease caused by a new virus; it was declared a global pandemic by the World Health Organization on March 11th 2020. Measures to curb the spread of Covid-19 have had a significant impact on the global economy. Given the evolutionary nature of Covid-19 and the recent limited experience of the economic and financial impacts of that pandemic, changes in estimates in the measurement of entities' assets and liabilities may need to occur in the future.

The health contingency caused by Covid-19 has had the following impacts on the Company's liquidity, cash flows, solvency and business:

(a) Liquidity: At the beginning of the pandemic caused by Covid-19; the Company modified its financial strategy in the first six months of 2020 by prioritizing the generation and conservation of cash flow, resulting in a stable flow which contributed to continue the company's regular operations.

(b) Cash flows: The Company generates stability to its cash flows, as well as during the pandemic due to the results generated.

(c) Solvency: The Company considers that its financial position, given its ability to generate cash flows, allows it to respond for its short- and long-term financial commitments.

(d) Business: It was partially affected, mainly in the first three months of 2020, by the pandemic. In addition, COVID-19-related expenses were incurred such as: increases in the labor cost of hiring additional employees, hiring staff transport, and implementing preventive and health measures to prevent the spread of the virus within the company's facilities.

The Company does not consider that its operating and financial conditions will undergo material changes in the short and long term derived from the pandemic caused by COVID-19.

Significant accounting policies applied

a) Compliance with Mexican Financial Reporting Standards

The financial statements as of December 31st 2020 and 2019 have been prepared in accordance with the Mexican Financial Reporting Standards (NIF).

b) Preparation basis

The financial statements as of December 31st 2020 and 2019 have been prepared on the basis of historical cost, except for non-monetary items that were acquired or recognized in the financial statements by December 31st 2007. These non-monetary items incorporate the effects of inflation from their initial recognition in the financial statements and until December 31st 2007.

As of January 1st 2008, the Mexican economy is in a non-inflationary environment, according to NIF B-10 "Inflation Effects". Therefore, as of December 31st 2020 and 2019, a non-inflationary environment is maintained, because the cumulative inflation of the last three years is less than 26% (annual average of 8%).

The inflation for 2020 and 2019, determined through the National Consumer Price Index published by the National Statistical and Geography Institute (INEGI), is shown as follows:

To December 31	Year	Cumulative Inflation
2020	3.15%	11.19%
2019	2.83%	15.10%
2018	4.83%	15.25%

According to the Mexican Financial Reporting Standards, it corresponds to a non-inflationary economic environment, which requires continuing with the preparation of financial statements on the basis of historical cost.

Classification of short-term (current) assets and liabilities and long-term (non-current)

The Company presents the assets and liabilities in the financial statement based on the short- and long-term classification.

An asset is classified as short term when:

- The asset is expected to be performed, consumed or intended to be sold in its normal operating cycle;
- The asset is expected to be carried out within twelve months of the financial statement closing date;
- The asset is maintained primarily for trading purposes; or
- The asset is cash or cash equivalent, unless it is restricted and cannot be exchanged or used to cancel a liability within twelve months after the closing date of the reporting period.

All of the other assets are classified as long-term (non-current).

A liability is classified as short term when:

- It is expected to be paid in the normal operating cycle of the entity;
- The entity maintains it primarily for the purpose of negotiating it;
- It will be paid within twelve months after the closing date of the reporting period; or
- The entity does not have an unconditional right to postpone its liquidation for at least twelve months after the closing date of the reporting period.

The terms of the liability which, at the option of the counterparty, could result in the settlement of the liability through the issuance of capital instruments, do not affect its classification.

All of the other liabilities are classified as long-term (non-current).

c) Functional and reporting currency

The above-mentioned financial statements are presented in Mexican peso reporting currency, which is equal to the registration currency and its functional currency.

For disclosure purposes in the notes to the financial statements, when reference is made to pesos or "$", these means thousands of Mexican pesos, when reference is made to thousands of dollars, these means United States dollars.

d) Revenues from contracts with customers

Revenues from the sale of goods; they are recognized when significant property risks and benefits are transferred to the buyer, recovery from consideration might be possible, associated costs and possible return of goods can be reliably estimated, there is no continued participation of management with goods, and the amount of revenue can be reliably measured. Revenue from the sale of goods include excise tax and is measured at the fair value of consideration received or in process to be received, net of returns, applicable sales tax and commercial discounts, discounts, taxes and amounts collected on behalf of third parties. Revenue includes freight and cartage expenses billed to the customer.

Export sales revenue and other sales outside of Mexico are recognized when significant risks and benefits of product ownership are transferred to customers, which occurs at the time of delivery of products to customers unless the terms of the applicable contract establish specific revenues generating activities that must be completed, in which case the revenue is recognized once all such activities are completed.

e) Use of estimates

The preparation of the Company's financial statements in accordance with the NIFs requires Administration to make significant judgments, estimates and accounting assumptions affecting the recognized amounts of revenue, expenses, assets and liabilities and corresponding disclosures, the company based its estimates on the information available when the financial statements were formulated. Uncertainties about such judgments and estimates may mean that some significant adjustment to the book value of the assets or liabilities concerned is required in future financial years.

5.

Estimates and Assumptions

The following describes the key assumptions regarding the future, as well as other key sources of uncertainty in the estimates at the closing date, which have a significant risk of making material adjustments to the book value of assets and liabilities during the next financial year. The Company based its assumptions and estimates on the parameters available when the financial statements were formulated. However, circumstances and assumptions about future events may be altered due to changes in the market or due to circumstances beyond the Company's control. Such changes are reflected in the assumptions when they occur.

Judgments

In the process of implementing the Company's accounting policies, Administration has made the following judgments, which have had the most significant effects on the amounts recognized in the financial statements:

Provision of expected credit losses from receivables to customers and contractual assets

The Company uses a matrix of provisions to calculate expected credit losses for receivables to customers and contractual assets. Provision fees are based on days of delay in customer payment.

The estimate is based on the historical default rates observed by the Company. On each report date, historical default rates are updated and changes in forward-looking estimates are analyzed.

The assessment of the correlation between observed non-compliance rates, predicted economic conditions and expected credit losses represents a significant estimate. The amount of credit losses expected is sensitive to changes in predicted economic circumstances and conditions. The Company's historical experience of credit loss and the projection of economic conditions may not be representative of a customer's actual breach in the future. Information related to expected credit losses in the Company's receivables and contractual assets is disclosed in Note 2.

6.

Impairment in the value of non-financial assets

There is deterioration in value where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, which is the fair value minus the costs of sale, or its value of use, whichever is greater. The calculation of fair value minus selling costs is based on available information on similar sales transactions, made under separate terms for similar goods, or observable market prices, minus incremental costs of disposition of the good. The calculation of the usage value is based on a model of discounted cash flows. Cash flows arise from the budget for the next five years or more considering that growth rates should not be beyond five years and do not include restructuring activities to which the Company has not yet committed, nor significant future investments that will increase the yield of the good or cash-generating unit being tested. The recoverable amount is very sensitive to the discount rate used for the discounted cash flow model, and to future fund income expected at the growth rate used for extrapolation purposes.

Other disclosures regarding the impairment of the Company's non-financial assets are included in Note 8.

Defined benefits to employees (post-employment)

The net cost of the defined benefit plans and the present value of the corresponding obligations are determined by actuarial valuations. Actuarial valuations involve a number of assumptions. These include the determination of the discount rate, future salary increases, and mortality, disability and rotation rates, among other financial and demographic assumptions. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are very sensitive to changes in these assumptions. All assumptions are reviewed in every closing date of the period that is being reported.

In determining the corresponding discount rate, Administration considers the interest rate of trading obligations in the respective currency, using as a reference the market rate of high-quality corporate bonds in absolute terms in a deep market or other than using the government bond rate as a reference. In the case of corporate bonds, underlying bonds undergo a quality review and those with an excessive credit spread are removed from the bond sample on which the discount rate is based, as they do not represent high-quality bonds. As of December 31st, 2020 and 2019, the Company consistently used a government bond rate to discount defined long-term employee benefits, as it is considered the best reflecting the present value of its obligations according to the characteristics of the population and the estimated date of future payment of benefits.

The mortality rate is based on the most up-to-date tables in the country.

Future salary increases are based on the expected future inflation rates in the country considering an expected profit growth rate.

Note 10 shows more details about the assumptions used.

Uncertain tax treatments in income tax.

IFRIC 23 "Uncertainty against Income Tax Treatments" ("Interpretation") addresses the accounting of income tax when tax treatments involve uncertainty. The Interpretation specifically addresses the following:

Whether an entity has to evaluate uncertain tax treatments separately or together.

- The assumptions that an entity should make about whether tax treatment will be reviewed by the tax authorities.
- How an entity should determine tax results, tax bases, amortized tax losses, unused tax credits, and tax rates.
- How an entity considers changes in facts and circumstances.

The Company determines whether to consider each uncertain tax treatment separately or together with one or more uncertain tax treatments and follows the approach that best predicts the resolution of uncertainty. The Company applies significant judgment to identify uncertainties about tax treatments. Since the Company operates in a complex multinational tax environment, it assessed whether the Interpretation had an impact on its financial statements.

December 31st 2020 and 2019, a liability derived from IFRIC 23 has not been recognized.

f) Cash

Cash is mainly represented by balances in legal tender and foreign currency in cash and bank deposits. Cash and cash equivalents are recognized initially and subsequently at fair value.

Cash held in foreign currencies is converted using the exchange rate of the closing date of the financial statements. The effects of these conversions are recognized in the comprehensive income statements as they are accrued.

g) Accounts receivable and other receivables

Accounts receivable represent the entity's enforceable duties on the collection of consideration in exchange for the satisfaction of an obligation to be fulfilled arising from the sale of goods or the provision of services.

8.

It is considered that the commercial accounts receivable are receivable financial instruments (IFC) because they are based on a contract that establishes the obligations of the counterparties.

The initial acknowledgement of the accounts receivable is made by considering the operation that originated them as accrued; this happens when the control over the assets or services agreed with the other party is transferred in order to comply with the terms of the signed contract. Only the receivable accounts which corresponding income can be acknowledged according to the NIF D-1 "Revenue from contracts with customers" are acknowledged.

The bonus, discounts and refunds affect the amount to be collected and are acknowledged when the client exerts the right to take the bonus, discount or refund.

The accounts receivable are evaluated in their initial acknowledgment with the transaction price determined with the NIF D-1, and in their subsequent acknowledgment with the price of the transaction pending collection.

The accounts receivable expressed in foreign currency or any other exchange unit are converted to the functional currency applying the closing exchange rate. The modifications in the amount of the commercial accounts receivable derivative from the variations in the exchange rate are acknowledged in the financing comprehensive income.

Taking into account their recovery period, the accounts receivable are classified in short and long term. The short-term accounts receivable are the ones with a recovery expected in a period of no more than a year after the balance date (or the operative cycle of the entity in case this cycle exceeds this period), otherwise they are considered as long-term accounts receivable.

During the initial acknowledgement of the accounts receivable the Company acknowledges, as the case may be, an estimate of the credit loss expected from them, affecting the income of the period in which the receivable account is acknowledged. In subsequent acknowledgements the required changes in the estimate for expected credit losses that arise in each subsequent period are acknowledged.

The accounts receivable in charge of related parties that come from the purchase of assets or services are presented and disclosed in separate, since the nature of the debtor grants them a special feature in relation to their enforceability.

The other accounts receivable are initially acknowledged when they are accrued, and represent amounts originated from transactions that are different to the ones for which the entity was established, such as (loans to officers and employees, claims, tax receivables if there is a right to them according to the corresponding law), and which are expected to be collected within a period of no more than a year after the balance date (or the operative cycle of the entity in case this cycle exceeds this period), and which are presented in the short-term asset.

The other accounts receivable are evaluated with the amount that the Company has the right to collect, and which is generally their nominal value in their initial acknowledgement and the receivable nominal value in their subsequent acknowledgement.

h) Estimation for expected credit losses.

To determine the estimation for expected credit losses, the Company carries out an evaluation of the expected losses due to impairment of the accounts receivable at its professional judgement, taking into account the historical experience of credit losses, the current conditions and the reasonable and sustainable predictions of the different quantified future events that could affect the amount of future receivable cash flows of the accounts receivable.

To acknowledge the estimation for expected credit losses of the accounts receivable, the Company follows the indications of the NIF C-16 "Impairment of receivable financial instruments".

i) Inventory

The inventories are evaluated in their cost or their net realizable value, the minor of the two.

The cost of the inventories includes all the purchase and production costs incurred to provide them their current location and condition, and are evaluated as follows:

- Raw material: the acquisition cost according to the average costs' formula.
- Finished products and products in process: the cost of the materials, direct manpower, as well as the indirect expenses in production, excluding the financial costs.

The net realization value is the estimated sale price in the normal course of the business, minus the disposition costs and, in its case, the estimated finishing costs.

The Company acknowledges losses due to impairment in the value of the inventories when there are losses derivative from guaranteed sale compromises related to the inventory amounts it maintains. When the net realization value of the inventories is minor than their net book value, the Company acknowledges a loss due to impairment, which is registered in the sales cost of the period in which it is presented.

The advances to providers are acknowledged as part of the inventory balance when the risks and benefits of the acquired articles have been transferred to the Company.

j) Early payment

The early payments mainly include advances for the purchase of inventory, machine maintenance and software and services that are received after the date of the financial position statement and during the normal course of the operations, and are presented in short or long term according to the classification of the loss of destination.

10.

The early payments are initially acknowledged as an asset in the amount paid, in the moment said payment is made, as long as it is estimated that the associated future economic benefits flow towards the Company.

The amount of the early payments in foreign currency is acknowledged taking into account the exchange rate of the transaction date, without being modified later by exchange fluctuations in the foreign currency corresponding to the prices of the assets and services related with said early payments.

Once the asset or service is received, the Company acknowledges the amount related to the early payments as an asset, in the category that corresponds to the acquired asset or as an expense of the period depending if there is certainty or not that the acquired asset will produce a future economic benefit.

The Company periodically evaluates the capacity of the early payments to lose their capacity to produce future economic benefits, as well as their recoverability, the amount considered as non-recoverable is acknowledged as a loss due to impairment in the result of the period in which it happened. The loss due to impairment is reverted when new recovery expectations arise in the early payments previously affected by a loss due to impairment, as long as said expectations are permanent or definitive, reverting the impairment acknowledged in previous periods affecting the comprehensive income statement of the current period.

k) Properties, plant and equipment

The properties, plant and equipment are initially acknowledged and registered with their acquisition value.

In the case of assets that require a substantial period to be in conditions of use, the acquisition (construction) cost includes: the acquisition cost and capitalization of the comprehensive financing result during the acquisition period (construction and installation) of said assets.

The acquisition value of the properties, plant and equipment includes the costs initially incurred in their acquisition or building, as well as the ones later incurred in their replacement or increase of their potential service. If an item of machinery and equipment is formed with diverse components with different estimated service lives, the important individual components depreciate during their individual service lives. The repairing and maintenance costs are acknowledged in the income statement as they are incurred.

The impairment of properties, plant and equipment is determined with the value resulting from the acquisition cost minus the residual value of said properties, plant and equipment using the straight-line method (since the administration of the Company considers that said method is the one that better reflects the use of said assets) and is based on their estimated service life as follows:

	Estimated service life
Buildings	5%
Machines and laboratory equipment	5% to 10%
Furniture and office equipment	10%
Transport equipment	25%
Computer equipment	30%

The properties, plant and equipment are discharged in the moment of their sale or when no future economic benefits are expected to be obtained from their use or sale. Any profit or loss in the moment the asset is discharged (calculated as the difference between the net income coming from the sale of the asset and its amount in the books) is included in the comprehensive income statement when the asset is discharged.

The Company evaluates the net book value of the properties, plant and equipment to determine the existence of evidence that said value exceeds its recovery value. The recovery value represents the amount of the potential net income which is reasonably expected to obtain as a consequence of the use or performance of said assets. If it is determined that the net book value exceeds the recovery value, the Company registers the necessary estimations acknowledging the effect in the income of the period.

The loss due to impairment is reverted when the circumstances that previously gave origin to said loss no longer exist, and there is clear evidence of an increase in the net book value of the deteriorated properties, plant and equipment. The amount of the loss due to impairment is reverted by diminishing the impairment of the period in which the reversion occurs.

On December 31st 2020 and 2019, there was no evidence of impairment.

l) Lease

At the beginning of an agreement, the Company must evaluate if the agreement is or contains a lease. That is, if the agreement transfers the right of use of an asset identified during a determined period of time in exchange for a consideration. On the contrary, it is a service agreement.

The Company as lessee

The Company applies the approach for the acknowledgement and evaluation of all the leases, except the short-term leases and the leases in which the underlying asset has a low value.

12.

(i) Short-term lease and lease in which the underlying asset has a low value

The Company decided to not apply the evaluation requirements for lessees to its short-term leases of machines and equipment (that is the leases with a period of 12 months or less from the beginning date of the lease, and that do not contain a purchase option). The Company also applies the exemption of acknowledgement of the lease of low value assets for the lease of office equipment, which is considered of low value. The lease payments of short-term leases and leases of low value assets are acknowledged as an expense as they are accrued in the straight-line base during the lease period.

m) Provisions, contingencies and commitments

The provisions are acknowledged when (i) there is a present obligation (legal or incurred) as a result of a past event, (ii) it is possible (it is more likely to occur than not to occur) to require an outflow of economic resources as a means to settle said obligation, and (iii) the obligation can be reasonably estimated and quantified in monetary terms.

When the effect of the value of the money through time is important, the amount of the provision is the current value of the disbursements which are expected to be necessary to settle the obligation. The discount rate applied in these cases is made before taxes, and reflects the market conditions in the date of the balance sheet and, in its case, the specific risk of the corresponding liability. In these cases, the increase in the provision is acknowledged as an expense due to interests.

These provisions are registered under the best estimate made by the Administration. See Note 9.

The provisions for contingent liabilities are acknowledged only when the resource outflow is probable for their settlement. Also, the commitments are only acknowledged when they produce a loss.

The Company acknowledges a contingent liability in the moment the profit is made.

n) Net liability due to defined payroll benefits

There is a policy to grant retirement pensions through defined pension plans that cover all the employees. The pensions are determined based on the compensations of the employees in their last year of work, the years they have been working in the Company and their age at the moment of retirement.

The seniority benefits that are covered for the personnel are determined based on the dispositions of the Federal Labor Law (LFT). Also, the LFT establishes the obligation to make some payments to the personnel that stops providing services under some circumstances.

The costs of pensions, seniority benefits and benefits due to termination with pre-existing conditions are acknowledged annually based on calculations made by independent actuaries through the unit-credit method, planned using financial hypothesis in nominal terms.

The repeated measurements of the net liability for defined benefits, that include actuarial profits and losses in obligations and the profits and losses in the return on assets of the plan, are acknowledged immediately in the financial position statement with its corresponding effect in the other comprehensive results in the shareholders' equity in the period in which they occur, and are later recycled to period results, using as a base the average remaining work life of the employees in which they will receive the benefits of the current plan.

The cost of past services is registered when any of the following cases occurs first:

. When there is a modification to the plan or downsizing
. The date in which the costs for re-structure are acknowledged

o) Compensated absences

The costs derivative from compensated absences, such as vacations, must be acknowledged cumulatively by creating the corresponding provision. As of December 31st 2020 and 2019, the Company acknowledged the cost of compensated absences in the moment they happened.

p) Employee profit sharing (PTU)

The expenses for PTU, both accrued and deferred, are presented within the area of costs or expenses in the comprehensive income statement.

The deferred PTU is acknowledged under the assets and liabilities method. According to this method, all the differences that exist between the book value and fiscal value of the assets and liabilities must be determined, and a rate of 10% is applied to said differences. The assets due to deferred PTU are periodically evaluated creating, in its case, an estimation of the amounts for which there is not a high probability of recovery.

The deferred PTU identified with other integral items that are not identified as performed is presented in the shareholders' equity and will be reclassified to the year results as they are performed. See Note 11.

14.

q) Exchange fluctuations

The transactions in foreign currency are initially registered in the exchange rate applicable to the date they happened. The assets and liabilities in foreign currency are evaluated with the exchange rate of the date of the financial position statement. The exchange differences between the transaction date and the collection or payment date, as well as those derivative from the conversion of the balances in foreign currency in the date of the financial statements, are applied to the results, with the exception of the fluctuations produced by financing in foreign currency that was destined for the construction of fixed assets and in which the comprehensive financing result (RIF) is capitalized during their construction.

Note 10 shows the position in foreign currency at the end of each fiscal year and the exchange rate used in the conversion of these balances.

r) Payments based on shares

The payments based on shares to the personnel are acknowledged in the reasonable value of the options granted. There is a policy to assign them to the executive personnel with a seniority of at least 1 year.

In case the agreement was made in cash, the amount will be paid equally in a period of four years at 25% yearly.

s) Comprehensive income

The comprehensive income is the sum of the net profit or loss, the other comprehensive results (ORI) and the participation in the ORI of other entities. The other comprehensive results represent income, costs and accrued expenses which are pending performance and which are expected to be at middle (long) term, and their value can change due to changes in the reasonable value of the assets or liabilities that produced them, therefore it is possible they are not partly of fully performed; they are formed by the repeated measurements of the net liability (asset) due to defined benefits because the Company chose to gradually amortize the repeated measurements in the ORI (later recycled in results).

t) Income taxes

Incurred tax

The income tax caused in the year is presented as a short-term net liability of the advance payments made during said year. The incurred tax is acknowledged as an expense in the period results, except if it came from a transaction or event that is acknowledged outside the period results, whether in another comprehensive result or directly in an area of the shareholders' equity.

Deferred tax

The Company determines the deferred income taxes based on the assets and liabilities method. Under this method, all the differences existing between the book values and fiscal values are determined, and then the income tax (ISR) rate current to the date of the general balance is applied, or the rate published and established in the fiscal dispositions in that date and which will be current at the moment it is estimated that the assets and liabilities due to deferred taxes will be recovered or settled, respectively.

The assets due to deferred income taxes are periodically evaluated creating, in its case, estimation about the amounts for which there is not a high probability of recovery.

u) Presentation of the comprehensive income statement

The Company decided to present the comprehensive income in a single statement that presents all the areas that form the net profit or loss, as well as the other comprehensive results (ORI), in a single document which is named "comprehensive income statement".

Since the Company is an industrial company, the costs and expenses shown in the comprehensive income statement are presented according to their function, which main characteristic is to separate the cost of the sale from the other costs and expenses; this classification allows to correctly evaluating the gross and operative profit margins.

The presentation of the operation profit is not required; however, it is presented because it is an important indicator in the performance evaluation of the Company, since said information is a common practice of the sector the Company is part of.

v) Shareholder's equity

The movements in the share capital and the accumulated profits (loses) are acknowledged since January 1st 2008 in their historical cost; the movements made prior to January 1st 2008 consider their values updated with the corresponding inflation.

The contributions for future increases of the capital of the Company that comply with the requirements of the NIF C-11 "Shareholders equity" (that include a formal commitment from the shareholders' meeting, a determined fixed number of shares for the exchange with a fixed amount of the contribution, among others). The contributions for future capital increases that do not meet these requirements are acknowledged as liabilities in the financial position statement.

w) Objectives and policies for financial risk management

The sales made to related parties represent the 33% and 35% in 2020 and 2019, respectively, of the net sales of the Company.

16.

The principal financial liabilities of the Company include loans, accounts payable to providers and other accounts payable. The main objective of these financial liabilities is to finance the operations of the Company and provide guarantees to back their operations. The main financial assets of the Company include accounts receivable from clients and other accounts receivable, as well as cash.

The Company is exposed to (i) market risk (that includes interest rates risk and fluctuation risks in the exchange rates of foreign currency), (ii) credit risk and (iii) liquidity risk.

(i) Market risks

- Interest rate risk due to the variations in the type of market interests that affect the value of the contracted debt.

- Exchange rate risk due to the variations in the foreign exchange market that affect the value assigned to cash, accounts receivable, related parties, providers and other accounts payable.

- Risk of general energetic asset price (commodities) due to the fact some fuels (such as gas, electricity) used by the company represent an important supply to carry out its operation.

The Company is exposed to market risks coming from changes in fluctuations in the foreign exchange market that affect the value assigned to cash, accounts receivable, related parties, and providers. At December 31st 2020 and 2019, the Company has not hired coverage instruments against exchange risks.

(ii) Credit risk

Credit risk due to the non-compliance of the other party (client, provider, related party or financial entity). The Company is exposed to credit risk of their operative activities (mainly commercial accounts receivable) and its financing activities, including deposits in banks and financial institutions, and transactions in foreign currency.

The financial instruments that have a potential to cause concentrations of credit risk are cash and accounts receivable from clients.

The policy of the Company is designed to avoid limiting their exposition to a single financial institution; therefore, its cash remains with different financial institutions.

The Company periodically evaluates the financial conditions of its clients and it does not consider there is an important risk of loss. It is considered that the provision of doubtful accounts adequately covers the possible credit risks, which represents a calculation of the losses incurred due to the impairment of their accounts receivable.

(iii) Liquidity risk

Liquidity risk due to adverse situations in the debt or capital markets that difficult or prevent the coverage of the necessary financial needs to adequately ensure its operation.

Risk concentration

The concentrations are produced when many other parties perform similar commercial activities, or activities in the same geographical area, or have economic characteristics that similarly affect their capacity to comply with the contractual obligations due to changes in the economic, political conditions or other conditions. The concentrations show the relative sensitivity of the Company's performance in the face of changes that affect a specific industry.

In order to avoid excessive concentration of risks, the policies and procedures of the Company include specific guidelines focused on maintaining a diverse portfolio.

The identified credit risk concentrations are controlled and administered as corresponds. The Company performs selective coverage activities to administer the risk concentrations both in the level of the industry and the level of relations.

The credit risk in accounts receivable is diversified due to the client base and their geographical spread. Continuous evaluations are made on the credit conditions of the clients and collateral is not required to guarantee their recovery. In the case the collection cycles are significatively deteriorated, the results can be negatively affected.

x) Capital management

For the administration of the capital of the Company, the capital includes the issued capital. The main purpose of the administration of capital of the Company is to maximize the value for the shareholders and guarantee the Company's capacity as an existing business.

18.

The administration activities of the capital of the Company, among other purposes, aims to ensure that the Company complies with the financial agreements related to its loans and credits subject to payment of interests, which include requirements about the capital structure of the Company. In the current period, the Company has not incurred in non-compliance of the financial agreements of any of its loans and credits subject to payment of interests.

y) New accounting orders

1) Standards, interpretations and improvements to the issued NIF that are not in force, yet.

Below are the standards and interpretations issued that are not in force, yet up to the issuing date of the financial statements of the Company.

The Company intends to adopt them, if they are applicable, when they come into force.

Financial Reporting Standards (NIF) C-15 "Impairment of the value of long-term assets" (current for the fiscal years that begin from January 1st 2022)

The NIF C-15 "Impairment of the value of long-term assets" was issued by the CINIF on December 2020 with the purpose of establishing the accounting acknowledgement of a loss due to impairment of the value of long-term assets, as well as their reversion.

The NIF C-15 will replace the Bulletin C-15 "Impairment of the value of long-term assets and their disposition". Among the changes in this new NIF there are the following: new examples of evidence to evaluate the existence of impairment, changes in the requirement to use the net sale price, with the use of the reasonable value minus the disposition costs to carry out the impairment tests, the option to use estimations of the future cash flows and a discount rate in real terms, new rules for the treatment of future cash flows in foreign currency for the determination of the amount recoverable, new forms about the assignment of market credit in the level of a cash-generating unit (UGE) and the acknowledgement of its impairment, elimination of the impairment calculation through the value in perpetuity in the intangible asset of undefined service life, modifying its impairment test; new rules about the determination of impairment in the corporate assets; and in consequence of the changes mentioned, the disclosure rules.

The NIF C-15 will be in force for the fiscal years beginning from January 1st 2022, allowing an early application.

The adoption of the NIF C-15 had no effects in the financial statements of the Company.

Interpretation of the Financial Reporting Standards (INIF) 24 “Acknowledgement of the effect of application of the new reference interest rates” (current for the fiscal years beginning from January 1st 2021)

The INIF 24 "Acknowledgement of the effect of application of the new reference interest rates" was issued by the CINIF on October 2020 with the purpose of establishing guidelines on the effect of the adoption of the new reference interest rates in financial instruments to be collected or paid, or in a coverage relation, that replace the IBOR interest rates (for example, TIIE, LIBOR, EURIBOR, *Prime Offering Rate*, etc.), and describe if said modifications due to the replacement or modification of the interest rates cause a cancellation of the financial instrument or the discontinuation of the coverage relation.

The new interpretation also establishes new disclosures about the adoption of the new reference interest rates.

The INIF 24 will be in force for the fiscal years beginning from January 1st 2021, allowing its early application. The effects of the change in the reference interest rates must be prospectively acknowledged.

The adoption of the INIF 24 had no effects in the financial statements of the Company.

Improvements to the NIF 2021

The modifications that produce accounting changes in the evaluation, presentation or disclosure in the financial statements are the following:

(i) NIF B-1, *Accounting changes and mistakes correction*

It includes the requirement to prospectively acknowledge the initial effect of an accounting change, or the correction of a mistake when it is not practical to determine said initial effects in the application of the retrospective method.

The dispositions of this Improvement came into force from January 1st 2021, and their early application is allowed for the fiscal year 2020. The accounting changes that arise in its case must be prospectively acknowledged.

The adoption of this Improvement had no effects in the financial statements of the Company.

(ii) NIF D-5, *Lease*

a) Disclosure about the exemptions of acknowledgement of leases

Includes precisions about the paragraph within the NIF D-5 that contains the specific references of the expense due to short-term lease due to low value leases, for which there is no acknowledgement for the right of use.

20.

The dispositions of this Improvement came into force from January 1st 2021, and their early application is allowed for the fiscal year 2020.

The adoption of this Improvement had no effects in the financial statements of the Company.

2) New standards, interpretations and improvements to the NIF that came into force from January 1st 2020

The Company adopted for the first time some of the standards, interpretations and improvements that come into force for the fiscal years beginning from January 1st 2020. The Company has not adopted early any other standard, interpretation, improvement to modification already published but that is not yet current although said standard, improvement or interpretation allows its early application.

The nature and effect of the changes coming from the adoption of this (these) new standard(s) are described next.

Below there is a description about the most important aspects of the orders that came into force from January 1st 2020:

Interpretation of the Financial Reporting Standards (INIF) 23 "Acknowledgement of the effect of exemption of rent related to the COVID-19 pandemic"

The INIF 23 "Acknowledgement of the effect of exemption of rent related to the COVID-19 pandemic" was issued by the CINIF on June 2020 with the purpose of establishing guidelines about the acknowledgement of the lessees of the effect of exemption of rents directly related to the Covid-19 pandemic.

The INIF 23 establishes a practical solution to excuse the lessees of the application of the guidelines of the NIF D-5, Leases, related to the acknowledgement of the modifications to the leases in the case of exemptions or concessions of rent that are a direct consequence of the Covid-19 pandemic. As part of the practical solution, the lessee can choose to not evaluate if an exemption of rent granted by the lessor in relation to the Covid-19 is a modification of the lease. The lessee that chooses this option must acknowledge any profit due to the condonation of payments as a partial extinction of the liability due to lease in the net profit or loss of the period in which the event or condition that causes the payments happens, without adjusting the asset due to right of use.

The INIF 23 came into force from July 1st of 2020 and will be current until June 30th 2021, allowing its early application. The use of the practical solution of the INIF 23, requires the application of the retrospective method if the entity obtained exemptions before choosing said option.

The adoption of the INIF 23 had no effects in the financial statements of the Company.

ONIF 5 "Alternatives for the transition to the NIF D-5, Leases"

The ONIF 5 "Alternatives for the transition to the NIF D-5, Leases" provide guidelines about the accounting records for the transition in the initial adoption of the NIF D-5, based on illustrative examples.

The adoption of the ONIF 5 had no accounting effects in the financial statements of the Company.

ONIF 6 "Discount rate, lease term and some disclosures under the NIF D-5, Leases"

The ONIF 6 "Discount rate, lease term and some disclosures under the NIF D-5, Leases" provide guidelines about the determination of the discount rate and the term of the lease, and about some disclosures in the application of the NIF D-5.

The adoption of the ONIF 6 had no accounting effects in the financial statements of the

Company. Improvements to the NIF 2020

The modifications that produce accounting changes in the evaluation, presentation or disclosure in the financial statements are the following:

(i) NIF C-16, *Impairment of receivable financial instruments*

Includes the requirement to use the original effective interest rate in the subsequent acknowledgement of a principal receivable financial instrument and the interest that was not discharged as a consequence of a renegotiation or modification of the contractual cash flows.

In its case, the original effective interest rate can only be adjusted to include the costs of renegotiation to be amortized.

The dispositions of this Improvement came into force from January 1st 2020, and their early application was allowed for the fiscal year 2019.

The adoption of this Improvement had no effects in the financial statements of the Company.

(ii) NIF D-4, *Income taxes* and NIF D-3, *Benefits for the employees*

Includes the requirements about the acknowledgement of the uncertain tax treatments in the income tax and the PTU. These improvements state if an entity must consider the uncertain tax treatments in separate or jointly, the assumptions an entity must make if the tax treatment will be reviewed by the tax authorities, how must an entity determine the tax result, the tax bases, the tax losses to be amortized, unused tax credits and tax rates, the methods to estimate the uncertainty and how an entity must consider changes in facts and circumstances.

In the case of the PTU it was considered that, when determined with the same tax law and practically with the same base with which the income tax is determined, the considerations previously described about the effects of uncertainty are also applicable to the caused or deferred PTU.

The dispositions of these Improvements came into force from January 1st 2020, and their early application was allowed for the fiscal year 2019.

The adoption of this Improvement had no effects in the financial statements of the Company.

(iii) NIF D-4, *Income taxes*

Includes the requirement to acknowledge in the shareholders' equity the effects of the income taxes related to a distribution of dividends, which means that when acknowledging a liability due to distribution of dividends, an entity must acknowledge in its case the related liability due to income taxes.

The dispositions of this Improvement came into force from January 1st 2020, and their early application was recommended for the fiscal year 2019.

The adoption of this Improvement had no effects in the financial statements of the Company.

(iv) NIF D-5, *Leases*

a) Risk-free rate to discount the future payments due to leases

Included the option to use, at the beginning date of the lease, a risk-free rate to evaluate the liability due to lease in the current value of the future payments for lease to be made, said decision must be made for each contract and remain until its termination.

It was defined that the risk-free rate is the interest rate that reflects the value of the money in the time and conditions prevailing in the market in which the Federal Government is financed in specific periods; it does not include other risks.

b) Separation of components of a lease agreement

Limited the use of the practical solution of the NIF D-5 about the separation of the components that are not for lease or that have relatively low importance in the determination of the assets for right to use and the liabilities due to lease.

In case it is difficult to separate said components, a lessee can choose, though underlying asset type, not to separate them from the others, and instead to acknowledge each component of lease and any associated component that is not for the lease as if it is a single component for lease. This option is still not applicable to the implicit derivatives included in the lease agreement that comply with the criteria of the NIF C-10, to be separated.

The dispositions of this Improvement came into force from January 1st 2020, and their early application was allowed for the fiscal year 2019.

The adoption of this Improvement had no effects in the financial statements of the Company.

Improvements to the NIF 2019

The modifications that produce accounting changes in the evaluation, presentation or disclosure in the financial statements are the following:

(i) NIF B-9, *Financial information in intermediate dates*

Includes new requirements of disclosure in the notes of the financial statements condensed in intermediate dates about the reasonable value of financial instruments and income from contracts with clients; for example, changes in the economic or business circumstances that affect the reasonable value of financial assets and liabilities, transfers among levels of the hierarchy of reasonable value of financial instruments, changes in the classification of financial assets as a result of a change in the purpose or use of said assets, or changes in the contingent assets and liabilities, no matter the date of the most recent annual report.

The dispositions of these Improvements came into force on January 1st 2019. The accounting changes that arise, in its case, must be acknowledged prospectively.

The adoption of this Improvement had no effects in the financial statements of the Company.

2. Customers, net

To December 31st 2020 and 2019, the clients are formed as follows:

		2020	2019
Customers	$	237,850 $	323,363
Estimation of expected credit losses		(18,149)	(10,572)
	$	219,701 $	312,791

Below there is information about the exposition to the credit risk of the commercial accounts receivable:

	Current	<1 day <30 days	<31 days <60 days	<61 days <90 days	<91 days <120 days	<121 days <180 days	<181 days <365 days	More 365	Total
Clients	187,981	31,179	1,770	11,269	-	902	1,563	15,128	$249,792
Re-evaluation and cut off									(11,933)
									$237,859
Rate	1.286%	1.286%	1.286%	1.286%	1.286%	1.286%	1.286%	100%	
Expected credit loss	(2,419)	(401)	(23)	(146)	-	(12)	(20)	(15,128)	$(18,149)

The average credit periods on the sales of products as of December 31st 2020 and 2019 are of 30, 45 and 180 days. As of December 31st 2020, the Company acknowledges expected credit losses for the commercial accounts receivable using the historical experience of credit losses, general economic conditions and an evaluation of the current direction and the prediction of conditions in the report date, including the temporary value of the money when it is appropriate.

3. Related parties

The companies mentioned in this note are considered as affiliates since the shareholders of said companies are also shareholders of the Company.

a) The balances with related parties as of December 31st 2020 and 2019 are formed as follows:

		2020		2019
Receivable:				
Dr. Reddy’s Laboratories, S.A. (affiliated)	$	16,076	$	50,043
Dr. Reddy’s Laboratories, Inc. (affiliated)		69,945		-
Dr. Reddy’s Laboratories (UK), Ltd. (affiliated)		1,585		-
	$	87,606	$	50,043
Payable:				
Dr. Reddy’s Laboratories, Ltd. (controller)	$	268,614	$	349,132
Dr. Reddy’s Laboratories, Inc. (affiliated)		-		16,549
	$	268,614	$	365,681

Aa of December 31st 2020 and 2019, the balances receivable to related parties are formed by current accounts balances, without interests, to be paid in cash in a period of 30, 45 and 180 days for which there are no guarantees.

The balances with related parties are considered as recoverable. Therefore, for the fiscal years that ended on December 31st 2020 and 2019, there was no derivative expense due to bad debts of balances with related parties.

As of December 31st 2020 and 2019, the balances payable to related parties correspond to current account balances without interest.

b) During the concluded fiscal years December 31st 2020 and 2019, the following transactions were carried out with related parties:

		2020		2019
Inventory Sale				
Dr. Reddy's Laboratories, Inc. (affiliate)	$	100,232	$	126,987
Dr. Reddy's Laboratories, S.A. (affiliate)		175,870		155,503
Dr. Reddy's Laboratories (UK), Ltd. (affiliate)		1,735		5,655
Dr. Reddy's Laboratories (UK). (affiliate)		-		2,396
Dr. Reddy's Laboratories, Ltd. (Controller)		280,207		241,000
	$	558,044	$	531,541
Inventory purchases:				
Dr. Reddy's Laboratories, Ltd. (Controller)*	$	667,112	$	553,816

The amount for inventory purchases includes distribution purchases for $27,260.

4. Recoverable taxes

As of December 31st 2020 and 2019, this item is as follows:

		2020		2019
Value added tax (VAT) to be recovered	$	80,037	$	70,590
Income tax (ISR) to be recovered		12,511		8,604
Total	$	92,548	$	79,194

5. Inventories

As of December 31st 2020 and 2019, inventories are as follows:

		2020		2019
Finished products	$	83,353	$	121,759
Production in Process		177,905		240,021
Raw Materials		105,527		87,794
Materials and Spare Parts		47,184		42,688
		413,969		492,262
Impairment estimate	(	55,471)	(	111,692)
		358,498		380,570
Goods in transit		57,241		15,476
Inventories, net	$	415,739	$	396,046

The amount acknowledged in the incomes corresponding to the obsolescence estimate in the fiscal years 2020 and 2019, was for \$ 59,391 and \$ 55,016, respectively.
During fiscal year 2019, the estimate increased to \$ 55,016, of which \$ 43,381 corresponds to damaged material which was destroyed in two stages: February 17th and March 21st 2020.
The variation in the inventory balance, between the concluded fiscal years December 31st 2020 and 2019, is mainly due to the balance of the Merchandise in transit account. During fiscal year 2020, the balance of the Merchandise in transit account increased by \$ 37,548, of which \$ 25,417 correspond to the Raw Material Shikimico Acid material that is used for the manufacture of the Epoxy product, which will be produced during the first months of the fiscal year 2021.
As of December 31st 2020 and 2019, the inventory period is 102 and 118 days, respectively.

6. Advance payments

As of December 31st 2020 and 2019, the balance of advance payments is made up as follows:

	2020	2019
Advance payments to service suppliers	$ 1,916	$ 44
Advance payments to machinery and equipment suppliers	5	-
Advance payments to raw material suppliers	336	1,913
Software	2,008	-
Prepaid insurance	1,264	1,958
Property taxes	510	479
	$ 6,039	$ 4,394

7. Property, plant and equipment

a) As of December 31st 2020 and 2019, the property, plant and equipment are as follows:

	2020	2019
Buildings	$ 56,532	$ 56,498
Laboratory machinery and equipment	579,165	479,352
Furniture and office equipment	14,521	13,813
Computer equipment	11,838	8,944
Transport equipment	7,045	6,487
	669,101	565,094
Cumulative depreciation	(380,490)	(334,575)
	288,611	230,519
Lands	92,356	92,356
Constructions in process	79,967	85,061
	$ 460,934	$ 407,936

b. The total depreciation for fiscal years 2020 and 2019 was recorded in results for an amount of $ 45,915 and $ 37,781, respectively; which was recorded under operating expenses.

Construction in progress mainly includes the following projects:

- As of December 31st 2020, the balance of construction in progress corresponds to three projects consisting of the replacement and repair of plant equipment for $ 35,021, Abiretarone capacity expansion 10 MTY for $ 19,226 and Update of the CVCA turbine control system for $ 9,465, which are estimated to be concluded at the closing date of fiscal year 2021.
- As of December 31st 2019, the balance of construction in progress corresponds to three projects, mostly: Optimization of the H-VAC System for $ 16,384, Implementation of the Distribution Control System for $ 15,959, which are estimated to be concluded at the closing date of the 2020 fiscal year; both projects were completed and capitalized during fiscal year 2020.
- During fiscal year 2020, the Water purification system project for the entire plant was completed, which concluded with a value of $ 20,427, the CVC Control System Distribution project was also continued and concluded.
- During fiscal year 2019, the projects "Increase in the production capacity of the Naproxen warehouse" and "Improvement in the safety conditions of the plant" were started for $ 6,653 and $ 7,263 respectively, which were also completed during fiscal year 2020.

28.

8. Bank loans

As of September 23rd 2020, the Company obtained a new bank loan for $ 530,000 pesos with the banking institution Banco Nacional de Mexico SA (Citibanamex), with an interest equivalent to the 28-day equilibrium interbank interest rate (TIIE) plus 1.20 %, payable monthly; effective until September 23rd 2021.

As of September 25th 2019, the Company obtained a bank loan for $ 490,000 pesos with the banking institution HSBC México, S.A, with an interest equivalent to the twenty-eight-day equilibrium interbank interest rate (TIIE) plus 1.25%, payable monthly; effective until September 24th 2020.
The Company paid the corresponding capital and interest to the banking institution HSBC México, S.A on September 24th 2020.

As of December 31st 2020 and 2019, bank loans are as follows:

		2020		2019
Bank loan	$	530,000	$	490,000
Interest accrued in the year		670		599
Short-term bank loan debt	$	530,670	$	490,599

As of December 31st 2020 and 2019, the Company is in compliance with the loan clauses with Citi Banamex and HSBC Mexico S.A., respectively.

9. Provisions

As of December 31st 2020 and 2019, the provisions are as follows:

		2020		2019
Bayer customer provision	$	7,526	$	7,223
Provision of contractors		5,334		2,062
Provisions of services (natural gas, electricity, water, etc.)		7,613		6,585
Goods in transit		3,917		14,966
Freight		408		3,158
Constructions in process		2,640		5,163
Other expenses		3,157		4,079
Sales commissions		1,529		-
Labor lawsuits		6,653		6,803
	$	38,777	$	50,039

The above provisions represent accrued expenses during 2020 and 2019, or contracted services attributable to the year, which will be settled in the next year. The final amounts to be paid, as well as the timing of the outflows of economic resources, entail uncertainty and could therefore vary.

10. Balances in foreign currency

As of December 31st 2020 and 2019, the financial statements include the monetary rights and obligations denominated in dollars (US $) of the United States of America (USA), as follows:

	Figures in thousand dollars 2020	2019
Current assets:		
Cash	US$ 116	US$ 892
Customers	12,047	17,139
Related parties	4,433	2,652
Total assets	16,596	20,683
Current liability:		
Related parties	US$ (13,522)	US$ (7,177)
Suppliers	(1,986)	(1,780)
Total liabilities	(15,508)	(8,957)
Active (passive) net monetary position	US$ (1,088)	US$ (11,726)

The exchange rates used to convert the above amounts to national currency as of December 31st 2020 and 2019, were the following:

Country of origin	Currency	Exchange rate 2020	2019
United States of America	Dollar	$ 19.9352	$ 18.8727

As of May 3rd 2021, date of issuance of the financial statements, the exchange rate is $ 20.1902xx.xx per dollar.

11. Net liability for defined benefits to employees

The Company has a defined benefit plan that covers its personnel, which are based on years of service and the amount of employee compensation. The Company's policy to fund the pension plan is to contribute the maximum deductible amount for income tax according to the projected unit credit method.

During fiscal years 2020 and 2019, termination benefits paid were $ 1,293 and $ 14,961, respectively.

The cost, obligations and other elements of the pension plans, seniority premiums and remunerations at the end of the employment relationship other than restructuring, mentioned in Note 1n), were determined based on calculations prepared by independent actuaries.

30.

a) As of December 31st 2020 and 2019, the components of the net cost of the period, the obligations for defined benefits and the plan assets are as follows:

a) Net cost of the period

	2020			
	Pension plan	Seniority premium	Termination benefits	Total
Integration of the net cost for 2020 period				
Current service labor cost (CLSA)	$ 3,261	$ 266	$ 505	$ 4,032
Net interest on the net defined benefit liability (PNBD)	2,648	122	243	3,013
Recycling of PNBD remedies	211	67	(298)	(20)
Net cost for the period 2020	$ 6,120	$ 455	$ 450	$ 7,025

	2019			
	Pension plan	Seniority premium	Termination benefits	Total
Integration of the net cost for 2019 period				
Current service labor cost (CLSA)	$ 2,987	$ 229	$ 410	$ 3,626
Net interest on the net defined benefit liability (PNBD)	4,744	124	294	5,162
Recycling of PNBD remedies	508	131	(211)	428
Net cost for the period 2019	$ 8,239	$ 484	$ 493	$ 9,216

b) Changes in the net liability for defined benefits are integrated as follows:

	2020			
	Pension plan	Seniority premium	Termination benefits	Total
Net defined benefit liability (PNBD): PNBD as of December 31st 2018	$ 48,304	$ 1,520	$ 3,082	$ 52,906
Current service labor cost	3,912	299	410	4,621
Net interest on the PNBD	4,744	124	294	5,162
Employer contributions	(19,469)	-	-	(19,469)
Benefits paid	(13,721)	(841)	(399)	(14,961)
Earnings recognized in ORI	8,826	518	(142)	9,202
PNBD as of December 31, 2019	32,596	1,620	3,245	37,461
Current service labor cost	3,261	266	505	4,032
Net interest on the PNBD	2,648	123	242	3,013
Employer contributions	-	-	-	-
Benefits paid	(829)	(71)	(393)	(1,293)
Earnings recognized in ORI	3,772	169	(413)	3,528
PNBD to December 31st 2020	$ 41,448	$ 2,107	$ 3,186	$ 46,741

31.

c) The net liability for defined benefits is integrated as follows:

	2020			
	Pension plan	Seniority premium	Termination benefits	Total
Provisions for:				
Obligation for defined benefits (OBD)	$ 82,433	$ 6,094	$ 3,187	$ 91,714
Plan assets (AP)	(40,986)	(3,987)	-	(44,973)
Net liability for defined benefits	$ 41,447	$ 2,107	$ 3,187	$ 46,741

	2019			
	Pension plan	Seniority premium	Termination benefits	Total
Provisions for:				
Obligation for defined benefits (OBD)	$ 69,695	$ 5,229	$ 3,245	$ 78,169
Plan assets (AP)	(37,099)	(3,609)		(40,708)
Net liability for defined benefits	32,596	1,620	3,245	37,461

d) The other comprehensive income as of December 31st 2020 is integrated as follows:

	2020			
	Pension plan	Seniority premium	Termination benefits	Total
Balance of other comprehensive income (ORI) As of January 1st 2020	$ (2,651)	$ (685)	$ 2,074	$ (1,262)
ORI recycling in results	211	66	(298)	(21)
Actuarial earnings for the period	(3,772)	(168)	413	(3,527)
Balance of other comprehensive income (ORI) as of December 31st 2020	$ 6,212)	$ (787)	$ 2,189	$ (4,810)

The significant hypotheses used in the actuarial study, in absolute terms, are shown below:

	2020	2019
Actual discount rate used to reflect value present of obligations	7.75%	8.75%
Real rate of increase in future salary levels	4.50%	4.5%
Expected rate of return on plan assets	7.75%	8.75%
Employees remaining average labor life, in which pending amortization items are amortized	14.63 years	14.34 years

The plan assets are in a trust and are managed by a committee appointed by the Company.

32.

e) Each of the main asset classes of the plan (AP) is disclosed below, according to its nature and risk:

	2020	2019
Debt instruments	$ 21,804	$ 20,289
Variable capital instruments	23,169	20,419
Total plan assets	$ 44,973	$ 40,708

The actual yield on plan assets for the concluded years December 31st 2020 and 2019 was $4,265 and $2,429, corresponding to the expected return on plan assets and actuarial gain / loss, respectively.

As of December 31st 2020 and 2019, approximately 50% of the plan assets are invested in demand deposits in financial institutions in the country, at market interest rates and the remaining 50% in investments in the capital market through investment funds that have a diversified portfolio of shares of companies listed on the Mexican Stock Exchange.

12. Direct benefits to short-term employees

a) Short-term direct benefits:

As of December 31st 2020 and 2019, the Company has acknowledged cumulative provisions related to short-term direct benefits, which are:

	2020	2019
PTU payable	$ 7,668	$ 10,522
Productivity bonus	4,823	1,099
ESOP bonus	1,695	988
Others	496	64
	$ 14,682	$ 12,673

b) Employee Profit Sharing Obligations

(PTU) The PTU for the years 2020 and 2019 is as follows:

	2020	2019
PTU caused	$ 7,668	$ 10,522
PTU deferred	(3,193)	1,839
Total PTU	$ 4,475	$ 12,361

33.

c) Deferred PTU

As of December 31st 2020 and 2019, this item is as follows:

	2020		2019	
Deferred tax assets:				
Reserve for obsolescence	$	4,995	$	6,596
Provisions and other account payable		2,857		2,327
Employee benefits		5,332		3,880
Property, plant and equipment		11,378		8,482
		24,562		21,285
Deferred tax liabilities:				
Advance payments		328		244
Asset by deferred PTU, net	$	24,234	$	21,041

The employee profit sharing is presented in operating expenses and deferred PTU in other income in the statement of comprehensive income.

13. Stockholders' equity

a) The capital stock at nominal value as of December 31st 2020 and 2019 is as follows:

	Number of shares		Nominal amount
Fixed capital (Series A)	50,000	$	50
Variable capital (Series B)	140,476,270		140,476
			140,526
Upgrade supplement			9,773
Total		$	150,299

b. In accordance with the General Law of Mercantile Companies, the Company must separate from the net profit of each year at least 5% to increase the legal reserve until it reaches 20% of the capital stock. The legal reserve has not been established.
c. As of fiscal year 1999 and until fiscal year 2001, the Income Tax Law allowed the option of deferring the payment of part of the ISR caused during those years. The deferral of this tax and the relative profits are controlled through the "reinvested net tax profit account" (CUFINRE).
   The profits that are distributed in excess to the balances of the CUFINRE and CUFIN accounts (net tax profit account), will be subject to the payment of corporate income tax at the rate in effect at the time of their distribution. The payment of said tax may be credited against the ISR.

34.

Dividends paid to individuals and legal entities residing abroad on profits generated as of 2014 are subject to a 10% additional tax withholding.

d) As of December 31st 2020 and 2019, the other comprehensive income is as follows:

		2020		2019
Balance at the beginning of the ORI fiscal year	$	(1,262)	$	8,506
Recycling and actuarial profit of the ORI		(3,548)	(	9,768)
Balance at the end of the year		(4,810)	(	1,262)
Deferred tax		1,110		291
	$	(3,700)	$ (	971)

14. Income taxes

a) Income tax (ISR)

For fiscal year 2020 and 2019, according to the Income Tax Law (ISR), the ISR rate is 30%.
Income tax for the period is calculated by applying the tax on the tax result.
The LISR establishes criteria and limits for the application of some deductions, such as: the deduction of payments that in turn are exempt income for workers, contributions for the creation or increases of reserves to pension funds, contributions to the Institute Mexican Social Security paid by the worker that are paid by the employer; as well as the possible non-deductibility of payments made to related parties if certain requirements are not met.

b) Employee profit sharing (PTU)
The LISR establishes that the basis for determining the profit sharing for the year is the taxable profit that is determined for the calculation of the income tax for the year, considering certain adjustments considered by the LISR itself.

c) As of December 31st 2020 and 2019, income tax charged to income is integrated as follows:

		2020		2019
Income tax incurred	$	22,495	$	33,704
Deferred income tax	(	7,357)		4,324
Total income tax	$	15,138	$	38,028

35.

The deferred taxes shown in the statements of financial position are made up of:

	2020	2019
Deferred tax assets:		
Impairment estimate	$ 14,986	$ 19,788
Provisions	8,078	6,982
PTU payable	2,300	3,156
Employee benefits	16,081	11,639
Property, plant and equipment	34,136	25,447
	75,581	67,012
Deferred tax liabilities		
Advance payments	985	731
Deferred PTU	7,271	6,313
	8,256	7,044
Deferred tax asset, net	$ 67,325	$ 59,968

To assess the recovery of deferred assets, Management considers the probability that part or all of them will not be recovered. The final realization of deferred assets depends on the generation of taxable income in the periods in which temporary differences are deductible. In carrying out this evaluation, Management considers the expected reversal of deferred liabilities, projected taxable profits, and planning strategies.

d) The following is reconciliation between the tax rate established by law and the effective income tax rate recognized by the Company:

	2020	2019
Income before income taxes	$ 57,258	$ 90,593
Statutory approved rate of income tax	30%	30%
ISR on accounting profit	17,177	27,178
more (less):		
Effect of tax inflation, net	(3,346)	10,376
Non-deductible expenses	298	295
D-3 differences	-	(4,518)
Non-deductible salaries	2,648	4,657
Others	(1,639)	40
ISR Total	$ 15,138	$ 38,028
Effective rate	26%	42%

e) Tax balances

As of December 31st 2020 and 2019, there are the following tax balances:

	2020	2019
Contribution Capital Account	$ 252,229	$ 244,642
Previous net tax income account of 2014	210,181	203,405
Net tax income account after of 2014	283,414	243,260

36.

15. Analysis of net sales and other income

As of December 31st 2020 and 2019, an analysis of the nature of net sales and other income shown in the statement of comprehensive income is shown:

	2020	2019
Sale of products to related parties	$ 558,044	$ 531,541
Sale of products to third parties	1,132,771	933,016
Product commercialization	29,796	31,969
Net sales	1,720,611	1,496,526
Income from sales of raw materials	7,442	8,232
Deferred PTU	3,193	-
Others	1,547	23,026
Other income	12,182	31,258
Total income	$ 1,732,793	$ 1,527,784

15. Analysis of cost of sales and operating expenses

As of December 31st 2020 and 2019, an analysis of the nature of the cost of sales and operating expenses shown in the statement of comprehensive income is shown:

	Sales cost		Operating costs	
	2020	2019	2020	2019
Cost of materials sold	$ 1,171,322	$ 986,108	$ -	$ -
Other expenses	41,847	20,063	72,132	41,587
Cross contamination expenses	-	-	-	41,472
Freight	6,489	-	24,694	22,766
Estimation for credit losses	-	-	7,577	10,572
Impairment estimate		14,896	-	-
Fuels and energy	44,258	39,811	14,849	17,539
Wages, salaries and benefits	67,319	48,065	17,475	17,073
External service expenses	23,671	19,528	8,796	10,144
Maintenance	18,314	15,381	18,248	22,469
Depreciation and amortization	38,888	34,827	7,027	6,139
Insurance and sureties	1,943	2,236	2,982	4,426
PTU	6,134	8,417	1,534	2,104
Total	$ 1,420,185	$ 1,189,332	$ 175,314	$ 196,291

17. Contingencies

As of December 31st 2020, the Company presents the following contingencies:

a) The Company is involved in various lawsuits and claims, derived from the normal course of its operations, which are expected not to have a material effect on its financial position and future operating incomes.

b) In accordance with current tax legislation, the authorities have the power to review up to five fiscal years prior to the last income tax return filed.
The Company is involved in three nullity lawsuits for the concept of audit of fiscal years of operations held between related parties of the Income Tax Law (LISR) for the years 2006 for the amount of $ 86,630 which includes an amount of $ 9,242 of additional PTU to be distributed, 2007 for the amount of $ 52,354, which includes an amount of $ 4,781 of additional PTU to be distributed, 2008 for the amount of $ 59,366, which includes an amount of $ 7,459 of additional PTU to be distributed, the above derived from the resolutions of tax credits and resolutions to the appeal for revocation previously filed.

   In relation to the three cases mentioned above, nullity claims were filed on April 25th 2017, March 24th 2017, and April 21st 2017, respectively, all of the above before the Federal Court of Administrative Justice, whereby both the decision determining the tax credit and the resolution of the appeal for revocation of each case issued by the Tax Administration Service (SAT) were challenged.

   In addition to the above, on February 8th 2018, the company filed before the First Metropolitan Regional Chamber of the Federal Administrative Court of Justice an incident of accumulation of Trials so that the three lawsuits initiated are accumulated as one, the referred Chamber resolved that the accumulation of lawsuits on June 1st 2018 was appropriate.

   As of the issuance date of these financial statements, the summary judgment has not been resolved, so it is estimated that for the second quarter of fiscal year 2021, the resolution of the same could be obtained, The Company and its legal advisors consider that they have the possibility of obtaining Favorable resolution of the Summary Trial.

18. Powers of Review

a) In accordance with the Income Tax Law, companies that carry out operations with related parties are subject to limitations and tax obligations, regarding the determination of the agreed prices, since these must be comparable to those that would be used with or between independent parties in comparable transactions.

In the event that the tax authorities review the prices and reject the determined amounts, they could demand, in addition to the collection of the corresponding tax and accessories (updating and surcharges), fines on the omitted contributions, which could be up to 100% on the updated amount of contributions.

b) On December 1st 2012, the amendments to the Federal Labor Law entered into force, which may have an implication within the financial positon of the Company, which can range from a disclosure in the financial statements to the recognition of an additional liability for employee profit sharing or for another liability related to the provision of employee services. As of December 31st 2020, the Company's management evaluated the impact of said reforms on its financial information and concluded that these do not have an impact at the end of the 2020 fiscal year; however this situation could change in the future, so that the Administration will continue to evaluate the impacts of said reform.

19. Subsequent events

As of the issuance date of these financial statements, a health emergency situation is being experienced in several countries of the world, including Mexico, for which the authorities of the country have issued certain restrictions for trade and industry, but these restrictions are not affecting the company because it belongs to the pharmaceutical chemical sector, which together with others are considered by the same authorities as Essential within this health emergency, so there is no imminent impact, but the possible consequences will continue to be evaluated during the 2021 fiscal year.

蘇州信聯會計師事務所

SUZHOU XINLIAN CERTIFIED PUBLIC ACCOUNTANTS CO., LTD.

CPA

報告書

REPORT

蘇州信聯會計師事務所
SUZHOU XINLIAN CERTIFIED PUBLIC ACCOUNTANTS CO.,LTD.
地址: 昆山开发区(长江中路177号 新都银座3号楼十九层01号
ADD: Room 01 F19,Block 3, New Capital Ginza, 177 Middle Changjiang Road, Kunshan Economic and Technical Development Zone
電話(TEL): 0512-57310554 傳真(FAX): 0512-57310640
郵編(POST): 215300

Audit Report

S.X.K.S.Z. (2021) No. 209

All Shareholders of KUNSHAN ROTAM REDDY PHARMACEUTICAL CO., LTD.:

I. Audit Opinion

We have audited the attached financial statements of KUNSHAN ROTAM REDDY PHARMACEUTICAL CO., LTD. (hereinafter referred to as the "Company"), including the consolidated balance sheet as of December 31, 2020, the consolidated income statement, the consolidated cash flow statement, and the consolidated statement of changes in owners' equity for 2020, as well as the notes to the financial statements.

In our opinion, the attached financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises, and present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2020, as well as the consolidated operating results and cash flows for 2020.

II. Basis for Forming an Audit Opinion

We conducted our audit in accordance with the Auditing Standards for Chinese Certified Public Accountants. Our responsibilities under those standards are further described in the "Certified Public Accountants' Responsibilities for the Audit of Financial Statements" of our report. We are independent of the Company in accordance with the China Code of Ethics for Certified Public Accountants (hereinafter referred to as the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate for providing a basis for our audit opinion.

III . Responsibilities of Management and Those Charged With Governance of the Financial Statements

The Company's management (hereinafter referred to as the "Management") is responsible for preparing and making a fair presentation of financial statements in accordance with the Accounting Standards for Business Enterprises, and designing, implementing and maintaining necessary internal controls to ensure the financial statements are free from material misstatements, whether due to fraud or error.

In preparing the financial statements, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to the going concern and using the going concern basis of accounting unless the 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.

IV. Certified Public Accountants' 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 audit report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a

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guarantee that an audit conducted in accordance with the 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 may 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 the auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

(I) 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.

(II) 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.

(III) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management.

(IV) Conclude on the appropriateness of the 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 audit 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 audit report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

We communicated 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 identified during our audit.

Suzhou Xinlian Certified Public Accountants Co., Ltd.

Kunshan, China

Chinese CPA: 中国注册会计师 范志龙 ...03030001
(signature and seal)

Chinese CPA: 中国注册会计师 刘俊锋 320503030012
(signature and seal)

Mar6, 2021

Consolidated Balance Sheet

Form AF-01

As at December 31, 2020

Unit: RMB Yuan

Name of Enterprise: KUNSHAN ROTAM REDDY PHARMACEUTICAL CO., LTD.

Item	Line No.	Closing balance	Opening balance	Item	Line No.	Closing balance	Opening balance
Current assets:	01			Current liabilities:	65		
Cash and cash equivalents	02	161,223,247.37	82,528,345.73	Short-term loans	66		
Settlement reserves	03			Borrowings from the central bank	67		
Lending to banks and other finanical institutions	04			Deposits absorbed and due to banks and other financial institutions	68		
Transactional financial assets	05			Borrowings from banks and other financial institutions	69		
Notes receivable	06	181,765,045.96	205,841,640.74	Transactional finanical liabilities	70		
Accounts receivable	07	151,687,251.63	135,352,658.67	Notes payable	71		
Advance payment	08	51,017,644.40	59,032,959.21	Accounts payable	72	98,999,522.47	90,929,439.72
Premium receivable	09			Advance receipt	73	424,213.01	1,146,168.24
Reinsurance accounts receivable	10			Financial assets sold for repurchase	74		
Reinsurance contract reserves receivable	11			Fees and commissions payable	75		
Interest receivable	12			Payroll payable	76	11,874,482.46	62,264,950.21
Other receivables	13	23,845,682.47	19,080,244.78	Including: wages payable	77	11,023,122.84	61,413,590.59
Redemptory monetary capital for sale	14			Benefits payable	78	851,359.62	851,359.62
Inventories	15	145,219,036.97	115,595,328.73	Including: staff and workers' bonus and welfare fund	79	851,359.62	851,359.62
Including: raw materials	16	30,431,851.19	36,438,962.18	Taxes and dues payable	80	8,826,283.28	23,760,581.08
Stock goods	17	39,294,894.85	29,283,633.28	Including: taxes payable	81	8,424,541.97	23,563,558.95
Non-current assets due within one year	18			Interest payable	82		
Other current assets	19	1,331,679.45		Other payables	83	98,962,473.88	39,247,409.94
Total current assets	20	716,089,588.25	617,431,177.86	Dividend payable for reinsurance	84		
Non-current assets:	21			Insurance contract reserve fund	85		
Loans and advance issued	22			Securities underwriting brokerage deposits	86		
Financial assets available for sale	23			Customer brokerage deposits	87		
Held-to-maturity investments	24			Non-current liabilities due within one year	88		
Long-term receivables	25			Other current liabilities	89	22,806,337.99	23,604,811.08
Long-term equity investments	26			Total current liabilities	90	241,893,3*3.09	240,953,360.27
Investment real estates	27			Non-current liabilities:	91		
Fixed assets- cost	28	84,496,875.11	75,159,138.21	Long-term loans	92		
Less: accumulated depreciation	29	46,103,404.78	41,863,312.84	Bonds payable	93		
Net value of fixed assets	30	38,393,470.33	33,295,825.37	Long-term payables	94		
Less: provision for impairment of fixed assets	31			Special payable	95		
NBV of fixed assets	32	38,393,470.33	33,295,825.37	Accrued liabilities	96		
Construction in progress	33	12,740,478.82	4,106,547.12	Deferred tax liabilities	97		

Consolidated Balance Sheet

Form AF-01

Unit: RMB Yuan

As at December 31, 2020

Name of Enterprise: KUNSHAN ROTAM REDDY PHARMACEUTICAL CO., LTD.

Item	Line No.	Closing balance	Opening balance	Item	Line No.	Closing balance	Opening balance
				Other non-current liabilities	98		
Project materials	34			Including: special reserve fund	99		
Liquidation of fixed assets	35			Total non-current liabilities	100		
Productive biological assets	36			Total liabilities	101	241,893,313.09	240,953,360.27
Oil and gas assets	37			Owner's equity (or shareholder's equity):	102		
Intangible assets	38	3,867,850.11	3,968,578.06	Paid-in cpaital (stock)	103	203,166,636.15	153,166,636.15
Development expenditure	39			National capital	104		
Goodwill	40			Collective capital	105		
Long-term deferred expenses	41	8,186,913.05	6,607,259.35	Legal person's capital	106		
Deferred tax assets	42	5,601,051.71	11,026,394.06	Including: state-owned legal person's capital	107		
Other non-current assets	43			Collective legal person's capital	108		
Including: specially approved reserving materials	44			Personal capital	109		
Total non-current assets	45	68,789,764.02	59,004,603.96	Foreign capital	110	203,166,636.15	153,166,636.15
	46			Less: investment returned	111		
	47			Net paid-in capital (or stock)	112	203,166,636.15	153,166,636.15
	48			Capital reserve	113	-1,971,221.64	-1,971,221.64
	49			Less: treasury stock	114		
	50			Special reserve	115		
	51			Surplus reserve	116	14,069,151.73	8,513,596.17
	52			Including: statutory surplus reserve	117		
	53			Discretionary surplus reserve	118		
	54			Reserve fund	119	14,069,151.73	8,513,596.17
	55			Enterprise development fund	120		
	56			Profit capitalized on return of investments	121		
	57			Gneral risk provision	122		
	58			Retained earnings	123	327,721,472.94	275,773,410.87
	59			Translation reserve	124		
	60			Total owner's equity attributable to owners of parent company	125	542,986,039.18	435,482,421.55
	61			Minority interest	126		
	62			Total owner's equity	127	542,986,039.18	435,482,421.55
	63						
Total assets	**64**	**784,879,352.27**	**676,435,781.82**	**Total liabilities and owner's equity**	**128**	**784,879,352.27**	**676,435,781.82**

Consolidated Income Statement

Form AF-02

Name of Enterprise: KUNSHAN ROTAM REDDY PHARMACEUTICAL CO., LTD.

For the Year 2020

Unit: RMB Yuan

Item	Line No.	Current period	Prior period	Item	Line No.	Current period	Prior period
I Total operating income	01	790,734,517.15	772,905,389.40	Add: Income from changes in fair value (losses expressed with "-")	30		
Including: operating income	02	790,734,517.15	772,905,389.40	Investment income (losses expressed with "-")	31		
Including: income from main business	03			Including: income from associates	32		
Income from other businesses	04			Exchange gains (losses expressed with "-")	33		
Interest income	05			III Operating profit (losses expressed with "-")	34	149,465,542.21	107,290,548.03
Earned premium	06			Add: non-operating income	35	295,135.23	612,083.70
Fee and commission income	07			Including: income from disposal of non-current assets	36		
II Total operating costs	08	641,268,974.94	665,614,841.37	Income from non-monetary assets swap	37		
Including: operating costs	09	170,112,237.73	167,286,026.46	Government subsidies	38	42,260.00	294,840.00
Including: costs main business	10			Gains on debt restructuring	39		
Cost of other businesses	11			Less: non-operating expenses	40	3,871,443.38	5,392,751.17
Interest expenses	12			Including: losses on disposal of non-current assets	41		
Fee and commission expenses	13			Losses on non-monetary assets swap	42		
Loan value	14			Losses on debt restructuring	43		
Net payment for insurance claims	15			IV Income before tax (losses expressed with "-")	44	145,889,234.06	102,509,880.56
Net amount of reserves for reinsurance contract	16			Less: income tax expenses	45	38,385,616.43	32,924,321.98
Expenditures dividend policy	17			V Net profit (net losses expressed with "-")	46	107,503,617.63	69,585,558.58
Reinsurance costs	18			Net profit attributable to owners' of parent company	47	107,503,617.63	69,585,558.58
Business tax and surcharges	19	8,289,308.30	8,802,582.96	Minority interest	48		
Selling expenses	20	391,655,626.80	384,749,164.29	VI EPS	49		
Overhead expenses	21	72,554,419.95	102,711,761.11	Basic EPS	50		
Including: business entertainment expenses	22			Diluted EPS	51		
R&D expenses	23	45,243,582.36	71,925,336.59	VII Other comprehensive income	52		
Financial expenses	24	-1,513,824.71	1,850,190.79	VIII Total comprehensive income	53	107,503,617.63	69,585,558.58
Including: interest expenses	25			Total comprehensive income attributable to owners' of parent company	54	107,503,617.63	69,585,558.58
Interest income	26	656,067.53	2,603,401.93	Total comprehensive income attributable to minority shareholders	55		
Net exchange loss (net income expressed with "-")	27	-939,233.42	871,571.94				
Assets impairment loss	28						
The disposal income	29	-117,845.30	-189,622.24				

Consolidated Cash Flow Statement

For the Year 2020

Name of Enterprise: KUNSHAN ROTAM REDDY PHARMACEUTICAL CO., LTD. | Form AF-03

Item	Line No.	Current period	Prior period	Item	Line No.	Current period	Prior period
1. CASH FLOWS FROM OPERATING ACTIVITIES	1			Sub-total of cash outflows	21	30,888,142.58	18,446,132.65
Cash received from sale of goods or rendering of services	2	895,914,396.59	822,537,232.10	Net cash flows from investing activities	22	-30,857,995.44	-18,441,856.15
Refund of taxes and dues	3			3. CASH FLOWS FROM FINANCING ACTIVITIES	23		
Other cash received relating to operating activities	4	4,064,411.89	6,193,187.04	Cash received from capital contribution	24		
Sub-total of cash inflows	5	899,978,808.48	828,730,419.14	Cash received from borrowings	25		
Cash paid for goods and services	6	223,283,615.90	191,583,200.52	Other cash received relating to financing activities	26		
Cash paid to and on behalf of employees	7	116,354,528.86	169,083,964.85	Sub-total of cash inflows	27		
Payment of taxes and dues	8	118,067,313.46	120,910,757.74	Cash repayment of amounts borrowed	28		
Other cash paid relating to operating activities	9	333,659,686.60	337,808,517.93	Cash payment for interest expenses and distribution of dividends or profit	29		75,771,005.97
Sub-total of cash outflows	10	791,365,144.82	819,386,441.04	Other cash payment relating to financing activities	30		
Net cash flows from operating activities	11	108,613,663.66	9,343,978.10	Sub-total of cash outflows	31		75,771,005.97
2. CASH FLOWS FROM INVESTING ACTIVITIES	12			Net cash flows from financing activities	32		-75,771,005.97
Cash received from disposal of investments	13			4. EFFECT OF FOREIGN EXCHANGE RATE CHANGES ON CASH	33	939,233.42	-871,571.94
Cash received from returns on investments	14			5. Net increase/ decrease in cash and cash equivalents	34	78,694,901.64	-85,740,455.96
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	15	30,147.14	4,276.50	Closing balance of cash	35	161,223,247.37	82,528,345.73
Other cash received relating to investing activities	16			Less: opening balance of cash	36	82,528,345.73	168,268,801.69
Sub-total of cash inflows	17	30,147.14	4,276.50	Add: closing balance of cash equivalents	37		
Cash paid to acquire fixed assets, intangible assets and other long-term assets	18	30,888,142.58	18,446,132.65	Less: opening balance of cash equivalents	38		
Cash paid to acquire investments	19			Net increase/ decrease in cash and cash equivalents	39	78,694,901.64	-85,740,455.96
Other cash payment relating to investing activities	20						

Consolidated Statement of Changes in Owner's Equity

For the Year 2020

Form AF-04

ne of Enterprise: KUNSHAN ROTAM REDDY PHARMACEUTICAL CO., LTD.

Unit: RMB Yuan

Item	Line No.	Current year										
		Owner's equity attributable to owners of parent company									Minority interest	Total owner's equity
		Paid-in capital (or stock)	Capital reserve	Less: treasury stock	Special reserve	Surplus reserve	General risk provision	Retained earnings	Othe rs	Sub-total		
osing balance of prior year	01	153,166,636.15	-1,971,221.64			8,513,596.17		275,773,410.87		435,482,421.55		435,482,421.55
Add: changes in accounting policies	02											
Early error correction	03											
)pening balance of current year	04	153,166,636.15	-1,971,221.64			8,513,596.17		275,773,410.87		435,482,421.55		435,482,421.55
Changes in current year (decrease expressed with "-")	05	50,000,000.00				5,555,555.56		51,948,062.07		107,503,617.63		107,503,617.63
Net profit	06							107,503,617.63		107,503,617.63		107,503,617.63
Gains and losses recorded directly into the owner's equity	07											
Net change in fair value of financial assets available for sale	08											
Impact of changes in other owner's equity of investee under the equity thod	09											
Impact of income tax related to owner's equity items	10											
Others	11											
ıb-total of net profit and the gains and losses recorded directly into	12											
Capital contributed and reduced by owner	13											
Capital contributed by owner	14											
Amount of share-based payment recorded into the owner's equity	15											
Others	16											
Withdrawal and use of special reserve	17											
1 Special reserve drawn	18											
2 Special reserve used	19											
Profit distribution	20					5,555,555.56		-55,555,555.56		-50,000,000.00		-50,000,000.00
1 Surplus reserve drawn	21					5,555,555.56		-5,555,555.56				
Including: statutory surplus reserve	22											
Discretionary surplus reserve	23											
Reserve fund	24					5,555,555.56		-5,555,555.56				
Enterprise development fund	25											
Profit capitalized on return of investments	26											
.2 General risk provision drawn	27											
.3 Distribution to owners (or shareholders)	28							-50,000,000.00		-50,000,000.00		-50,000,000.00
.4 Others	29											
. Internal carry-forward of owenr's equity	30	50,000,000.00								50,000,000.00		50,000,000.00
.1 Capitalized capital reserve	31											
.2 Capitalized surplus reserve	32											
.3 Loss made up with surplus reserve	33											
.4 Others	34	50,000,000.00										
√ Closing balance of current year	35	203,166,636.15	-1,971,221.64			14,069,151.73		327,721,472.94		542,986 039.18		542,986,039.18

C Statement of Changes in Owner's Equity

For the Year 2020

Form AF-04
Unit: RMB Yuan

ne of Enterprise: KUNSHAN ROTAM REDDY PHARMACEUTICAL CO.

Item	Line No.	Prior period										
		Owner's equity attributable to owners of parent company									Minority interest	Total owner's equity
		Paid-in capital (or stock)	Capital reserve	Less: treasury stock	Special reserve	Surplus reserve	General risk provision	Retained earnings	Othe rs	Sub-total		
osing balance of prior year	01	153,166,636.15	-1,971,221.64					291,323,814.05		442,519,228.56		442,519,228.56
Add: changes in accounting policies	02											
Early error correction	03											
pening balance of current year	04	153,166,636.15	-1,971,221.64					291,323,814.05		442,519,228.56		442,519,228.56
hanges in current year (decrease expressed with "-")	05					8,513,596.17		-15,550,403.18		-15,550,403.18		-15,550,403.18
let profit	06							69,585,558.58		69,585,558.58		69,585,558.58
ains and losses recorded directly into the owner's equity	07											
Net change in fair value of financial assets available for sale	08											
Impact of changes in other owner's equity of investee under the equity	09											
Impact of income tax related to owner's equity items	10											
Others	11											
-total of net profit and the gains and losses recorded directly into	12											
apital contributed and reduced by owner	13											
Capital contributed by owner	14											
Amount of share-based payment recorded into the owner's equity	15											
Others	16											
Vithdrawal and use of special reserve	17											
Special reserve drawn	18											
Special reserve used	19											
Profit distribution	20					8,513,596.17		-85,135,961.76		-76,622,365.59		-76,622,365.59
Surplus reserve drawn	21					8,513,596.17		-8,513,596.17				
Including: statutory surplus reserve	22											
Discretionary surplus reserve	23											
Reserve fund	24					8,513,596.17		-8,513,596.17				
Enterprise development fund	25											
Profit capitalized on return of investments	26											
General risk provision drawn	27											
Distribution to owners (or shareholders)	28							-75,771,005.97		-75,771,005.97		-75,771,005.97
Others	29							-851,359.62		-851,359.62		-851,359.62
Internal carry-forward of owenr's equity	30											
Capitalized capital reserve	31											
Capitalized surplus reserve	32											
Loss made up with surplus reserve	33											
Others	34											
Closing balance of current year	35	153,166,636.15	-1,971,221.64			8,513,596.17		275,773,410.87		435,482,421.55		435,482,421.55

I. Company Profile

KUNSHAN ROTAM REDDY PHARMACEUTICAL CO., LTD. was established upon approval of the People's Government of Jiangsu Province through the approval certificate (Wai Jing Mao Su Fu Zi (1993) No.17200). It obtained a Corporate Business License (Qi He Su Su Zong Zi No.004380) issued by Jiangsu Suzhou Administration for Industry& Commerce on December 31, 1993. It exchanged for an Approval Certificate (Shang Wai Zi Su Fu Zi Zi (1993) No.17200) on March 30, 2006, and received a Corporate Business License (Qi He Su Kun Zong Zi No.000188) exchanged by Jiangsu Suzhou Administration for Industry& Commerce on May 30, 2006. Later, it exchanged for a Corporate Business License (Registration No.320583400001855) issued by Jiangsu Suzhou Administration for Industry& Commerce in 2008. After three certificates and replacement for unified social credit code 91320583608278334C of the business license.

The Company was founded with investments contributed by Dr.Reddy's Laboratories Limited (India), Canada Rotam enterprise (Canada) incorporated in British Virgin Islands, and Kunshan Double-Crane Pharmaceutical Co., Ltd. (China), with total investment of USD29.99 million and original registered capital of USD11.00 million. Later, according to the replies (Kun Jing Kai Zi (2004) No.203 and Kun Kai Zi (2006) No.151) of the management committee of Jiangsu Kunshan Economic & Technological Development Zone on February 20, 2004 and March 30, 2006 on the capital increase of KUNSHAN ROTAM REDDY PHARMACEUTICAL CO., LTD. and the provisions of the revised articles of association, the registered capital was increased to USD18.33011 million.

In 1 2018 the shareholders' committee resolution and after modification, the company's articles of association rules, the company shareholders kunshan double crane pharmaceutical co., LTD will transfer the entire 0.95% stake in the company to the dragon lantern international trade (kunshan) co., LTD.

2020-06-28 according to the board of Directors'resolution, the company applied for a capital increase of US $7,086,670, of which: India Reddy Pharmaceutical Co. , Ltd. transferred the capital increase of US $3,637,590 to profit; Virgin Islands Canadian Longdeng Industrial Co. , Ltd. is increased by US $3.381.76 million in profit; Rotam International Trade (Kunshan) Co. , Ltd. is increased by US $67.32 million in profit, with total investment of US $40 million after change, registered capital of US $25.41678 million and paid in capital of US $25.41678 million. (05830078) registration of change (2020) No. 07160002 of the registration of change of a foreign-invested company issued by the Kunshan Market Supervision Authority on 21 July 2020 and renewed on 21 July 2020.

Business scope: production and marketing of drugs and medical devices; Sales of food and cosmetics; Business information consultation; And provide after-sales service and related technical consultation; Conference services, Business Management Consulting.

II. Principal Accounting Policies

1. Accounting system

The Company implements the *Accounting System for Business Enterprises*.

2. Fiscal year

A fiscal year of the Company is from January 1 to December 31 of the Gregorian calendar.

3. Accounting principle and valuation basis

Accounts are kept on the accrual basis and at the actual cost.

4. Functional currency for bookkeeping and foreign currency translation

RMB is taken as the functional currency for bookkeeping. A foreign currency business incurred will be recorded after being translated into RMB at the market exchange rate published by the People's Bank of China on the first day of that month. At the end of the period, an adjustment will be made to the foreign currency balance of the foreign currency account at the market exchange rate on that day, and the difference will be recorded into the income statement of the current period.

5. Business combination

① Business combination under the same control

In case of business combination under the same control during the reporting period, the equity combination method shall be adopted for accounting treatment. The assets and liabilities acquired by the combining party in the business combination shall be measured according to the book value of the combined party in the final controlling party's consolidated financial statements on the combination date. The difference between the book value of the net assets obtained by the combining party and the book value of the consideration paid by the combining party shall be used to adjust the capital reserve; if the capital reserve is insufficient to offset, the retained earnings shall be adjusted. The direct related expenses incurred by the combining party for business combination, including audit fees, evaluation fees, legal service fees, etc., shall be included in the current profits and losses when they occur. The handling charges and commissions paid for the bonds issued for business combination or other debts shall be included in the initial measurement amount of the bonds and other debts issued. The handling charges and commissions incurred in the issuance of equity securities in business combination shall be used to offset the premium income of equity securities. If the premium income is not enough to offset, the retained earnings shall be offset. If a parent subsidiary relationship is formed in a business combination, the consolidated financial statements shall be prepared in accordance with the accounting policy of "consolidated financial statements" formulated by the company; the period of adjustment of comparative data in the consolidated financial statements shall not be earlier than the later one when the combining party and the merged party are under the control of the ultimate controlling party.

② Business combination not under the same control

In case of business combination not under the same control during the reporting period, the purchase method shall be adopted for accounting treatment. The merger cost shall be determined according to the following situations:

(1) For a business combination realized by an exchange transaction, the combination cost is the fair value of the assets paid, the liabilities incurred or assumed and the equity securities issued to obtain the control over the acquiree on the purchase date.

(2) For business combination realized by multiple exchange transactions step by step, for the equity of the acquiree held before the purchase date, the relevant accounting treatment is carried out by distinguishing individual financial statements and consolidated financial statements: ① in individual financial statements, the sum of the book value of the original equity investment of the acquiree plus the sum of the new investment cost shall be regarded as the initial investment to be accounted by the cost method instead Cost; other comprehensive income recognized by equity method for equity investment held before the purchase date shall be accounted on the same basis as the direct disposal of related assets or liabilities by the acquiree when disposing the investment. If the equity investment held before the purchase date is accounted in accordance with the relevant provisions of accounting standards for Business Enterprises No. 22 - recognition and measurement of financial instruments, the change in the accumulated fair value originally included in other comprehensive income shall be transferred to the current profit and loss when the accounting is changed to the cost method. ② In the consolidated financial statements, the equity of the acquiree held before the purchase date shall be re measured according to the fair value of the equity on the purchase date, and the difference between the fair value and the book value shall be included in the current investment income; if the equity held by the acquiree before the purchase date involves other comprehensive income under the equity method accounting, other comprehensive income related to it, etc The investment income of the current period on the purchase date is converted. The company disclosed in the notes the fair value of the equity of the acquiree held before the purchase date on the purchase date and the relevant gains or losses arising from the remeasurement of the equity at fair value.

The intermediary expenses such as audit, legal services, evaluation and consultation and other related management expenses incurred for the business combination shall be included in the current profit and loss when they occur; the transaction expenses of equity securities or debt securities issued as consideration for merger shall be included in the initial recognition amount of equity securities or debt securities.

If the future matters which may affect the merger cost are agreed in the merger contract or agreement, if the purchase date estimates that the future events are likely to occur and the amount of influence on the merger cost can be reliably measured, it shall be included in the combination cost.

The assets paid, liabilities incurred or assumed as consideration for business combination shall be measured at fair value on the purchase date. The difference between the fair value and its book value shall be included in the current profit and loss.

The company allocates the combined cost on the purchase date, and confirms the identifiable assets, liabilities and contingent liabilities of the acquiree obtained according to the provisions.

(1) The difference between the combination cost and the fair value of the acquiree's identifiable net assets obtained in the combination is recognized as goodwill.

(2) If the merger cost is less than the fair value share of the acquiree's identifiable net assets obtained in the merger, the fair value of the acquiree's identifiable assets, liabilities and contingent liabilities obtained and the measurement of the merger cost shall be reviewed; if the merger cost is still less than the fair value share of the acquiree's identifiable net assets obtained in the merger after review, the difference shall be determined Included in the current profit and loss.

Where a parent subsidiary relationship is formed by a business combination, the parent company shall set up a memo book to record the fair value of the identifiable assets, liabilities and contingent liabilities of the subsidiary obtained in the business combination on the purchase date. When preparing the consolidated financial statements, the subsidiary's financial statements shall be adjusted on the basis of the fair value of the identifiable assets, liabilities and contingent liabilities determined on the purchase date, and shall be implemented in accordance with the "consolidated financial statements" accounting policy formulated by the company.

6. The preparation method of consolidated financial statements

(1) Scope of consolidation

The consolidation scope of the consolidated financial statements is determined on the basis of control, including the annual financial statements of the company and all its subsidiaries. Subsidiary refers to the subject controlled by the company (including the divisible part of the enterprise and the invested unit, as well as the structured subject controlled by the company). Control means that the investor has the right to the investee, enjoys variable return by participating in the relevant activities of the investee, and has the ability to use the right to the investee to influence the amount of return.

(2) The preparation method of consolidated financial statements

The company prepares consolidated financial statements based on the financial statements of itself and its subsidiaries and other relevant information.

In preparing the consolidated financial statements, the company regards the whole enterprise group as an accounting entity, and reflects the overall financial situation, operating results and cash flow of the enterprise group in accordance with the recognition, measurement and presentation requirements of relevant accounting standards for business enterprises and unified accounting policies.

When preparing the consolidated financial statements, if the accounting policies or accounting periods adopted by the subsidiary and the company are inconsistent, necessary adjustments shall be made to the financial statements of the subsidiary in accordance with the accounting policies and accounting periods of the company. For the subsidiaries acquired by business combination not under the same control, the financial statements are adjusted on the basis of the fair value of the identifiable net assets on the purchase date.

(3) Presentation of minority shareholders' equity and profit and loss

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The shares of the owner's equity of a subsidiary that do not belong to the parent company are listed as minority shareholders' equity under the owner's equity item in the consolidated balance sheet as "minority shareholders' equity".

The share of minority shareholders' equity in the current net profit and loss of the subsidiary is listed as "minority shareholders' profit and loss" under the net profit item in the consolidated income statement.

7. Accounting treatment of inventories

The raw materials and finished products will be recorded by the actual cost method when going into the warehouse, and be recorded at the weighted average unit price when being issued.

8. Bad debt provision

Accounts receivable and the bad debt provision of other receivables will be drawn at 0.2% of the closing balance.

9. Fixed assets and depreciation

A fixed asset will be recorded at the actual cost of acquisition, and be depreciated by the straight-line method, with the salvage value rate of 10%. See below for details about the depreciation of a variety of fixed assets:

Classification	Depreciation period (year)	Annual depreciation rate (%)
(1) Buildings and structures	20	4.5
(2) Machinery& equipment	10	9
(3) Transportation facilities	5	18
(4) Instrumentation equipment	5	18
(5) Electronic office equipment	5	18
(6) Other equipment	5	18

10. The intangible assets mainly consisted of the land use rights, which were to be amortized throughout the benefit period of 50 years.

11. The long-term deferred expenses mainly consisted of the other deferred expenses, which were to be amortized throughout the benefit period.

12. Employee compensation

The term "employee compensation" refers to all kinds of payments and other relevant expenditures given by the Company in exchange of the services offered by the employees, including the wages, bonuses, allowances and subsidies for employees, benefits for employees, medical insurance, endowment insurance, unemployment insurance, work-related injury insurance, maternity insurance and other social insurances, housing provident fund, trade union fund and personal education, non-monetary welfare, compensations for the cancellation of the labor relationship with the employees, and other relevant expenditures in exchange of services offered by the employees, etc.

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13. Recognition of prime operating revenue

Sale of products

The revenue from sale of products will not be recognized until the main risks and rewards of the products have been transferred to the buyer, the Company retains neither the continuous management right, which usually connects with the ownership, nor control over the products sold, and the relevant costs incurred or to be incurred can be measured reliably.

14. Income tax

The income tax consists of the current income tax and deferred income tax.

The Company records the income tax by the balance sheet liability method, and confirms the impact of temporary difference on the income tax. The Company calculates the taxable temporary difference and deductive temporary difference according to the carrying amount and tax base of the assets and liabilities, and confirms the corresponding deferred tax assets and liabilities.

III. Tax Rates

VAT: tax rate: 13%/6%

Educational surcharges: calculated and paid at 3% of the "three taxes"

Local educational surcharges: calculated and paid at 2% of the "three taxes"

Urban maintenance and construction tax: calculated and paid at 7% of the "three taxes"

Enterprise income tax: applicable tax rate: 25%

IV. Notes to Balance Sheet Items

1. Cash and cash equivalents:

Item	As of December 31, 2020	As of December 31, 2019
Cash	39,297.27	31,867.77
Bank deposits	161,183,950.10	82,496,477.96
Sub-total	161,223,247.37	82,528,345.73

2. Notes receivable:

Item	As of December 31, 2020	As of December 31, 2019
Bank's acceptance bills	181,765,045.96	205,841,640.74

3. Accounts receivable:

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(1)Item	As of December 31, 2020	As of December 31, 2019
Trade receivable	151,988,736.65	135,623,906.48
Less: bad debt provision	301,485.02	271,247.81
Sub-total	151,687,251.63	135,352,658.67

(2)Aging structure	As of December 31, 2020	As of December 31, 2019
Less than 1 year	151,988,736.65	135,623,906.48
Sub-total	151,988,736.65	135,623,906.48

4. Advance payments:

(1)Item	As of December 31, 2020	As of December 31, 2019
Payment for equipment engineering	13,945,952.91	5,832,632.00
Materials	17,891,308.17	4,741,191.30
Expenses	19,180,383.32	48,459,135.91
Sub-total	51,017,644.40	59,032,959.21

(2)Aging structure	As of December 31, 2020	As of December 31, 2019
Less than 1 year	42,654,509.38	58,097,586.21
1-2 years	7,660,190.02	180,588.00
2-3 years	23,160.00	347,080.00
3 years above	679,785.00	407,705.00
Sub-total	51,017,644.40	59,032,959.21

5. Other receivables:

(1)Item	As of December 31, 2020	As of December 31, 2019
Internal current accounts	27,000.00	27,000.00
Imprest	200,534.09	1,780,719.64
Deposit	242,551.26	-
Advance	17,503,134.65	11,282,062.10
Others	5,903,755.32	6.028,700.00
Sub-total	23,892,951.32	19,118,481.74
Less: bad debt provision	47,268.85	38,236.96
Other receivables	23,845,682.47	19,080,244.78

(2)Aging structure	As of December 31, 2020	As of December 31, 2019
Less than 1 year	17,635,827.05	13,625,218.97
1-2 years	1,513,552.22	4,873,481.77

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2-3 years	4,733,572.05	609,781.00
3 years above	10,000.00	10,000.00
Sub-total	23,892,951.32	19,118,481.74

6. Inventories:

Item	As of December 31, 2020	As of December 31, 2019
Raw materials	29,018,401.84	35,150,721.35
Wrappage	1,413,449.35	1,288,240.83
Work-in-process	5,783,618.96	2,861,170.62
Semi-finished products	69,708,671.97	47,011,562.65
Finished products	39,294,894.85	29,283,633.28
Sub-total	145,219,036.97	115,595,328.73

7. Fixed assets:

Item	Opening balance	Increase in current year	Amortization in current year	Closing balance
Original value:				
Buildings and structures	31,896,077.80	166,081.75	-	32,062,159.55
Machinery& equipment	22,231,633.40	6,173,105.30	48,551.45	28,356,187.25
Transportation facilities	1,871,036.69	391,816.38	-	2,262,853.07
Instrumentation equipment	11,656,874.09	2,251,701.77	7,000.00	13,901,575.86
Electronic office equipment	5,927,673.25	851,870.41	484,622.11	6,294,921.55
Other equipment	1,575,842.98	45,044.25	1,709.40	1,619,177.83
Sub-total	75,159,138.21	9,879,619.86	541,882.96	84,496,875.11
Accumulated depreciation:				
Buildings and structures	19,376,540.69	704,416.75	-	20,080,957.44
Machinery& equipment	8,998,733.05	2,062,321.53	40,968.48	11,020,086.10
Transportation facilities	1,344,672.03	149,804.47	-	1,494,476.50
Instrumentation equipment	8,524,679.81	330,405.60	6,300.00	8,848,785.41

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Electronic office equipment	2,607,081.72	1,273,519.59	345,083.58	3,535,517.73
Other equipment	1,011,605.54	113,514.52	1,538.46	1,123,581.60
Sub-total	41,863,312.84	4,633,982.46	393,890.52	46,103,404.78
Fixed assets, net:				
Buildings and structures	12,519,537.11	--	--	11,981,202.11
Machinery& equipment	13,232,900.35	--	--	17,336,101.15
Transportation facilities	526,364.66	--	--	768,376.57
Instrumentation equipment	3,132,194.28	--	--	5,052,790.45
Electronic office equipment	3,320,591.53	--	--	2,759,403.82
Other equipment	564,237.44	--	--	495,596.23
Sub-total	33,295,825.37	--	--	38,393,470.33

8. Construction in progress:

Item	Opening balance	Increase in current year	Amortization in current year	Closing balance
New Workshop Engineering	4,106,547.12	8,633,931.70	-	12,740,478.82
Sub-total	4,106,547.12	8,633,931.70	-	12,740,478.82

9. Intangible assets :

Item	Opening balance	Increase in current year	Amortization in current year	Closing balance
Land use right	3,250,300.05	-	133,573.92	3,116,726.13
software	718,278.01	202,287.53	169,441.56	751,123.98
Sub-total	3,968,578.06	202,287.53	303,015.48	3,867,850.11

10. Long-term deferred expenses:

Item	Opening balance	Increase in current year	Amortization in current year	Closing balance
Steam supply system	419,465.63		48,869.76	370,595.87

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Agency fee for product sales	6,187,793.72	2,830,188.60	2,332,539.48	6,685,442.84
Warehouse Renovation		1,233,681.10	102,806.76	1,130,874.34
Sub-total	6,607,259.35	4,063,869.70	2,484,216.00	8,186,913.05

11. Deferred tax assets:

Item	Closing balance		Opening balance	
	Deferred assets	Deductible temporary difference	Deferred tax assets	Deductible temporary difference
Provision for bad debt	87,188.47	348,753.87	70,997.81	283,991.25
Accrued expenses	5,513,863.25	22,055,453.00	5,130,778.25	20,523,113.00
Unpaid wages			5,824,618.00	23,298,472.00
Sub-total	5,601,051.72	22,404,206.87	11,026,394.06	44,105,576.25

12. Accounts payable:

Item	As of December 31, 2020	As of December 31, 2019
Trade payables	98,999,522.47	90,929,439.72
Aging structure	As of December 31, 2020	As of December 31, 2019
Less than 1 year	91,388,839.41	86,299,692.34
1-2 years	3,507,633.67	4,594,703.88
2-3 years	4,083,856.44	15,068.50
3 years above	19,192.95	19,975.00
Sub-total	98,999,522.47	90,929,439.72

13. Payroll payable:

Item	Opening balance	Increase in current year	Amortization in current year	Closing balance
一、Short-term compensation	53,413,590.59	60,780,757.20	103,171,224.95	11,023,122.84
二、Post-exit welfare-setting up plan	-	540,206.33	540,206.33	-
三、Severance package	8,000,000.00	10,717,624.83	18,717,624.83	-
四、Remuneration of other staff and workers	851,359.62	1,181,236.35	1,181,236.35	851,359.62
Sub-total	62,264,950.21	73,219,824.71	123,610,292.46	11,874,482.46

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①、Short-term compensation is shown

Item	Opening balance	Increase in current year	Amortization in current year	Closing balance
一、Salaries, bonuses, allowances and subsidies	53,413,590.59	48,510,990.06	90,901,457.81	11,023,122.84
二、Employee benefits	-	3,026,103.57	3,026,103.57	-
三、Social insurance premium	-	2,137,077.18	2,137,077.18	-
Among them: medical insurance premium	-	1,954,090.44	1,954,090.44	-
Work-related injury insurance	-	21,288.63	21,288.63	-
Maternity insurance	-	161,698.11	161,698.11	-
四、Housing provident fund	-	6,703,797.52	6,703,797.52	-
五、Union funds and staff education funds	-	402,788.87	402,788.87	-
Sub-total	53,413,590.59	60,780,757.20	103,171,224.95	11,023,122.84

②、Set up the storage plan

Item	Opening balance	Increase in current year	Amortization in current year	Closing balance
一、Basic pension insurance	-	511,742.17	511,742.17	-
二、Unemployment insurance	-	28,464.16	28,464.16	-
Sub-total	-	540,206.33	540,206.33	-

14. Taxes and dues payable:

Item	As of December 31, 2020	As of December 31, 2019
VAT payable	2,123,131.87	3,679,644.46
Enterprise income tax payable	5,577,599.99	18,988,417.16
Individual income tax payable	403,996.03	560,412.09
Real estate tax payable	67,966.22	67,966.14
Land use tax payable	9,543.99	9,543.99
Stamp tax payable	15,783.51	13,039.91
Urban maintenance and construction tax payable	241,947.90	257,575.11
Educational surcharges payable	157,065.42	11,722.94

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Local educational surcharges payable	229,248.35	172,259.28
Sub-total	8,826,283.28	23,760,581.08

15. Other payables:

Item	As of December 31, 2020	As of December 31, 2019
Expenses	98,962,473.88	39,247,409.94
Aging structure	As of December 31, 2020	As of December 31, 2019
Less than 1 year	98,642,329.88	38,924,265.94
1-2 years	-	-3,000.00
2-3 years	-3,000.00	15,204.00
3 years above	323,144.00	310,940.00
Sub-total	98,962,473.88	39,247,409.94

16. Other current liabilities:

Item	Closing balance	Opening balance
Estimated Cash discount	6,319,253.00	6,319,253.00
Estimated cost of technical services	15,736,200.00	14,203,860.00
Estimated Others	750,884.99	3,081,698.08
Sub-total	22,806,337.99	23,604,811.08

17. Paid-in capital:

Investor	Opening balance	Increase in current year	Decrease in current year	Closing balance
Dr.Reddy's Laboratories Limited (India)	77,746,692.72	25,665,000.00	-	103,411,692.72
	(USD9,408,642.00	USD3,637,590.00	-	USD13,046,232.00)
Canada Rotam enterprise	73,904,495.93	23,860,000.00	-	97,764,495.93
	(USD8,746,468.00	USD3,381,760.00	-	USD12,128,228.00)
Rotam International Trade(Kunshan) Limited	1,515,447.50	475,000.00	-	1,990,447.50
	(USD175,000.00	USD 67,320.00	-	USD242,320.00)
Sub-total	153,166,636.15	50,000,000.00	-	203,166,636.15
	(USD18,330,110.00	USD7,086,670.00	-	USD25,416,780.00)

KUNSHAN ROTAM REDDY PHARMACEUTICAL CO., LTD. Expressed in RMB unless otherwise stated

18. Capital reserves:

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Foreign currency capital exchange differences	-1,971,221.64	-	-	-1,971,221.64

19. Surplus Reserve

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Reserve fund	8,513,596.17	5,555,555.56	-	14,069,151.73

20. Retained earnings:

Item	Opening balance	Increase in current year	Decrease in current year	Closing balance
Retained earnings	275,773,410.87	107,503,617.63	55,555,555.56	327,721,472.94

V. Notes to Income Statement Items

Item	Current period	Prior period
Operating income	790,734,517.15	772,905,389.40
Operating costs	170,112,237.72	167,286,026.46
Taxes and Additions	8,289,308.30	8,802,582.96
Operating expenses	391,655,626.80	384,749,164.29
Overhead expenses	72,554,419.95	102,711,761.11
Financial expenses	-1,513,824.71	1,850,190.79
Asset impairment losses	53,361.57	25,493.52
The disposal income	-117,845.30	-189,622.24
Non-operating revenue	295,135.23	612,083.70
Non-operating expenses	3,871,443.38	5,392,751.17
Income tax	38,385,616.43	32,924,321.98
Net profit	107,503,617.63	69,585,558.58

VI. Related Party Relationship and Transactions

1. Related party relationship

Name of related enterprise	Place of incorporation	Relationship with the Company	Business nature or type
Dr.Reddy's Laboratories Limited (India)	India	Investor	Limited liability company
Canada Rotam enterprise incorporated in British Virgin Islands	British Virgin Islands	Investor	Limited liability company
Dragon lantern international trade(kunshan) Co., Ltd. (China)	Kunshan	Investor	Limited liability company
DR. Reddy's (wuxi)pharmaceutical Co., Ltd.	Wuxi	Subject to the control of the same ultimate parent company	Limited liability company

Kunshan Longdeng Ruidi Pharmaceutical Co. , Ltd.	Kunshan	Subsidiary Company	Limited liability company

2. Related party transactions

The details of the company's transactions with related parties in the previous and current years are as follows:

(1). Related Party transaction

Name of related enterprise	Content of related party transactions	Current period	Prior period
Dr.Reddy's Laboratories Ltd.	Entrusted Technical Services	-	USD 1,660,000.00
Dr.Reddy's Laboratories Ltd		USD 347,235.00	-
DR. Reddy's (wuxi)pharmaceutical Co., Ltd.	Entrusted Technical Services	-	RMB 15,749,999.47

(2) Balance of receivables and payables

Item	Closing balance as of December 31, 2020	Closing balance as of December 31, 2019
Accounts Payable:		
Dr.Reddy's Laboratories Ltd	USD 20,000.00	-

The following person in charge executes the financial statements:

Principal: Michael. zhang Person in charge of financial affairs: Uday prepared by: Sheping Yang

KUNSHAN ROTAM REDDY PHARMACEUTICAL CO., LTD.

Dec31, 2020

编号 320583000201608180409

营业执照

(副 本)

统一社会信用代码 91320583251263761J (1/1)

名 称	苏州信联会计师事务所有限公司
类 型	有限责任公司
住 所	昆山开发区新都银座3号楼1901室
法定代表人	范志龙
注册资本	50万元整
成立日期	2000年01月13日
营业期限	2000年01月13日至******
经营范围	审计、查证、验资、资产评估；基建工程预决算编制、审核、咨询服务，会计电算化评审。（依法须经批准的项目，经相关部门批准后方可开展经营活动）

登记机关

请于每年1月1日至6月30日履行年报公示义务

2016 年 08 月 18 日

LACOCK HOLDINGS LIMITED

FINANCIAL STATEMENTS
Year ended 31 March 2021

FINANCIAL STATEMENTS
Year ended 31 March 2021

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BOARD OF DIRECTORS AND OTHER CORPORATE INFORMATION

Board of Directors	Koulla Papakyriacou (appointed on 30th September 2020) Milorad Vujnovic Kallam Satish Reddy CCY Management Limited) Sameer Sudhakar Natu
Company Secretary	CCY Services Limited
Independent Auditors	Ernst & Young Cyprus Limited Certified Public Accountants and Registered Auditors Jean Nouvel Tower 6 Stasinou Avenue PO Box 21656 1511 Nicosia, Cyprus
Registered office	10 Diomidous str. AlphaMega-Akropolis Building 3rd Floor, Apt. 401 2024, Nicosia, Cyprus
Bankers	Citibank
Registration number	HE169442

Building a better
working world

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1511 Nicosia, Cyprus

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Independent Auditor's Report

To the Members of Lacock Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lacock Holdings Limited (the "Company"), which are presented in pages 4 to 18 and comprise the statement of financial position as at 31 March 2021, and the statement of comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of Lacock Holdings Limited as at 31 March 2021, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, 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 the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors 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, the Board of Directors 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Building a better working world

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 the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the 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.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Gabriel Onisiforou
Certified Public Accountant and Registered Auditor
for and on behalf of

Ernst & Young Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 13 May 2021

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 March 2021

	Note	2021 €	2020 €
Loan interest income	15.1	1.151	2.013
Operating Profit		1.151	2.013
Administration expenses	7	(27.328)	(36.964)
Operating loss		(26.177)	(34.951)
Finance costs	8	-	(987)
Loss before tax		(26.177)	(35.938)
Tax	9	(49)	(260.233)
Net loss for the year		(26.226)	(296.171)
Other comprehensive income		-	-
Total comprehensive income for the year		(26.226)	(296.171)

STATEMENT OF FINANCIAL POSITION
31 March 2021

	Note	2021 €	2020 €
ASSETS			
Non-current assets			
Investment in subsidiary	10	5.750.000	4.250.000
		5.750.000	4.250.000
Current assets			
Refundable tax	11	-	-
Loans to parent	15	225.281	260.493
Cash and cash equivalents	12	9.567	3.905
		234.848	264.398
Total assets		5.984.848	4.514.398
EQUITY AND LIABILITIES			
Equity			
Share capital	13	27.783	27.646
Share premium		285.848.428	284.348.565
Translation reserve		356	356
Accumulated losses		(279.900.817)	(279.874.591)
Total equity		5.975.750	4.501.976
Current liabilities			
Other payables	14	9.098	12.422
		9.098	12.422
Total equity and liabilities		5.984.848	4.514.398

On 13 May 2021 the Board of Directors of Lacock Holdings Limited authorised these financial statements for issue.

....

Koulla Papakyriacou
Director

Milorad Vujnovic
Director

	Share capital €	Share premium €	Translation reserve €	Accumulated losses €	Total €
Balance at 1 April 2019	27.416	281.836.295	356	(279.578.420)	2.285.647
Comprehensive income					
Issued capital	230	2.512.270			2.512.500
Net loss for the year	-	-	-	(296.171)	(296.171)
Balance at 31 March 2020/ 1 April 2020	27.646	284.348.565	356	(279.874.591)	4.501.976
Comprehensive income					
Issued capital	137	1.499.863	-	-	1.500.000
Net loss for the year	-	-	-	(26.226)	(26.226)
Balance at 31 March 2021	27.783	285.848.428	356	(279.900.817)	5.975.750

Share premium is not available for distribution.

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 of December of the second year for the year the profits relate.

The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, from 2019 (deemed dividend distribution of year 2017 profits), the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2.65% (31 December 2019: 1.70%), when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

CASH FLOW STATEMENT
Year ended 31 March 2021

	Note	2021 €	2020 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(26.226)	(296.171)
Adjustments for:			
Interest income		(1.151)	(2.013)
		(27.377)	(298.184)
Changes in working capital:			
Decrease in refundable taxes		-	247.358
Increase/ (decrease) in other payables		(3.324)	4.076
Cash used from /(in) operations		(30.701)	(46.750)
Income Tax paid		49	12.875
Cash used in operations		(30.652)	(33.875)
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from issuance of ordinary shares		1.500.000	2.512.500
Payment for purchase of investment in subsidiary	10	(1.500.000)	(2.500.000)
Loans repayments received, including interest		36.314	31.371
Net cash used in investing activities		36.314	43.871
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
Net decrease in cash and cash equivalents		5.662	(2.186)
Cash and cash equivalents at beginning of the year		3.905	6.091
Cash and cash equivalents at end of the year	12	9.567	3.905

1. Corporate information

Country of incorporation

Lacock Holdings Limited (the ''Company'') was incorporated in Cyprus on 15 December 2005 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 10 Diomidous str., AlphaMega-Akropolis Building, 3rd Floor, Apt. 401, 2024, Nicosia, Cyprus.

Principal activities

The principal activity of the Company, which is unchanged from last year, is to provide finance to its wholly owned subsidiary.

Operating environment

With the recent and rapid development of the Coronavirus disease (COVID-19) pandemic the world economy entered a period of unprecedented health care crisis that has caused considerable global disruption in business activities and everyday life.

Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have implemented restrictions on travelling as well as strict quarantine measures throughout the year.

Industries such as tourism, hospitality and entertainment have been directly disrupted significantly by these measures. Other industries, such as manufacturing and financial services, have also been indirectly affected.

In Cyprus, on 15 March 2020, the Council of Ministers in an extraordinary meeting, announced that Cyprus is entering a state of emergency considering the uncertain situation as was unfold daily, the growing spread of COVID-19 outbreak and the World Health Organization's data on the situation.

To this end, certain measures have been taken by the Republic of Cyprus since then with a view to safeguarding public health and ensuring the economic survival of working people, businesses, vulnerable groups and the economy at large.

New entry regulations have been applied with regards to protecting the population from a further spread of the disease which tightened the entry of individuals to the Republic of Cyprus within the year. Additionally, a considerable number of private businesses operating in various sectors of the economy closed for a period of time while a number of lockdown measures, such as the prohibition of unnecessary movements and the suspension of operations of retail companies (subject to certain exemptions), were applied throughout the year. The measures were continuously revised (lifted or tightened) by the Republic of Cyprus during the year taking into consideration the epidemic status in the country.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty though, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. Management's current expectations and estimates could differ from actual result.

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that as at the date of approval of these financial statements, no material impact is expected on the Company's financial position and performance. The Company is not dependent on external financing and also financial support can also be provided from the shareholder or other group companies, hence its ability to continue as a going concern is not considered at stake. Furthermore, management has assessed that no material impact is expected on the recoverable amount of the investment in subsidiary, since it was assessed that the recoverable amount of the investment in subsidiary remains higher than the carrying cost. Management will continue to monitor the situation closely and will assess any potential further impact on the Company's financial position and performance, including the recoverable amount of the investment in subsidiary, in case the period of disruption becomes prolonged.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113.

The Company is not required by the Cyprus Company Law, Cap.113, to prepare consolidated financial statements because the ultimate parent company, Dr Reddy's Laboratories Limited (Dr Reddy's), publishes consolidated financial statements in accordance with Indian Act and IFRS and the Company does not intend to issue consolidated financial statements for the year ended 31 March 2020. Copy of the consolidated financial statements can be obtained from No 8-2-337, Road No.3, Banjara Hills, Hyderabad, Telangana, India-500 034 or www.drreddys.com.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 March 2021 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

3. Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 April 2020.

Standards, Interpretations and Amendments to published standards that are issued but not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union

- Amendment to IFRS 3 Business Combinations (issued on 22 October 2018) (effective for annual periods beginning on or after 1 January 2020)
- Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform Phase 1 (issued on 26 September 2019) (effective for annual periods beginning on or after 1 January 2020).
- Amendments to IFRS 16 Leases - Covid 19-Related Rent Concessions (issued on 28 May 2020) (effective for annual periods beginning on or after 1 June 2020).
- IAS 1 Presentation of Financial Statements and IAS 8 Accounting Policies, Changes, in Accounting Estimates and Errors: Definition of "material" (Amendements)

(ii) Issued by the IASB but not yet adopted by the European Union

- Interest Rate Benchmark Reform - Phase 2 - IFRS 9, IAS 39, IFRS17, IFRS 4, IFRS 16 (Amendments)
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020) (effective for annual periods beginning on or after 1 January 2022).
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (All issued 14 May 2020) (effective for annual periods beginning on or after 1 January 2022).

The above are expected to have no significant impact on the Company's financial statements when they become effective.

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the financial statements of the Company.

4. Summary of significant accounting policies

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

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

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.

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.

Financial Assets at Amortised Cost
The Company classifies its financial assets at amortised cost if both of the following criteria are met: a) the asset is held within a business model with the sole business objective to hold the asset in order to collect the contractual cash flows, and b) 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 method and are subject to impairment. Gains and losses are recognised in the profit or loss when the asset is derecognised, modified or impaired.

4. Summary of significant accounting policies (continued)

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).

The Company calculates ECL using the following three components:

• exposure at default (EAD),
• loss given default (LGD) and
• probability of default (PD)

EAD represents the expected exposure in the event of a default during the life of a financial instrument. For estimating the probability of default (PD), the Company use credit ratings from external rating agencies. The PD is determined on the basis of the assessment of a counterparty by reference to the relationship between the rating and PD. LGD represents an estimate of the loss if default occurs at a given time. It is usually expressed as a percentage of the EAD. It takes into account parameters such as historical loss and/or recovery rates as well as the collateral value which is discounted to the present value determining the amount of the expected shortfall.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank.

Other payables

Other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Derecognition of financial assets and liabilities

Financial assets

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

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

Financial liabilities

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 a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

4. Summary of significant accounting policies (continued)

Offsetting financial instruments

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

Interest income

Interest income is recognised on a time-proportion basis using the effective method.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Dividends

Dividends on ordinary shares are recognised as a liability and deducted from equity when they are approved by the Company's shareholders. Interim dividends are deducted from equity when they are declared and approved by the Company's Directors.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

5. Financial risk management objectives and policies

Financial risk factors

The Company is exposed to credit risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

5.1 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss.

Credit risk related to financial instruments and cash deposits: Cash balances are held with recognised financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2021	2020
	€	€
Loans to parent	225.281	260.493
Refundable tax	-	
Cash at bank	9.567	3.905
	234.848	264.398

The most significant exposure of the Company to credit risk is represented by the carrying amount of the loan receivable to parent at the reporting date. The loan has been partially repaid during the years. Management has assessed that the loan receivable is recoverable.

5.2 Capital risk management

Capital includes equity shares and share premium.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions, in order to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company's overall objectives, policies and processes remain unchanged from last year.

Fair values

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

6. Critical accounting estimates, judgments 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 disclosure of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

Judgments

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimations, which had the most significant effect on the amounts recognised in the financial statements:

- Income taxes

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- Impairment of investments in subsidiaries

  The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated recoverable amount (being the higher of value in use and fair value less costs to sell) would be compared to their carrying amounts to determine if a write-down is necessary.

- Impairment of financial assets

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

7. Operating loss

	2021	2020
	€	€
Directors fees	-	-
Auditors' remuneration for the statutory audit of annual accounts	8.330	7.259
Auditors' remuneration for tax advice	1.026	1.562
Professional fees	17.973	28.143
Total expenses	27.328	36.964

8. Finance costs

	2021	2020
	€	€
Bank charges	-	(987)
Finance costs	-	(987)

9. Tax

	2021	2020
	€	€
Corporation tax- current year	-	-
Corporation tax- prior years	49	260.233

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 March 2021, the balance of tax losses which is available for offset against future taxable profits amounts to €107.854 (2019: €79.588) for which no deferred tax asset is recognised in the statement of financial position.

10. Investment in subsidiary

	2021	2020
	€	€
Balance at 1 April	4.250.000	1.750.000
Additions	1.500.000	2.500.000
Balance at 31 March	5.750.000	4.250.000

The details of the subsidiary are as follows:

Name	Country of incorporation	Principal activities	2021 Holding %	2020 Holding %	2021 €	2020 €
Reddy Pharma Italy Italia S.p.A	Italy	Sale of pharmaceutical products	100	100	5.750.000	4.250.000
					5.750.000	4.250.000

Reddy Pharma was incorporated on 13 October 2006 with a share capital of €120.000. On 19 July 2007, a further equity contribution was made to the investment for €1.000.000. Additional equity contributions were made for a total amount of €6.925.000 during the year ended 31 March 2009, €2.550.000 during the year ended 31 March 2010, €3.520.000 during the year ended 31 March 2011 and €1.700.000 during the year ended 31 March 2012.

The investment in Reddy Pharma has been impaired by €1.013.831 at 31 March 2009, €195.169 at 31 March 2010, €3.705.000 during the year 31 March 2012.

During the year ended 31 March 2013, total share capital contributions of €1.000.000 were made to Reddy Pharma. The contributions were made on 17 July 2012. The investment in Reddy Pharma has been impaired by €8.146.859 which represented the difference between the carrying amount of the investment and the net assets value of Reddy Pharma as at 31 March 2013, accumulating the impairment of Reddy Pharma to €15.089.652.

During the year ended 31 March 2014, the investment has been fully impaired resulting to an additional impairment of €1.725.348.

During the year ended 31 March 2017, total share capital contributions of €450.000 were made to Reddy Pharma. Management had assessed that due to the fact that the investment in Reddy Pharma continued to be loss making indicated that the investment was impaired. As a result, it had recognised full impairment of €450.000.

During the year ended 31 March 2018, the Company made an additional capital contribution amounting to €1.750.000 to Reddy Pharma.

During the year ended 31 March 2020, the Company made an additional capital contribution amounting to €2.500.000 to Reddy Pharma.

During the year ended 31 March 2021, the Company made an additional capital contribution amounting to €1.500.000 to Reddy Pharma.

As at 31 March 2021 and 2020, the Company assessed whether there is an indication of impairment and concluded that there was none.

11. Refundable tax

	2021	2020
	€	€
Refundable tax	-	-
	-	-

The Company had obtained tax clearance from the Cyprus Inland Revenue department concerning tax years up to 2014 and a tax liability resulted for the amount of €260.233. The refundable tax amount of €247.358 as at 31 March 2019 was netted off against this liability creating a balance of €12.875, which was paid directly from the Company's bank account during the year 2020. With this payment, the Company obtained in July 2020 a tax clearance from the Cyprus Inland Revenue department concerning the tax years up to 2017.

12. Cash and cash equivalents

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2021	2020
	€	€
Cash at bank and in hand	9.567	3.905
	9.567	3.905

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

13. Share capital

	2021 Number of shares	2021 **€**	2020 Number of shares	2020 €
Authorised				
Ordinary shares of €1,71 each	50.000	85.500	50.000	85.500
		€		€
Issued and fully paid				
Balance at 1 April	16.167	27.646	16.033	27.416
New shares	80	137	134	230
Balance at 31 March	16.247	27.783	16.167	27.646

On 04 May 2021, Dr. Reddy's Laboratories has subscribed for 80 ordinary shares of nominal value €1,71 in the Company, at a total consideration of €1.500.000 with share premium of €18.748,29 per share.

14.Other payables

	2021	2020
	€	€
Accruals	9.098	12.422
	9.098	12.422

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

15. Related party transactions

The Company is controlled by Dr Reddy's Laboratories SA, incorporated in Switzerland, which owns 100% of the Company's shares.

The following transactions were carried out with related parties:

15.1 Loans to parent

		2021	2020
	Terms	€	€
Dr Reddy's Laboratories SA	Principal	225.000	260.000
	Interest	281	493
		225.281	260.493

The unsecured loan bears interest of 0.5% per annum (2020: 0,75% per annum) and has no specified repayment date. During the year, interest income of €1.151 (2020: €2.013) was credited in the Statement of Comprehensive Income.

16. Contingent liability

The Company had no contingent liabilities as at 31 March 2021 and 31 March 2020.

17. Commitments

The Company had no capital or other commitments as at 31 March 2021 and 31 March 2020.

18. Events after the reporting period

There were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent Auditor's Report on pages 2 to 3

Independent auditor's report
on the financial statements of
Dr. Reddy's Laboratories LLC
for 2020

March 2021

Translation of the original Russian version

Independent auditor's report on the financial statements of Dr. Reddy's Laboratories LLC

Translation of the original Russian version

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Independent auditor's report

Translation of the original Russian version

To the Participants of Dr. Reddy's Laboratories LLC

Opinion

We have audited the financial statements of Dr. Reddy's Laboratories LLC (the Company), which comprise the balance sheet as at 31 December 2020, statement of income for 2020 and appendices thereto.

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 2020 in accordance with the rules on preparation of financial statements established in the Russian Federation.

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) together with the ethical requirements that are relevant to our audit of the financial statements in the Russian Federation, 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.

Emphasis of matter

We draw attention to Note 19 Related parties in the explanatory notes to the balance sheet and the statement of income, which describes a significant concentration of the Company's transactions with related parties. Our opinion is not modified in respect of this matter.

Translation of the original Russian version

Responsibilities of management for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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.

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

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

I.Y. ANANYEV
Partner
Ernst & Young LLC

15 March 2021

Details of the audited entity

Name: Dr. Reddy's Laboratories LLC
Record made in the State Register of Legal Entities on 5 April 2003, State Registration Number 1037707013838.
Address: Russia 115035, Moscow, Ovchinnikovskaya naberezhnaya, 20, building 1.

Details of the auditor

Name: Ernst & Young LLC
Record made in the State Register of Legal Entities on 5 December 2002, State Registration Number 1027739707203.
Address: Russia 115035, Moscow, Sadovnicheskaya naberezhnaya, 77, building 1.
Ernst & Young LLC is a member of Self-regulatory organization of auditors Association "Sodruzhestvo".
Ernst & Young LLC is included in the control copy of the register of auditors and audit organizations, main registration number 12006020327.

TRANSLATION OF ORIGINAL RUSSIAN VERSION

TRANSLATION OF ORIGINAL RUSSIAN VERSION

Appendix №1 to Order No. 66n of the Ministry of Finance of the Russian Federation dated July 02, 2010 (as amended by Orders of the Ministry of Finance of the Russian dated 05.10.2011 № 124n, dated 06.04.201 dated 06.03.2018 № 41n, dated 19.04.2019

Balance sheet

at December 31 2020

	CODES
Form (OKUD)	0710001
Date (day, month, year)	31.12.20
OKPO	14196751
TIN	7707321227
OKVED 2	46.18.1
OKOPF / OKFS	1 23 00 | 23
OKEI	384

Organization *Dr. Reddy's Laboratories LLC*

Taxpayer identification number

Type of economic activity *The activities of agents specializing in the wholesale of pharmaceutical products used for medical purposes, perfumes and cosmetics,including soap, and cleaning products*

Organizational-legal form/ form of ownership *Limited Liability Company/Private*

Unit of measure: *RUR thousand*

Location (address): *115035, Moscow, Ovchinnikovskaya nab,d.20,b.1*

Financial statements subject to obligitary audit [X] YES [ ] NO

Name of the audit organization / surname, name, patronymic (if any) of the individual auditor *Ernst and Young LLC*

Taxpayer identification number of the auditing organization / surname, name, patronymic (if any) of the individual auditor — TIN *7709383532*

Primary State Registration Number of audit organization / individual auditor — OGRN / OGRNIP *1027739707203*

Note	Indicator	Code	At December 31, 2020	At December 31, 2019	At December 31, 2018
	ASSETS				
	I. NON-OPERATIONAL ASSETS				
3	Intangible assets	1110	100 413	99 819	211 434
	Research and development results	1120	---------	---------	---------
	Intangible exploration assets	1130	---------	---------	---------
	Tangible exploration assets	1140	---------	---------	---------
4	Fixed assets	1150	157 569	271 641	275 667
	Income-bearing investments in tangible assets	1160	---------	---------	---------
5	Financial investments	1170	79 788	77 938	33 400
18	Deferred tax assets	1180	295 575	295 066	338 701
	Other non-current assets	1190	---------	---------	---------
	TOTAL for Section I	1100	633 345	744 464	859 202
	II. OPERATIONAL ASSETS				
6	Inventory	1210	2 551 326	4 230 781	3 403 043
	VAT on acquired assets	1220	91 268	155 042	12 930
7	Accounts receivable	1230	10 998 841	8 351 490	8 159 219
	Accounts receivable short-term	1231	10 912 900	8 277 886	8 159 219
	Accounts receivable long-term	1232	85 941	73 604	---------
	Financial investments (excluding for cash equivalents)	1240	---------	---------	---------
8	Cash and cash equivalents	1250	38 003	96 132	104 254
9	Other current assets	1260	60 594	42 053	41 482
	TOTAL for Section II	1200	13 740 032	12 875 498	11 720 928
	BALANCE	1600	14 373 377	13 619 962	12 580 130

Note	Indicator	Code	At December 31, 2020	At December 31, 2019	At December 31, 2018
	CAPITAL AND LIABILITIES				
	III. CAPITAL AND RESERVES				
10	Charter capital (pooled capital, charter fund, partners' contributions)	1310	696 295	696 295	696 295
	Treasury shares	1320	---------	---------	---------
	Revaluation of non-current assets	1340	---------	---------	---------
	Additional capital (without revaluation)	1350	---------	---------	---------
	Reserve capital	1360	---------	---------	---------
	Retained earnings (loss)	1370	2 168 067	1 891 668	1 396 428
	TOTAL for Section III	1300	2 864 362	2 587 963	2 092 723
	IV. LONG-TERM LIABILITIES				
	Loans and borrowings	1410	---------	---------	---------
	Deferred tax liabilities	1420	---------	---------	---------
	Provisions	1430	---------	---------	---------
	Other long-term liabilities	1450	---------	---------	---------
	TOTAL for Section IV	1400	---------	---------	---------
	V. SHORT-TERM LIABILITIES				
11	Loans and borrowings	1510	1 312 419	1 315 819	1 473 924
13	Accounts payable	1520	9 928 890	9 471 544	8 790 478
	Deferred income	1530	---------	---------	---------
12	Provisions	1540	246 759	216 515	200 621
14	Other short-term liabilities	1550	20 947	28 121	22 384
	TOTAL for Section V	1500	11 509 015	11 031 999	10 487 407
	BALANCE	1700	14 373 377	13 619 962	12 580 130

Chief Executive ____________ (signature) *Sovetkin D.V.* (printed name)

as per POA dated 11.06.20
Chief Accountant
N. Repetskaya

Date 11 March, 2021

(as amended by Orders of the Ministry of Finance of the Russian of dated 06.04.2015 № 57n, dated 06.03.2018 № 41n, dated 19.04.2019 № 61n)

Statement of income

for year 2020

	CODES	
Form (OKUD)	0710002	
Date (day, month, year)	31.12.20	
OKPO	14196751	
TIN	7707321227	
OKVED 2	46.18.1	
OKOPF/ OKFS	1 23 00	23
OKEI	384	

Organization *Dr. Reddy's Laboratories LLC*

Taxpayer identification number

Type of economic activity *The activities of agents specializing in the wholesale of pharmaceutical products used for medical purposes, perfumes and cosmetics,including soap, and cleaning products*

Organizational-legal form/ form of ownership *Limited Liability Company/Private*

Unit of measure: *RUR thousand*

Notes	Indicator	Code	For 2020	For 2019
15	Revenue	2110	19 184 115	17 743 473
15	Cost of sales	2120	(17 050 223)	(15 243 662)
15	Gross profit (loss)	2100	2 133 892	2 499 811
15	Selling expenses	2210	(1 589 676)	(1 542 883)
15	Administrative expenses	2220	(120 919)	(136 365)
	Profit (loss) from operations	2200	423 297	820 563
	Income from participation in other organizations	2310	---------	---------
	Interest receivable	2320	5 397	11 370
11	Interest payable	2330	(88 943)	(120 070)
16	Other income	2340	37 184	33 760
16	Other expenses	2350	(17 325)	(105 471)
	Profit (loss) before taxation	2300	359 610	640 152
18	Profit tax	2410	(83 256)	(144 912)
	incl. current profit tax	2411	(83 765)	(101 277)
	deferred taxes	2412	509	(43 635)
	Other	2460	45	---------
	Net profit (loss)	2400	276 399	495 240

Notes	Indicator	Code	For 2020	For 2019
	Result from the revaluation of non-current assets which is not included in net profit (loss) for the period	2510	---------	---------
	Result from other operations which is not included in net profit (loss) for the period	2520	---------	---------
	Comprehensive financial result for the period	2500	276 399	495 240
	Income tax on operations, the result of which is not included in the net profit (loss) for period		---------	---------
	FOR REFERENCE			
	Basic earnings (loss) per share	2900	---------	---------
	Diluted earnings (loss) per share	2910	---------	---------

Chief Executive [signature] **Sovetkin D.V.**
(signature) (printed name)

as per POA dated 11.06.20
Chief Accountant
N. Repetskaya

Date *11 March*, *2021*

Appendix №2 to Order No. 66n of the Ministry of Finance of the Russian Federation dated July 02, 2010 (as amended by Orders of the Ministry of Finance of the Russian dated 05.10.2011 № 124n, dated 06.04.2015 № 57n, dated 06.03.2018 № 41n, dated 19.04.2019 № 61n)

Statement of changes in capital

for year 2020

		CODES
	Form (OKUD)	0710004
	Date (day, month, year)	31.12.20
Organization *Dr. Reddy's Laboratories LLC*	OKPO	14196751
Taxpayer identification number	TIN	7707321227
Type of activity *The activities of agents specializing in the wholesale of pharmaceutical products used for medical purposes, perfumes and cosmetics,including soap, and cleaning products*	OKVED 2	46.18.1
Organizational-legal form/ form of ownership *Limited Liability Company/Private*	OKOPF/OKFS	1 23 00 | 23
Unit of measure: *RUR thousand*	OKEI	384

I. Change in capital

Indicator	Code	Charter capital	Treasury shares	Additional capital	Reserve capital	Retained earnings (loss)	Total
Capital at December 31, 2018	3100	696 295	—	—	—	1 396 428	2 092 723
For 2019							
Increase in Capital - total:	3210	—	—	—	—	495 240	495 240
incl. net profit	3211	X	X	X	X	495 240	495 240
income from non-current assets revaluation	3212	X	X	—	X	—	—
income which directly increases capital	3213	X	X	—	X	—	—
additional issue of shares	3214	—	—	—	X	X	—
increase in the par value of shares	3215	—	—	—	X	—	X
reorganization of the legal entity	3216	—	—	—	—	—	—
Decrease in Capital - total:	3220	—	—	—	—	—	—
incl. net losses	3221	X	X	X	X	—	—
losses from non-current assets revaluation	3222	X	X	—	X	—	—
expenses which directly reduce	3223	X	X	—	X	—	—
decrease in the par value of shares	3224	—	—	—	X	—	—
decrease in the number of shares	3225	—	—	—	X	—	—
reorganization of the legal entity	3226	—	—	—	—	—	—
dividends	3227	X	X	X	X	—	—
Additional capital change	3230	X	X	—	—	—	—
Reserve capital change	3240	X	X	X	—	—	X
Capital at December 31, 2019	3200	696 295	—	—	—	1 891 668	2 587 963
For 2020							
Increase in Capital - total:	3310	—	—	—	—	276 399	276 399
incl. net profit	3311	X	X	X	X	276 399	276 399
income from non-current assets revaluation	3312	X	X	—	X	—	—
income which directly increases capital	3313	X	X	—	X	—	—
additional issue of shares	3314	—	-	—	X	X	—
increase in the par value of shares	3315	—	—	—	X	—	X
reorganization of the legal entity	3216	—	—	—	—	—	—
Decrease in Capital - total:	3320	—	—	—	—	—	—
incl. net losses	3321	X	X	X	X	—	—
losses from non-current assets revaluation	3322	X	X	—	X	—	—
expenses which directly reduce	3323	X	X	—	X	—	—
decrease in the par value of shares	3324	—	—	—	X	—	—
decrease in the number of shares	3325	—	—	—	X	—	—
reorganization of the legal entity	3326	—	—	—	—	—	—
dividends	3327	X	X	X	X	—	—
Additional capital change	3330	X	X	—	—	—	—
Reserve capital change	3340	X	X	X	—	—	X
Capital at December 31, 2020	3300	696 295	—	—	—	2 168 067	2 864 362

Form 710004 p.2

II. Capital adjustment due to accounting policy changes and prior year errors correction

Indicator	Code	At December 31, 2018	Capital change for 2019		At December 31, 2019
			due to net profit/(loss)	due to other factors	
Capital - total					
before adjustment	3400	---------	---------	---------	---------
Adjustment incl.					
Accounting policy change	3410	---------	---------	---------	---------
errors correction	3420	---------	---------	---------	---------
after adjustment	3500	---------	---------	---------	---------
incl.:					
Retained earnings					
before adjustment	3401	---------	---------	---------	---------
Adjustment incl.					
Accounting policy change	3411	---------	---------	---------	---------
errors correction	3421	---------	---------	---------	---------
after adjustment	3501	---------	---------	---------	---------
other items of capital for which adjustments have been made: (by items)					
before adjustment	3402	---------	---------	---------	---------
Adjustment incl.					
Accounting policy change	3412	---------	---------	---------	---------
errors correction	3422	---------	---------	---------	---------
after adjustment	3502	---------	---------	---------	---------

III. Net assets

Indicator	Code	At December 31, 2020	At December 31, 2019	At December 31, 2018
Net assets	3600	*2 864 362*	*2 587 963*	*2 092 723*

Chief Executive ____________ (signature) **Sovetkin D.V.** (printed name)

as per POA dated 11.06.20
Chief Accountant
N. Repetskaya

Date 11 March , 2021

TRANSLATION OF ORIGINAL RUSSIAN VERSION

Statement of cash flows

for year 2020

		CODES
	Form (OKUD)	0710005
	Date (day, month, year)	31.12.20
Organization	Dr. Reddy's Laboratories LLC — OKPO	14196751
Taxpayer identification number	TIN	7707321227
Type of activity	The activities of agents specializing in the wholesale of pharmaceutical products used for medical purposes, perfumes and cosmetics,including soap, and cleaning products — OKVED 2	46.18.1
Organizational-legal form/ form of ownership	Limited Liability Company/Private — OKOPF/ OKFS	1 23 00 | 23
Unit of measure: RUR thousand	OKEI	384

Indicator	Code	For 2020	For 2019
Cash flows from operating activities			
Cash receipts from - total	4110	18 683 717	18 010 551
including:			
the sale of products, goods, work and services	4111	18 511 844	17 532 755
rental payments, license payments, royalties, comission and other similar payments	4112	---------	---------
the resale of financial investments	4113	---------	---------
bonuses on agreement fullfilment	4114	80 205	29 638
agent payments	4115	---------	404 689
VAT	4116	84 398	7 766
other receipts	4119	7 270	35 703
Cash disbursements for - total	4120	(18 680 410)	(17 788 780)
including:			
suppliers (contractors) for raw materials, other materials, work and services	4121	(15 608 278)	(15 252 704)
in connection with payment to employees	4122	(1 785 233)	(1 773 629)
interest on debt obligations	4123	(92 343)	(202 175)
corporate income tax	4124	(74 998)	(99 556)
other taxes and fees	4125	(5 048)	---------
distributor award	4126	(289 621)	(372 615)
issued to the staff	4127	(50 469)	(72 487)
agency contract payment	4128	(749 486)	---------
other payments	4129	(24 934)	(15 614)
Net cash flows from operating activities	4100	3 307	221 771
Cash flows from investing activities			
Cash receipts from - total	4210	19 719	51 545
including:		---------	---------
the sale of non-current assets (except for financial investments)	4211	19 719	51 545
the sales of shares in other organizations (participating interests)	4212	---------	---------
repayment of loans granted, from sale of debt securities (or rights of monetary claims from other parties)	4213	---------	---------
dividends received, interest on debt-based financial investments and similar receipts from participating interest in other organizations	4214	---------	---------
other receipts	4219	-	---------
Cash disbursements for - total	4220	(81 155)	(205 438)
including:			
purchase, construction, modernisation, reconstruction and preparation for use of non-current	4221	(79 305)	(162 944)
the acquisition of shares in other organizations (participating interests)	4222	---------	(42 494)
the acquisition of debt securities (or rights of monetary claims from other parties), the granting of loans to other parties	4223	(1 850)	---------
interest paid on debt securities, included in the cost of investment asset	4224	---------	---------
other payments	4229	---------	---------
Net cash flows from investing activities	4200	(61 436)	(153 893)
Cash flows from financing activities			
Cash proceeds received from - total	4310	---------	3 900 000
including:			
proceed from loans and borrowings	4311	---------	3 900 000
monetary contributions of owners (participants)	4312	---------	---------
issue of shares and increasing of participating interests	4313	---------	---------
issuance of bonds, promissory notes and other debt securities and other	4314	---------	---------
other receipts	4319	---------	---------
Cash disbursements for - total	4320	---------	(3 976 000)
including:			---------
to owners (participants) for the repurchase of shares (participating interests) in the organization or their withdrawal from participation	4321	---------	---------
the payment of dividends or other distribution of earnings in favour of owners (participants)	4322	---------	---------
in connection with the settlement (redemption) of promissory notes and other debts sequrities, repayment of credits and loans	4323	---------	(3 976 000)
Other payments	4329	---------	---------
Net cash flows from financing activities	4300	---------	(76 000)
Net cash flows for the reporting period	4400	(58 129)	(8 122)
Balance of cash and cash equivalents as of the beginning of the reporting period	4450	96 132	104 254
Balance of cash and cash equivalents as of the end of the reporting period	4500	38 003	96 132
Effect of changes in the exchange rate of foreign currency to the ruble	4490	---------	---------

Chief Executive ________ (signature) **Sovetkin D.V.** (printed name)

as per POA dated 11.06.20
chief Accountant
N. Repetskaya

Date 11 March , 2021

EXPLANATORY NOTES TO THE BALANCE SHEET AND THE STATEMENT OF INCOME (IN TABULAR FORM)

For ________ year ________ 2020
Organization Dr. Reddy's Laboratories LLC
Unit of measure: RUR thousand

1. Intangible assets and expenses for research, development and technological work (R&D expenses)

1.1. Existence and movement of intangible assets

Indicator	Code	Period	At the beginning of the year		Changes for the period							At the end of the period	
					Additions	Disposals		Amortization charge	Impairment loss	Revaluation			
			Cost	Accumulated amortization and impairment losses		Cost	Accumulated depreciation and impairment losses			Cost	Accumulated amortization	Cost	Accumulated amortization and impairment losses
Intangible assets - total	5100	For 2020	275 627	(181 536)	51 970	--------	--------	(45 648)	--------	--------	--------	327 597	(227 184)
	5110	For 2019	322 652	(119 543)	39 775	(86 800)	65 413	(63 160)	(64 246)	--------	--------	275 627	(181 536)
including: (type of intangible assets) Production technology (know-how)	5101	For 2020	175 637	(120 544)	--------	--------	--------	(13 959)	--------	--------	--------	175 637	(134 503)
Production technology (know-how)	5111	For 2019	175 637	(26 060)	--------	--------	--------	(30 238)	(64 246)	--------	--------	175 637	(120 544)
Other IA	5102	For 2020	99 990	(60 992)	51 970	--------	--------	(31 689)	--------	--------	--------	151 960	(92 681)
Other IA	5112	For 2019	147 015	(93 483)	39 775	(86 800)	65 413	(32 922)	--------	--------	--------	99 990	(60 992)
-	5103	For 2020	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------
-	5113	For 2019	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------
-		For 2020	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------
-		For 2019	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------	--------

1.2. Cost of internally generated intangible assets

Indicator	Code	At 31 December 2020	At 31 December 2019	At 31 December 2018
Total	5120	--------	--------	--------
including: (type of intangible assets)	5121			
-	5122	--------	--------	--------
-	5123	--------	--------	--------
-		--------	--------	--------
-		--------	--------	--------
-		--------	--------	--------

1.3. Intangible assets with fully amortised cost

Indicator	Code	At 31 December 2020	At 31 December 2019	At 31 December 2018
Total	5130	52 978	23 292	42 199
including: (type of intangible assets)	5131	--------	--------	--------
exclusive rights to advertising products	5132	52 978	23 292	42 199
-	5133	--------	--------	--------
-		--------	--------	--------
-		--------	--------	--------
-		--------	--------	--------

1.4. Existence and movement of R&D results

Indicator	Code	Period	At the beginning of the year		Changes for the period				At the end of the period	
			Cost	Portion of value charged to expenses	Additions	Disposals		Portion of value charged to expenses for the period	Cost	Portion of value charged to expenses
						Cost	Portion of value charged to expenses			
R&D - total	5140	For 2020	---------	---------	---------	---------	---------	---------	---------	---------
	5150	For 2019	---------	---------	---------	---------	---------	---------	---------	---------
including: (item, group of items)										
-	5141	For 2020	---------	---------	---------	---------	---------	---------	---------	---------
-	5151	For 2019	---------	---------	---------	---------	---------	---------	---------	---------
-	5142	For 2020	---------	---------	---------	---------	---------	---------	---------	---------
-	5152	For 2019	---------	---------	---------	---------	---------	---------	---------	---------
	5143	For 2020	---------	---------	---------	---------	---------	---------	---------	---------
	5153	For 2019	---------	---------	---------	---------	---------	---------	---------	---------
	5144	For 2020	---------	---------	---------	---------	---------	---------	---------	---------
	5154	For 2019	---------	---------	---------	---------	---------	---------	---------	---------

1.5. Unfinished and unregistered R&D and incomplete transactions involving the acquisition of intangible assets

Indicator	Code	Period	At the beginning of the year	Changes for the period			At the end of the period
				Costs for the period	Costs expensed as unsuccessful	Recognized as intangible assets or	
Costs of R&D in progress - total	5160	For 2020	---------	---------	---------	---------	---------
	5170	For 2019	---------	---------	---------	---------	---------
including: (item, group of items)							
-	5161	For 2020	---------	---------	---------	---------	---------
-	5171	For 2019	---------	---------	---------	---------	---------
-	5162	For 2020	---------	---------	---------	---------	---------
-	5172	For 2019	---------	---------	---------	---------	---------
	5163	For 2020	---------	---------	---------	---------	---------
	5173	For 2019	---------	---------	---------	---------	---------
	5164	For 2020	---------	---------	---------	---------	---------
	5174	For 2019	---------	---------	---------	---------	---------
Outstanding transactions to purchase intangible assets - total	5190	For 2020	*5 728*	*46 242*	---------	*(51 970)*	---------
	5190	For 2019	*8 325*	*37 178*	---------	*(39 775)*	*5 728*
including:							
exclusive rights to advertising products	5191	For 2020	*5 728*	*46 242*	---------	*(51 970)*	---------
exclusive rights to advertising products	5191	For 2019	*8 325*	*37 178*	---------	*(39 775)*	*5 728*
-	5192	For 2020	---------	---------	---------	---------	---------
-	5192	For 2019	---------	---------	---------	---------	---------
	5193	For 2020	---------	---------	---------	---------	---------
	5193	For 2019	---------	---------	---------	---------	---------
	5194	For 2020	---------	---------	---------	---------	---------
	5194	For 2019	---------	---------	---------	---------	---------

2. Fixed assets

2.1. Existence and movement of fixed assets

Indicator	Code	Period	At the beginning of the		Changes for the period								At the end of the period	
			Cost	Accumulated depreciation	Additions	Disposals		Depreciation charge	Revaluation		Transfers between categories (types)		Cost	Accumulated depreciation
						Cost	Accumulated depreciation		Cost	Accumulated depreciation	Cost	Accumulated depreciation		
Fixed assets (excluding of income-bearing investments in tangible assets) - total	5200	for 20 20	558 664	(287 023)	9 492	(43 947)	42 036	(121 653)	---------	---------	---------	---------	524 209	(366 640)
	5210	for 20 19	530 904	(255 237)	124 567	(96 807)	93 893	(125 679)	---------	---------	---------	---------	558 664	(287 023)
including: (group of fixed assets)	5201	for 20 20	38 908	(22 491)	3 685	(16)	16	(6 966)	---------	---------	---------	---------	42 577	(29 441)
Machinery and equipment	5211	for 20 19	24 905	(20 436)	16 440	(2 437)	2 437	(4 492)	---------	---------	---------	---------	38 908	(22 491)
	5202	for 20 20	491 908	(242 732)	4 742	(41 890)	39 979	(110 500)	---------	---------	---------	---------	454 760	(313 253)
Vehicles	5212	for 20 19	478 991	(218 256)	107 287	(94 370)	91 456	(115 932)	---------	---------	---------	---------	491 908	(242 732)
	5203	for 20 20	27 848	(21 800)	1 065	(2 041)	2 041	(4 187)	---------	---------	---------	---------	26 872	(23 946)
Furniture	5213	for 20 19	27 008	(16 545)	840	---------	---------	(5 255)	---------	---------	---------	---------	27 848	(21 800)
	5204	for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....	5214	for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
	5205	for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....	5215	for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
	5206	for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....	5216	for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
	5207	for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....	5217	for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
Recorded as income-bearing investments in tangible assets - total	5220	for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
	5230	for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
including: (group of fixed assets)	5221	for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....	5231	for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
	5222	for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....	5232	for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
	5223	for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....	5233	for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
	5224	for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....	5234	for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------

2.2. Ongoing capital expenditure

Indicator	Code	Period	At the beginning of the year	Changes for the period			At the end of the period
				Costs for the period	Expensed	Recognized as fixed assets or capitalized	
Construction in progress and ongoing acquisition, modernization, etc., of fixed assets - total	5240	for 2020	---------	9 492	---------	(9 492)	---------
	5250	for 2019	---------	124 567	---------	(124 567)	---------
including: (group of fixed assets)	5241	for 2020	---------	3 685	---------	(3 685)	---------
Machinery and equipment	5251	for 2019	---------	16 440	---------	(16 440)	---------
	5242	for 2020	---------	4 742	---------	(4 742)	---------
Vehicles	5252	for 2019	---------	107 287	---------	(107 287)	---------
	5243	for 2020	---------	1 065	---------	(1 065)	---------
Furniture	5253	for 2019	---------	840	---------	(840)	---------
	5244	for 2020	---------	---------	---------	---------	---------
....	5254	for 2019	---------	---------	---------	---------	---------

2.3. Change in the value of fixed assets as a result of additional construction, enhancement, reconstruction

Indicator	Code	For 20 20	For 20 19
Increase in the value of fixed assets as a result of additional construction, enhancement, reconstruction - total	5260	---------	---------
including: (fixed asset)	5261	---------	---------
....	5262	---------	---------
....	5263	---------	---------
....	5264	---------	---------
Decrease in the value of fixed assets as a result of partial liquidation - total	5270	---------	---------
including: (fixed asset)	5271	---------	---------
....	5272	---------	---------
....	5273	---------	---------
....	5274	---------	---------

2.4. Other uses of fixed assets

Indicator	Code	At 31 December 20 20	At 31 December 20 19	At 31 December 20 18
Leased-out fixed assets recorded on balance sheet	5280	---------	---------	---------
Leased-out fixed assets recorded off balance sheet	5281	---------	---------	---------
Leased-in fixed assets recorded on balance sheet	5282	---------	---------	---------
Leased-in fixed assets recorded off balance sheet	5283	4 781	5 577	6 400
Real estate accepted into operation and actually used, which are in the process of state registration	5284	---------	---------	---------
Fixed assets in conservation	5285	---------	---------	---------
Other uses of fixed assets (as collateral, etc.)	5286	---------	---------	---------

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3. Financial investments

3.1. Existence and movement of financial investments

Indicator	Code	Period	At the beginning of the year		Changes for the period							At the end of the period	
			Cost	Accumulated adjustment	Additions	Disposals (settlements)		Interest charged (including to align cost to nominal value)	Current market value (impairment loss)	Transferred from long-term to short-term investments		Cost	Accumulated adjustment
						Cost	Accumulated adjustment			Cost	Accumulated adjustments		
Long-term - total	5301	for 20 20	77 938	---------	1 850	---------	---------	---------	---------	---------	---------	79 788	---------
	5311	for 20 19	33 400	---------	44 538	---------	---------	---------	---------	---------	---------	77 938	---------
including: (group, type)													
Loan to DRL LLC	5302	for 20 20	35 100	---------	1 850	---------	---------	---------	---------	---------	---------	36 950	---------
....	5312	for 20 19	33 400	---------	1 700	---------	---------	---------	---------	---------	---------	35 100	---------
Share in DRL LLC's equity	5303	for 20 20	42 838	---------	---------	---------	---------	---------	---------	---------	---------	42 838	---------
....	5313	for 20 19	---------	---------	42 838	---------	---------	---------	---------	---------	---------	42 838	---------
....		for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....		for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....		for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....		for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
Short-term - total	5305	for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
	5315	for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
including: (group, type)													
....	5306	for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....	5316	for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....	5307	for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....	5317	for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....		for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....		for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....		for 20 20	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
....		for 20 19	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------	---------
Financial investments - total	5300	for 20 20	77 938	---------	1 850	---------	---------	---------	---------	---------	---------	79 788	---------
	5310	for 20 19	33 400	---------	44 538	---------	---------	---------	---------	---------	---------	77 938	---------

3.2. Other uses of financial investments

Indicator	Code	At 31 December 20 20	At 31 December 20 19	At 31 December 20 18
Financial investments pledged as collateral - total	5320	---------	---------	---------
including: (group, type)				
....	5321	---------	---------	---------
....	5322	---------	---------	---------
....	5323	---------	---------	---------
Financial investments transferred to third parties (except for sale) - total	5325	---------	---------	---------
including: (group, type)				
....	5326	---------	---------	---------
....	5327	---------	---------	---------
....	5328	---------	---------	---------
Other uses of financial investments	5329	---------	---------	---------

4. Inventory

4.1. Existence and movement of inventory

Indicator	Code	Period	At the beginning of the year		Changes for the period						At the end of the period	
			Cost	Provision for impairment	Additions and costs	Disposals		Impairment losses	Transfers between categories (types)		Cost	Provision for impairment
						Cost	Provision for impairment		Cost	Provision for impairment		
Inventory - total	5400	for 20 20	4 473 297	(242 516)	12 885 532	(14 697 408)	52 714	79 707	x	x	2 661 421	(110 095)
	5420	for 20 19	3 846 871	(443 828)	14 321 162	(13 694 736)	112 854	88 458	x	x	4 473 297	(242 516)
including: (group, type)												
Goods for resale	5401	for 20 20	4 460 344	(242 516)	12 814 492	(14 628 835)	52 714	79 707	—	—	2 646 001	(110 095)
Goods for resale	5421	for 20 19	3 834 986	(443 828)	13 490 545	(12 865 187)	112 854	88 458	—	—	4 460 344	(242 516)
Other stocks and costs	5402	for 20 20	12 953	—	71 040	(68 573)	—	—	—	—	15 420	—
Other stocks and costs	5422	for 20 19	11 885	—	830 617	(829 549)	—	—	—	—	12 953	—
...	5403	for 20 20	—	—	—	—	—	—	—	—	—	—
...	5423	for 20 19	—	—	—	—	—	—	—	—	—	—
...		for 20 20	—	—	—	—	—	—	—	—	—	—
...		for 20 19	—	—	—	—	—	—	—	—	—	—
...		for 20 20	—	—	—	—	—	—	—	—	—	—
...		for 20 19	—	—	—	—	—	—	—	—	—	—

4.2. Pledged inventory

Indicator	Code	At 31 December 20 20	At 31 December 20 19	At 31 December 20 18
Inventory unpaid at the reporting date - total	5440	—	—	—
including: (group, type)				
...	5441	—	—	—
...	5442	—	—	—
...	5443	—	—	—
...	5444	—	—	—
Inventory pledged as collateral under contract - total	5445	—	—	—
including: (group, type)				
...	5446	—	—	—
...	5447	—	—	—
...	5448	—	—	—
...	5449	—	—	—

5. Accounts receivable and accounts payable

5.1. Existence and movement of accounts receivable

Indicator	Code	Period	At the beginning of the year		Changes for the period										At the end of the period	
			Recorded under contractual terms	Provision for doubtful debts	Additions		Disposals					increase in provision for doubtful debts	Transferred from long-term to short-term		Recorded under contractual terms	Provision for doubtful debts
					As a result of business operations (outstanding amount under transaction/operation)	Interest, fines and other charges due	AR settled	AR written-off to financial result	AR written-off, provision used - AR written	AR written-off, provision used - provision written	Provision reversed		Debs recorded under contractual terms	Amount of provision for doubtful debts		
Long-term accounts receivable - total	5501	for 20 20	73 604	—	14 325	—	(1 988)	—	—	—	—	—	—	—	85 941	—
	5521	for 20 19	—	—	—	—	—	—	—	—	—	—	73 604	—	73 604	—
including: (type)																
Other	5502	for 20 20	48 493	—	12 162	—	(1 988)	—	—	—	—	—	—	—	58 667	—
Other	5522	for 20 19	—	—	—	—	—	—	—	—	—	—	48 493	—	48 493	—
Interest on the loan agreement	5503	for 20 20	25 111	—	2 163	—	—	—	—	—	—	—	—	—	27 274	—
Interest on the loan agreement	5523	for 20 19	—	—	—	—	—	—	—	—	—	—	25 111	—	25 111	—
....	5504	for 20 20	—	—	—	—	—	—	—	—	—	—	—	—	—	—
....	5524	for 20 19	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Short-term accounts receivable - total	5510	for 20 20	8 493 549	(215 663)	11 077 495	—	(8 493 549)	—	—	51 068	—	—	—	—	11 077 495	(164 595)
	5530	for 20 19	8 374 932	(215 713)	8 567 153	—	(8 374 932)	—	—	—	50	—	(73 604)	—	8 493 549	(215 663)
including: (type)																
Trade receivable	5511	for 20 20	7 175 719	(215 663)	7 753 843	—	(7 175 719)	—	—	51 068	—	—	—	—	7 753 843	(164 595)
Trade receivable	5531	for 20 19	6 867 452	(215 663)	7 175 719	—	(6 867 452)	—	—	—	—	—	—	—	7 175 719	(215 663)
Advances issued	5512	for 20 20	55 090	—	95 926	—	(55 090)	—	—	—	—	—	—	—	95 926	—
Advances issued	5532	for 20 19	84 787	(50)	55 090	—	(84 787)	—	—	—	50	—	—	—	55 090	—
Interest on loan agreement	5513	for 20 20	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Interest on loan agreement	5533	for 20 19	22 367	—	25 111	—	(22 367)	—	—	—	—	—	(25 111)	—	—	—
Taxes and fees		for 20 20	11 297	—	21 124	—	(11 297)	—	—	—	—	—	—	—	21 124	—
Taxes and fees		for 20 19	22 622	—	11 297	—	(22 622)	—	—	—	—	—	—	—	11 297	—
Other		for 20 20	1 021	—	18 961	—	(1 021)	—	—	—	—	—	—	—	18 961	—
Other		for 20 19	81 617	—	49 514	—	(81 617)	—	—	—	—	—	(48 493)	—	1 021	—
Related party receivable		for 20 20	1 250 422	—	3 187 641	—	(1 250 422)	—	—	—	—	—	—	—	3 187 641	—
Related party receivable		for 20 19	1 296 087	—	1 250 422	—	(1 296 087)	—	—	—	—	—	—	—	1 250 422	—
Total	5500	for 20 20	8 567 153	(215 663)	11 091 820	—	(8 495 537)	—	—	51 068	—	—	x	x	11 163 436	(164 595)
	5520	for 20 19	8 374 932	(215 713)	8 567 153	—	(8 374 932)	—	—	—	50	—	x	x	8 567 153	(215 663)

5.2. Overdue accounts receivable

Indicator	Code	At 31 December 20 20		At 31 December 20 19		At 31 December 20 18	
		Recorded under contractual terms	Carrying amount	Recorded under contractual terms	Carrying amount	Recorded under contractual terms	Carrying amount
Total	5540	389 730	225 135	351 710	136 047	332 248	116 585
including: (type)							
Расчеты с покупателями и заказчиками	5541	389 730	225 135	351 710	136 047	332 248	116 585
....	5542	—	—	—	—	—	—
....	5543	—	—	—	—	—	—
....	5544	—	—	—	—	—	—

5.3. Existence and movement of accounts payable

Indicator	Код	Period	Balance at the beginning of the year	Changes for the period					Balance at the end of the period
				Additions		Disposals		Transferred from long-term to short-term debt	
				As a result of business operations (outstanding amount under transaction/ operation)	Interest, fines and other charges due	Settled	Charged to financial result		
Long-term accounts payable - total	5551	for 20 20	—	—	—	—	—	—	—
	5571	for 20 19	—	—	—	—	—	—	—
including: (type)									
....	5552	for 20 20	—	—	—	—	—	—	—
....	5572	for 20 19	—	—	—	—	—	—	—
....	5553	for 20 20	—	—	—	—	—	—	—
....	5573	for 20 19	—	—	—	—	—	—	—
....	5554	for 20 20	—	—	—	—	—	—	—
....	5574	for 20 19	—	—	—	—	—	—	—
Short-term accounts payable - total	5560	for 20 20	9 471 544	9 928 890	—	(9 471 544)	—	—	9 928 890
	5580	for 20 19	8 790 478	9 471 544	—	(8 790 478)	—	—	9 471 544
including: (type)									
Расчеты с поставщиками и подрядчиками	5561	for 20 20	8 668 784	9 047 693	—	(8 668 784)	—	—	9 047 693
Расчеты с поставщиками и подрядчиками	5581	for 20 19	7 988 598	8 668 784	—	(7 988 598)	—	—	8 668 784
Авансы полученные	5562	for 20 20	380	379	—	(380)	—	—	379
Авансы полученные	5582	for 20 19	19	380	—	(19)	—	—	380
Расчеты с покупателями по бонусам	5563	for 20 20	796 574	865 360	—	(796 574)	—	—	865 360
Расчеты с покупателями по бонусам	5583	for 20 19	797 303	796 574	—	(797 303)	—	—	796 574
Расчеты по налогам и сборам		for 20 20	5 804	15 458	—	(5 804)	—	—	15 458
Расчеты по налогам и сборам		for 20 19	4 555	5 804	—	(4 555)	—	—	5 804
Расчеты с подотчетными лицами		for 20 20	2	—	—	(2)	—	—	—
Расчеты с подотчетными лицами		for 20 19	3	2	—	(3)	—	—	2
Прочее		for 20 20	—	—	—	—	—	—	—
Прочее		for 20 19	—	—	—	—	—	—	—
....		for 20 20	—	—	—	—	—	—	—
....		for 20 19	—	—	—	—	—	—	—
Total	5550	for 20 20	9 471 544	9 928 890	—	(9 471 544)	—	x	9 928 890
	5570	for 20 19	8 790 478	9 471 544	—	(8 790 478)	—	x	9 471 544

5.4. Overdue acounts payable

Indicator	Code	At 31 December 20 20	At 31 December 20 19	At 31 December 20 18
Total	5590	—	—	—
including: (type)				
....	5591	—	—	—
....	5592	—	—	—
....	5593	—	—	—
....	5594	—	—	—
		—	—	—

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6. Production costs

Indicator	Code	For 20 20	For 20 19
Material costs	5610	---------	---------
Payroll	5620	---------	---------
Social insurance contributions	5630	---------	---------
Depreciation and amortization	5640	---------	---------
Other costs and expenses	5650	---------	---------
Total by type of expenses	5660	---------	---------
Changes in balances (increase [-]) of work in progress, finished goods, etc.	5670	---------	---------
Changes in balances (decrease [+]) of work in progress, finished goods, etc.	5680	---------	---------
Total expenses for ordinary operations	5600	---------	---------

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7. Provisions

Indicator	Code	Balance at the beginning of the year	Recognized	Settled	Written off as excessive amount	Balance at the end of the period
Provisions - total	5700	216 515	3 150 618	(3 120 374)	---------	246 759
including: *Appraised liability for employee bonuses*	5701	133 355	1 923 230	(1 911 524)	---------	145 061
Appraised liability for Earned Leave	5702	39 947	633 955	(624 074)	---------	49 828
Appraised liability for Social Insurance	5703	43 213	593 433	(584 776)	---------	51 870
(type of commitment)	5704	---------	---------	---------	---------	---------
(type of commitment)	5705	---------	---------	---------	---------	---------
(type of commitment)	0	---------	---------	---------	---------	---------
(type of commitment)	0	---------	---------	---------	---------	---------
(type of commitment)	0	---------	---------	---------	---------	---------
(type of commitment)	0	---------	---------	---------	---------	---------

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8. Collateral for liabilities

Indicator	Code	At 31 December 20 20	At 31 December 20 19	At 31 December 20 18
Received - total	5800	---------	---------	---------
including:				
(type)	5801	---------	---------	---------
(type)	5802	---------	---------	---------
(type)	5803	---------	---------	---------
(type)	5804	---------	---------	---------
Provided - total	5810	---------	---------	---------
including:				
(type)	5811	---------	---------	---------
(type)	5812	---------	---------	---------
(type)	5813	---------	---------	---------
(type)	5814	---------	---------	---------

Chief Executive ____________ Sovetkin D.V.
(signature) (printed name)

as per PoA dated 11.06.20
Chief Accountant
N. Repetskaya

Date 11 March , 2021

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9. Government grants

Indicator		Code	For 20 20		For 20 19	
Government grants received - total		5900	---------		---------	
including: for current expenses		5901				
for investments in non-current assets		5905				
			At the beginning of the year	Received during the year	Repaid during the year	At the end of the year
Government loans - total	20 20	5910	---------	---------	---------	---------
	20 19	5920	---------	---------	---------	---------
including: (description of purpose)	20 20	5911	---------	---------	---------	---------
	20 19	5921	---------	---------	---------	---------
(description of purpose)	20 20	5912	---------	---------	---------	---------
	20 19	5922	---------	---------	---------	---------
(description of purpose)	20 20	5913	---------	---------	---------	---------
	20 19	5923	---------	---------	---------	---------

Chief Executive ____________ Sovetkin D.V.
(signature) (printed name)

as per PoA dated 11.06.20
Chief Accountant
N. Repetskaya

Date 11 March , 2021

Translation of the original Russian version

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Explanatory Notes to the balance sheet and the statement of income of Dr. Reddy's Laboratories LLC for the 2020 reporting year

These Explanatory Notes constitute an integral part of the annual financial statements of Dr. Reddy's Laboratories LLC (the "Company") for the 2020 reporting year, prepared in accordance with the applicable legislation of the Russian Federation.

All amounts are presented in thousands of rubles (kRUB). Negative values are shown in parentheses.

1. GENERAL INFORMATION

The Company's legal address is: 115035, Moscow, Ovchinnikovskaya naberezhnaya, 20, bld. 1.

The Company engages in the following core activities:

- Wholesale of medicines.

In 2020 the Company had an average of 799 employees.

The Company's supreme body is the General Meeting of Participants. In accordance with the Charter, the sole executive body is the General Director of the Company. The composition of the Company's executive body is as follows:

Mandatory disclosure		Additional disclosure	
Full name	**Position**	**Total compensation paid**	**Details of compensation paid**
Dmitry Vladislavovich Sovetkin	General Director	28,496	Payroll for the reporting period
		8,262	Accrued payroll taxes and other compulsory payments to budgetary and non-budgetary funds for the reporting period
		1,039	Paid annual leave earned in the reporting period
		23	Income in-kind

Dr. Reddy's Laboratories S.A. is the beneficial owner of the Company.

These financial statements were prepared on paper and signed by the Company's General Director on 11 March 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation

The Company's accounting records are maintained in accordance with Federal Law No. 402-FZ of 6 December 2011, Concerning Accounting and the Statute Concerning Accounting and Reporting in the Russian Federation approved by Order No. 34n of the Russian Ministry of Finance of 29 July 1998 (as amended on 11 April 2018), as well as applicable Accounting Statements. The Company's financial statements for 2020 were prepared in accordance with the same Law and Accounting Statements.

Pursuant to Article 12.1 of Federal Law No. 402-FZ, accounting items are subject to monetary measurement.

Uncertainty of estimation

Discussed below are key assumptions concerning future events and other key sources of estimation uncertainty at the reporting date that create a significant risk that material adjustments to the carrying amounts of assets and liabilities will be required within the next reporting year:

- Provision for doubtful debts.
- Allowance for impairment of inventories.
- Useful lives of intangible assets.

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- Provisions for contingencies.
- Provision for vacations unused as of the reporting date.
- Provision for performance bonuses.
- Provision for bonuses (rewards) paid to distributors for reaching target volumes.
- Provision for contractual obligations.

Fixed assets

Pursuant to paragraphs 7 and 8 of Accounting Statement 6/01, *Accounting for Fixed Assets*, fixed assets are recognized at historical cost. The historical cost of fixed assets acquired for consideration is the total cost of acquisition, construction or production, net of value added tax and other recoverable taxes (except in instances stipulated by Russian law).

Fixed assets are depreciated using the straight-line method. Fixed assets are not revalued.

Pursuant to paragraph 20 of Accounting Statement 6/01, *Accounting for Fixed Assets*, the useful lives (months) of fixed assets used for depreciation purposes are as follows:

Fixed asset group	Useful life
Small computer equipment	36
Furniture	34-72
Motor vehicles (3.5 liters or less)	48
Motor vehicles (more than 3.5 liters)	84

The historical cost used to record a fixed asset may only be adjusted in the event of additional construction, equipment, renovation, upgrading, partial liquidation or revaluation of fixed assets (paragraph 14 of Accounting Statement 6/01).

Pursuant to paragraph 11 of Accounting Statement 6/01, *Accounting for Fixed Assets*, fixed assets received under contracts providing for non-monetary compensation (settlement) are measured as follows:

- The historical cost of fixed assets received under the contracts providing for non-monetary compensation (settlement) is deemed to be the cost of assets transferred or transferable. The cost of assets transferred or transferable by the Company is based on the price it would normally charge for similar assets under comparable circumstances.
- Where it is impossible to determine the cost of assets transferred or transferable by the company, the cost of fixed assets received by the company under contracts providing for non-monetary compensation (settlement) is based on the price of similar assets under comparable circumstances.

Determination of cost limit for fixed assets recorded in inventories

Fixed assets include equipment, motor vehicles and other items with historical cost exceeding kRUB 40 per unit and useful life of more than 12 months.

Assets that meet criteria for recognition as fixed assets and have a unit cost of kRUB 40 or less are recognized in accounting records and reported in financial statements as inventories.

As of 31 December 2020, the Company leased the following premises:

Facility	Area	Address	Lessor
Office	1,360.20 sq. m.	Moscow, Ovchinnikovskaya naberezhnaya, 20, bld. 1, 6th floor	Firm Gran LLC
Office	518.9 sq. m.	Moscow, Ovchinnikovskaya naberezhnaya, 20, bld. 1, 8th floor	Firm Gran LLC

Since the lessor has not provided the estimated value of the leased premises, this information is not recorded off balance sheet in the financial statements of Dr. Reddy's Laboratories LLC.

In 2020, office lease expenses totaled kRUB 55,367 (2019: kRUB 63,070).

Translation of the original Russian version

The Company concluded an agreement for integrated warehousing services to store and handle medicinal products:

Facility	Area	Address	Service provider
Pharmaceuticals warehouse	1 December 2019 – 31 March 2020 – 10,000 euro-pallet slots From 1 April 2020 – 8,300 euro-pallet slots	Moscow Region, Istra District, Davydkovo village, Dachnaya street, bld. 2	SANTENS SERVICE CJSC

In 2020, warehousing and handling expenses totaled kRUB 118,070 (2019: kRUB 116,177).

Intangible assets

Pursuant to paragraphs 6 and 7 of Accounting Statement 14/2007, *Accounting for Intangible Assets*, intangible assets are recognized at historical cost. The historical cost of intangible assets is deemed to be the amount denominated in cash or other form of consideration or the amount of a liability paid or payable by the Company at acquisition, creation of the asset and establishing conditions for use of the asset for planned purposes.

Pursuant to paragraph 28 of Accounting Statement 14/2007, *Accounting for Intangible Assets*, intangible assets with a finite useful life are amortized using the straight-line method.

Pursuant to paragraph 23 of Accounting Statement 14/2007, intangible assets with an indefinite useful life are not amortized.

In the reporting period, the Company did not identify events and circumstances to support re-assessment of the useful lives and amortization methods applied to intangible assets.

It is impractical to reasonably assess a useful life of an intangible asset with an indefinite useful life.

Intangible asset amortization charges are reflected in the reporting period to which they relate, regardless of the financial result achieved by the Company in that period.

The useful lives applied for the purpose of amortizing intangible assets are as follows (in months):

Intangible assets	Useful life
Manufacturing technology (know-how)	44-84
Other intangible assets	24 (unless otherwise stipulated in the agreement)

The historical cost of an intangible asset entered into accounting records can be changed as a result of revaluation or impairment of the intangible assets.

Intangible assets are tested for impairment on an annual basis in accordance with International Accounting Reporting Standards (paragraph 22 of Accounting Statement 14/2007).

Pursuant to paragraph 14 of Accounting Statement 14/2007, *Accounting for Intangible Assets*, intangible assets received under the contracts providing for non-monetary compensation (settlement) are valued as follows: the historical cost of such intangible assets is deemed to be the cost of assets transferred or transferable. Where it is impossible to determine the cost of assets transferred or transferable under the above contracts, the cost of intangible assets received by the Company is based on the price of similar intangible assets under comparable circumstances.

Inventories

Pursuant to paragraph 2 of Accounting Statement 5/01, *Accounting for Inventories*, the following assets are to be included in inventories:

- Assets used as raw materials, supplies, etc., in the production of goods for sale (performance of work, provision of services).
- Assets held for sale.
- Assets used for internal administrative purposes.

Finished goods are part of inventories held for sale.

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Goods are part of inventories acquired or received from other legal entities or individuals and held for sale.

Pursuant to paragraphs 5 and 6 of Accounting Statement 5/01, *Accounting for Inventories*, inventories are recognized at their actual cost. The actual cost of inventories received for consideration is deemed to be the total amount of actual costs incurred by the entity in connection with their acquisition, net of value added tax and other recoverable taxes (except in instances stipulated by Russian law).

Inventories issued into production or otherwise disposed of are measured at actual value of the item within the batch.

Pursuant to paragraph 24 of Accounting Statement 5/01, *Accounting for Inventories*, at the end of the reporting year, inventories are carried at the value determined on the basis of the inventory measurement methods indicated above.

Pursuant to paragraph 25 of Accounting Statement 5/01, *Accounting for Inventories*, obsolete, damaged (partially damaged) or impaired inventories are reported in the closing balance sheet net of the applicable impairment allowance. This provision is charged against the Company's financial result in an amount calculated as the difference between the current market value and actual cost of inventories if the actual cost exceeds their current market value. The Company annually determines whether it is necessary to accrue an allowance for impairment of inventories, including a provision for the destruction of goods that are not sold within their shelf life or due to defects.

Accounting for financial investments

Financial investments are recognized in accordance with Accounting Statement 19/02, *Accounting for Financial Investments*.

Financial investments include the following main types of financial investments:

- Securities of other organizations.
- Contributions to charter (pooled) capital of other entities.
- Loans provided to other entities.
- Deposits with credit organizations.

Financial investments are recognized at historical cost. The historical cost of financial investments acquired for consideration is determined as the total cost of acquisition. The historical cost of financial investments provided as a contribution to the charter (pooled) capital of an entity is deemed to be the monetary value of those investments as agreed upon by the founders (participants). The historical cost of loans provided shall be deemed to be the amount of cash disbursement.

Financial investments, for which the current market value is determinable, are recognized in the financial statements as of the end of the reporting year at the current market value adjusted as of the previous reporting date.

Financial investments, for which the current market value is not determinable, are recognized in the financial statements as of the reporting date at their historical cost.

Financial investments for which the current market value is not determinable, contributions to charter (pooled) capital of other organizations, loans issued to other organizations, deposits with credit institutions are disposed at historical cost of each item of recognized financial investments. The cost of disposed financial investments for which the current market value is determinable is based on their most recent valuation.

A sustained material decline in value of financial investments, for which the current market value is not determinable, below the level of economic benefits which an organization can reasonably expect to receive from these financial investments in the normal course of business, is recognized as impairment of financial investments. Therefore, the Company estimates the value of financial investments as the difference between their carrying amount and the amount of impairment.

In the event of sustained material decline in the value of financial investments, the Company recognizes an allowance for impairment of financial investments in the amount of difference between their carrying amount and estimated value.

If there is any indication of impairment, financial investments are tested for impairment once a year as of 31 December of the reporting year.

Translation of the original Russian version

Gains and losses from financial investments are recognized within other income and expenses on a gross basis. Coupon income from bonds and gains received on loans provided to other entities are recorded as interest receivable in the statement of financial results.

Accounts receivable

The Company recognizes doubtful debt provisions if accounts receivable is recognized as doubtful, and takes the amount of such provisions to the financial results.

Doubtful debt is an outstanding account receivable not settled or unlikely to be settled within the contractual term and not secured by proper guarantees. The amount of the provision is calculated for each doubtful debt and depends on the debtor's financial position (solvency) and the estimated probability of a full or partial settlement. In particular, doubtful debts represent accounts receivable past due more than 365 days. The provision is made for the full amount of the debt less the amount of accounts payable.

If by the end of the reporting year following the year of doubtful debt provision any part of such provision remains unused, the unused amounts will be added to the financial results at the time of preparing the balance sheet as of the end of the reporting year.

Revenue

Revenue is recognized as the cash equivalent of cash and other assets received and/or accounts receivable (pursuant to paragraph 3 of Accounting Statement 9/99, *Income of an Organization*). If actual receipts fall short of the total revenue, revenue is recognized as the sum of actual receipts and outstanding accounts receivable (not covered by receipts).

Revenue is recognized if all of the following criteria are met (paragraph 12 of Accounting Statement 9/99):

- The entity is entitled to the revenue on a contractual or other basis.
- The amount of revenue is measurable.
- There is certainty that a particular transaction will result in an inflow of economic benefits.
- Ownership (possession, utilization and disposal) rights to the products (goods) have passed from the entity to the purchaser, or the work has been accepted by the customer (services have been rendered).
- The costs incurred or to be incurred in connection with the transaction are measurable.

Expenses

Administrative and selling expenses are recognized in full in the reporting period when they were recognized as expenses related to ordinary business activity.

Expenses for marketing services related to product promotion, as well as advisory and marketing services in the form of market research under agreements with Dr. Reddy's Laboratories Ltd. (India) are taken to expenses and reported within the cost of services, since revenue under agreements is determined as an amount of incurred expenses increased by the premium.

Expenses recognized as selling expenses include:

- Salaries and insurance contributions of employees engaged in selling activities.
- Depreciation of fixed assets.
- Other payments and compensations to employees.
- Lease of premises and a warehouse.
- Transportation expenses.
- Advertising and promotion.
- Business travel expenses.
- Conferences, round tables and pharmaceutical workshops.
- Entertainment expenses.

Translation of the original Russian version

- Marketing services for pharmacy chains.
- Expenses incurred under civil contracts.
- Other expenses.

Expenses recognized as administrative expenses include:

- Salaries and insurance contributions of employees engaged in administrative activities.
- Depreciation of fixed assets.
- Materials.
- Office lease.
- Business travel expenses of employees engaged in administrative activities.
- Advisory services.
- Office maintenance costs.
- Other expenses.

Borrowing costs

Information relating to expenses associated with the fulfillment of obligations under loans and borrowings received is recorded and disclosed in accordance with Accounting Statement 15/2008, *Accounting for Borrowing Costs.*

Borrowing costs are recognized in the accounting records and financial statements as other expenses in the reporting period to which they pertain.

Obligations under loans and borrowings received are recorded in the financial statements as long-term obligations (with contractual maturities of more than 12 months) and short-term obligations (with contractual maturities of up to 12 months). Long-term loans and borrowings are reclassified to short-term loans and borrowings if their remaining contractual maturity is less than 12 months.

Cash and cash equivalents, recognition of cash flows

Cash and cash equivalents

For the purpose of the statement of cash flows, the Company's cash includes cash equivalents, which are short-term, highly liquid financial investments that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value. In particular, the Company includes in cash equivalents demand deposits with credit institutions and/or deposits maturing in three months or less, as well as highly liquid bank promissory notes maturing in less than three months.

Reporting cash flows on a net basis

Cash flows are presented on a net basis in the statement of cash flows when they reflect the activities of counterparties rather than those of the entity, and/or when proceeds from one party give rise to respective payments to another party. In particular, the Company reports the following cash flows on a net basis:

a) Cash flows of a commissioner or agent in connection with the performance of commission or agency services (other than fees for such services).

b) Indirect taxes included in receipts from customers and clients, payments to suppliers and contractors and payments to the budget of the Russian Federation or compensations from the budget.

Cash flows are also presented on a net basis in the statement of cash flows when their turnover is quick, amounts are large, and maturities are short. In particular, the Company reports the following cash flows on a net basis:

a) Related cash payments and receipts from settlements with bank cards.

b) Purchase and resale of financial investments.

c) Short-term financial investments (usually with a maturity period of three months or less) using borrowed funds.

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Foreign currency cash flows

For the purpose of the statement of cash flows, foreign currency cash flows are translated into Russian rubles at the official rate of the foreign currency to Russian ruble set by the Central Bank of the Russian Federation as of the date of payment or receipt. In case of insignificant changes in the official rate of the foreign currency to the Russian ruble established by the Central Bank of the Russian Federation, foreign currency amounts related to a large number of homogenous transactions may be translated into Russian rubles at the average rate for the month or a shorter period.

Where the Company in the ordinary course of business exchanges foreign currency for Russian rubles immediately after receiving such foreign currency, the cash flow is presented in the statement of cash flows as the amount of Russian rubles actually received, without translating the foreign currency. Where the Company in the ordinary course of business exchanges Russian rubles for a required amount in foreign currency shortly before an intended payment in foreign currency, the cash flow is presented in the statement of cash flows as the amount of Russian rubles actually paid, without translating the foreign currency.

Balances of cash and cash equivalents denominated in foreign currency at the beginning and end of the reporting period are recorded in the statement of cash flows in the amount in Russian rubles determined in accordance with Accounting Statement 3/2006, *Accounting for Assets and Liabilities Whose Value is Expressed in Foreign Currency.* The difference arising on the translation of the Company's cash flows and balances of cash and cash equivalents denominated in foreign currency at exchange rates ruling at different dates is recorded in the statement of cash flows separately from cash flows from operating, investing and financing activities as effect of changes in the exchange rate between the foreign currency and the Russian ruble.

Assets and liabilities denominated in foreign currency

Assets and liabilities denominated in foreign currency are recorded in accordance with Accounting Statement 3/2006, *Accounting for Assets and Liabilities Whose Value is Expressed in Foreign Currency.*

Exchange gains and losses are recognized in accounting records and financial statements in the reporting period in which a liability is settled or for which financial statements have been prepared.

Exchange gains and losses are taken to the Company's financial result as either other income or other expenses.

Official exchange rates of the CBR as of 31 December 2020 were as follows:

- US dollar – 73.8757 Russian rubles.
- Euro – 90.6824 Russian rubles.

Official exchange rates of the CBR as of 31 December 2019 were as follows:

- US dollar – 61.9057 Russian rubles.
- Euro – 69.3406 Russian rubles.

Official exchange rates of the CBR as of 31 December 2018 were as follows:

- US dollar – 69.4706 Russian rubles.
- Euro – 79.4605 Russian rubles.

Other

Expenses related to future periods but incurred by the entity in the reporting period are recorded on the balance sheet in accordance with asset recognition criteria set by accounting regulations and are written off based on the procedure for writing off the value of the relevant asset type. In the accounting records, such expenses are recorded in Account 97, *Prepaid Expenses.* If such expenses are long-term, they are included in the line "Other non-current assets" of the balance sheet. Initially short-term expenses are included in the line "Other current assets" of the balance sheet.

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Changes in accounting policies for 2020

In order to improve the presentation of expenses related to principal activities (wholesale of medicines), the Company decided to record expenses related to the write-off of goods against the impairment allowance within the cost of sales starting from 1 January 2020. In addition, in order to improve the presentation of selling expenses, the Company decided to record compensations to employees, advertising and other similar expenses within selling expenses (total amount of these expenses is insignificant) starting from 1 January 2020.

The table below presents movements in comparatives in the statement of income resulting from the above changes in accounting policies:

Item of the statement of income	Effect of changes in accounting policies for 2019	For 2019 (as previously reported)	For 2019 (as restated)
Cost of goods sold	(114,991)	(15,128,671)	(15,243,662)
Gross profit	(114,991)	2,614,802	2,499,811
Selling expenses	(16,574)	(1,526,309)	(1,542,883)
Other expenses	131,617	(237,088)	(105,471)

Based on the above, adjustments have been made to the breakdowns in the Explanatory Notes in order to ensure compatibility.

Planned changes to the accounting policies for 2021

FAS 5/2019, *Inventories*, becomes effective on 1 January 2021. The Company believes that changes in the accounting policy due to amending this standard will not have any significant impact on the Company's financial position, financial results and cash flows.

3. INTANGIBLE ASSETS

The Company's intangible assets and their movements during the reporting period are disclosed in Table 1.1 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

In 2020, the Company incurred expenses for the acquisition (creation) of intangible assets (new technologies, patent rights, licenses for the use of inventions, industrial designs, utility models etc.) in the total amount of kRUB 46,242 (2019: kRUB 37,178).

The carrying amount of fully amortized intangible assets that were not derecognized and that continue to generate economic benefits for the Company is presented in Table 1.3 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

Information on incomplete transactions involving the acquisition of intangible assets is disclosed in Table 1.5 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

4. FIXED ASSETS

Fixed assets and income-bearing investments in tangible assets, their movements and accumulated depreciation are presented in Table 2.1 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

As of 31 December 2020, the gross carrying amount of fully depreciated fixed assets was kRUB 88,626 (31 December 2019: kRUB 53,780, 31 December 2018: kRUB 16,177).

Information on construction in progress and movements in construction in progress as well as on uncompleted transactions to acquire or upgrade, etc., any fixed assets is presented in Table 2.2 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

Information on other use of fixed assets is presented in Table 2.4 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

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5. FINANCIAL INVESTMENTS

Information on financial investments and their movements in the reporting period is presented in Table 3.1 of the Explanatory Notes to the balance sheet and the statement of income in the table form. In 2019, the Company acquired a 99.9% share in DRS LLC registered in the Uniform State Register of Legal Entities on 17 January 2019. The value of the acquired share is disclosed in Table 3.1 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

As of 31 December, financial investments amounted to:

Financial investments by nature of investment	2020	2019	2018
Equity financial investments whose current market value cannot be determined	42,838	42,838	–
Debt financial investments whose current market value cannot be determined	36,950	35,100	33,400
Total	**79,788**	**77,938**	**33,400**

Loans issued

As of 31 December, long-term loans issued included:

Borrower (by maturity)	Amount maturing later than 12 months after the reporting date			Maturity	Annual interest rate
	2020	2019	2018		
Loans issued to related parties					
DRS LLC	36,950	35,100	33,400	February 2024	8

As of 31 December 2020, 31 December 2019 and 31 December 2018, all loans issued are denominated in Russian rubles.

6. INVENTORIES

Information on inventories and their movements during the reporting period is presented in Table 4.1 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

As of 31 December 2020, 31 December 2019 and 31 December 2018, there were no inventories pledged.

7. ACCOUNTS RECEIVABLE

Information on accounts receivable and their movements during the reporting period is presented in Table 5.1 of the Explanatory Notes to the balance sheet and the statement of income in the table form. Turnovers do not include accounts receivable recorded and repaid in the same reporting period.

There were no accounts receivable pledged as collateral under loan agreements.

Information about overdue accounts receivable is presented in Table 5.2 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

Long-term accounts receivable is presented in Table 5.1 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

8. CASH AND CASH EQUIVALENTS

As of 31 December, cash and cash equivalents comprised the following:

	2020	2019	2018
RUB-denominated cash on hand and balances with banks	38,003	66,132	34,254
Cash equivalents (short-term deposit)	–	30,000	70,000
Total cash included in the statement of cash flows and the balance sheet	**38,003**	**96,132**	**104,254**

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As of 31 December 2020, the Company had access to the following extra cash resources:

- Cash in the amount of kRUB 100,000 that the Company may receive on an overdraft basis.

In general, the Company's cash flows are associated with maintaining the Company's production activities at existing level.

9. OTHER ASSETS

As of 31 December, other assets consisted of the following:

Type of assets	2020		2019		2018	
	Non-current	Current	Non-current	Current	Non-current	Current
Non-exclusive rights and licenses	–	44,786	–	23,585	–	23,669
VAT on advances received	–	61	–	62	–	2
Insurance	–	15,747	–	18,312	–	17,811
Shortages and losses from damage to assets	–	–	–	94	–	–
Total	–	**60,594**	–	**42,053**	–	**41,482**

The Company incurred expenses to acquire non-exclusive rights and licenses. Such expenses are recorded in account 97, "Prepaid expenses." Non-current expenses are included in Section I "Non-current assets" of the balance sheet ("Other non-current assets" line item), while initially short-term expenses are included in Section II "Current assets" of the balance sheet ("Other current assets" line item).

Acquisition costs	Balance as of 31 December 2018	Additions	Disposals	Balance as of 31 December 2019	Additions	Disposals	Balance as of 31 December 2020
Software products	21,601	10,758	(13,011)	19,168	47,964	(25,800)	41,332
SAP and warehouse system integration	2,068	2,750	(401)	4,417		(963)	3,454
Total	**23,669**	**13,328**	**(13,412)**	**23,585**	**47964**	**(26,763)**	**44,786**

10. CHARTER CAPITAL

	Charter capital (kRUB)	Interest held by the Company
31 December 2018	**696,295**	–
Increase (decrease) in charter capital	–	–
Change in the Company's interest	–	–
31 December 2019	**696,295**	–
Increase (decrease) in charter capital	–	–
Change in the Company's interest	–	–
31 December 2020	**696,295**	–

As of 31 December 2020, 31 December 2019 and 31 December 2018, all shares were fully paid.

The Company distributed no profit in 2020, 2019 and 2018.

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11. LOANS AND BORROWINGS

As of 31 December, loans and borrowings consisted of the following:

Description	2020		2019		2018	
	Short-term loans and borrowings	Long-term loans and borrowings	Short-term loans and borrowings	Long-term loans and borrowings	Short-term loans and borrowings	Long-term loans and borrowings
Bank loans	1,312,419	–	1,315,819	–	–	–
Intragroup loan	–	–	–	–	1,473,924	–
Total loans and borrowings	**1,312,419**	–	**1,315,819**	–	**1,473,924**	–

As of 31 December 2020, interest accrued, but not paid was kRUB 12,419 (31 December 2019: kRUB 15,819; 31 December 2018: kRUB 97,924).

Accrued interest and other borrowing costs included in the line "Interest payable" of the statement of income in 2020 amounted to kRUB 88,943 (2019: kRUB 120,070).

Short-term loans and borrowings

As of 31 December 2020, short-term loans and borrowings consisted of the following:

Description	Loans and borrowings balance as of 31 December 2020, kRUB	Annual interest rate range, %	Contractual maturity date	Collateral provided (type and amount)
Loans:				
- Citibank	1,300,000	From 7.15 to 5.55	28 April 2021	No collateral
Total loans and borrowings	**1,300,000**			

As of 31 December 2019, short-term loans and borrowings consisted of the following:

Description	Loans and borrowings balance as of 31 December 2019, kRUB	Annual interest rate range, %	Contractual maturity date	Collateral provided (type and amount)
Loans:				
- Citibank	1,300,000	From 7.05 to 8.49	28 April 2020	No collateral
Total loans and borrowings	**1,300,000**			

As of 31 December 2018, short-term loans and borrowings consisted of the following:

Description	Loans and borrowings balance as of 31 December 2018, kRUB	Annual interest rate range, %	Contractual maturity date	Collateral provided (type and amount)
Intragroup loan	1,376,000	7.8	Until 6 May 2019	No collateral
Total loans and borrowings	**1,376,000**			

The carrying amounts of the short-term loans and borrowings are denominated in Russian rubles as of 31 December 2020, 31 December 2019 and 31 December 2018.

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12. PROVISIONS

Information on provisions and their movements during the reporting period is presented in Table 7 of the Explanatory Notes to the balance sheet and the statement of income in the table form.

As of 31 December, provisions were as follows:

	2020	2019	2018
Included in the total amount of provisions:			
Long-term	–	–	–
Short-term	246,759	216,515	200,621
Total	**246,759**	**216,515**	**200,621**

Unused vacation provision

The Company has created a provision for employee vacations unused as of 31 December 2020. The provision balance as of 31 December 2020 is expected to be used in the first half of 2020. Management believes that the actual amount of vacation compensation expenses will not exceed the amount of the unused vacation provision disclosed in the financial statements as of 31 December 2020.

Provision for annual or quarterly performance bonuses

The Company has created a provision for future expenses related to performance bonuses paid to regional employees on a quarterly basis and to office employees on an annual basis. It is expected that the provision amount as of 31 December 2020 will be used in the first half of 2021. Management believes that the actual amount of bonus expenses will not exceed the amount of the provision disclosed in the financial statements as of 31 December 2020.

Provision for insurance contributions (unused vacations, bonuses)

The Company has created a provision for future expenses related to insurance contributions on paid annual/quarterly bonuses and vacations provided for. It is expected that the provision amount as of 31 December 2020 will be used in the first half of 2021. Management believes that the actual amount of bonus expenses will not exceed the amount of the provision disclosed in the financial statements as of 31 December 2020.

13. ACCOUNTS PAYABLE

Accounts payable and their movements in the reporting period are disclosed in Table 5.3 of the Explanatory Notes to the balance sheet and the statement of income in the table form. Turnovers do not include accounts payable recorded and settled in the same reporting period.

As of 31 December 2020, 31 December 2019 and 31 December 2018, trade accounts payable in foreign currency were insignificant.

The Company does not have any overdue accounts payable as of 31 December 2020, 31 December 2019 and 31 December 2018.

Payables to state non-budgetary funds

As of 31 the Company had no payables to state non-budgetary funds.

Taxes and levies payable

As of 31 December, taxes and levies payable consisted of the following:

	2020	2019	2018
Income tax	4,848	–	–
Value-added tax	9,560	4,564	3,411
Transport tax	1,045	1,240	1,144
Property tax	5	–	–
Total taxes and levies payable	**15,458**	**5,804**	**4,555**

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As of 31 December 2020, 2019 and 2018, the Company had no overdue insurance contributions, taxes and levies payable.

14. OTHER LIABILITIES

As of 31 December, other liabilities consisted of the following:

Liabilities	2020		2019		2018	
	Long-term	Short-term	Long-term	Short-term	Long-term	Short-term
Settlements under civil contracts	–	12,184	–	25,876	–	14,186
Settlements related to unbilled deliveries	–	8,608	–	2,245	–	8,198
Other	–	155	–	–	–	–
Total	–	**20,947**	–	**28,121**	–	**22,384**

15. INCOME AND OPERATING EXPENSES

The following tables present information on revenue (net) from sales of goods, products, work and services (less VAT, excise taxes and similar fiscal payments) (paragraph 3 of Accounting Statement 9/99), the cost of goods, products, work and services sold, as well as the selling and administrative expenses (Accounting Statement 10/99):

Revenue and cost of sales

Activity	Revenue from sales of goods and services, net (less VAT)	Cost of goods and services sold	Gross profit
Revenue from sales of goods	16,488,268	(14,458,062)	2,030,206
Revenue from provision of marketing services	2,695,847	(2,592,161)	103,686
Total for 2020	**19,184,115**	**(17,050,223)**	**2,133,892**

Activity	Revenue from sales of goods and services, net (less VAT)	Cost of goods and services sold	Gross profit
Revenue from sales of goods	15,057,253	(12,660,758)	2,396,495
Revenue from provision of marketing services	2,686,220	(2,582,904)	103,316
Total for 2019	**17,743,473**	**(15,243,662)**	**2,499,811**

During the reporting year, the Company was not engaged in the sale of goods, work and services under contracts providing for non-monetary compensation from counterparties.

During the reporting year, the Company was selling goods primarily in the domestic market with the export sales comprising less than 1% of the total goods sold. In 2020 and 2019, domestic sales revenue was approximately 99.99% and 100% of total sales, respectively. Export sales were made to the Republic of Belarus.

Selling expenses

Selling expenses consisted of the following:

Selling expenses	2020	2019
Advertising	881,302	810,652
Payroll	152,998	140,509
Marketing expenses of pharmacy chains	139,977	134,250
Lease expenses	118,070	116,177
Civil law contract expenses	68,882	105,812
Insurance contributions	60,827	59,281

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Selling expenses	2020	2019
Depreciation and amortization charges	50,877	58,407
Expenses for goods (certification, transportation, etc.)	39,543	51,192
Professional, legal, advisory services	24,345	74
Sales expenses	16,993	15,127
IT services	13,932	14,368
Conference and round tables expenses	2,157	-
Business travel	1,922	8,165
Fuel and lubricants	1,415	1,882
Lease of motor vehicles	1,016	2,948
Other	15,420	24,039
Total	**1,589,676**	**1,542,883**

Administrative expenses

Administrative expenses consisted of the following:

Administrative expenses	2020	2019
Payroll	55,817	68,401
Professional services (legal, advisory, audit)	19,839	13,311
Lease of offices and premises	16,297	17,363
Insurance contributions	11,342	12,417
Office maintenance costs	7,901	8,243
Depreciation and amortization of FA, IA and low-value FA	2,925	3,951
Lease of motor vehicles	2,341	1,519
IT services	1,939	1,119
Business travel	241	4,684
Personnel training and development	236	431
Fuel and lubricants	220	637
Other	1,821	4,289
Total	**120,919**	**136,365**

16. OTHER INCOME AND EXPENSES

In 2020 and 2019, other income and expenses consisted of the following:

Other income	2020	2019
Agency fee under agency contract with Dr. Reddy's Laboratories (India)	36,351	32,863
Income from the sale, disposal and other write-off of fixed assets	363	–
Insurance premium received under insurance contract	–	348
Other	470	549
Total other income	**37,184**	**33,760**

Other expenses	2020	2019
Expenses related to payments for services provided by credit institutions	11,604	10,337
Expenses related to the sale, disposal or other write-off of fixed assets	1,811	24,142
Expenses related to impairment of intangible assets	–	64,246
Other	3,910	6,746
Total other expenses	**17,325**	**105,471**

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17. CHANGES IN ACCOUNTING ESTIMATES

In 2020 and 2019, the Company made the following changes in accounting estimates:

Accounting estimate	Nature of change	Included in current period income / (expenses), kRUB	
		2020	2019
Doubtful debt provision	Charge/(reversal)	(80)	–
Inventory impairment provision	Impairment indicators	77,529	86,520

Changes in the accounting estimates will have no significant effect on the financial statements for future periods.

18. INCOME TAX

Deferred tax is as follows:

Temporary differences	Opening balance	Prior period adjustments	Current period changes	Closing balance
Bonuses payable to distributors	796,574	–	85,696	882,270
Trade accounts payable	236,690	–	3,342	240,032
Provision for employee bonuses and vacations	216,515	–	30,244	246,759
Inventory provision	242,517	–	(132,421)	110,096
Net book value of IA (class 69)	64,246	–	(16,280)	47,966
Net book value of FA	(83,926)	–	32,360	(51,566)
Prepaid expenses (acquisition of non-exclusive rights and licenses)	2,715	–	(396)	2,319
Total temporary differences	**1,475,331**	–	**2,545**	**1,477,876**
Applicable tax rate	20%	20%	20%	20%
Total deferred tax assets / deferred tax liabilities for temporary differences	**295,066**	–	**509**	**295,575**
Changes in taxation rules	–	–	–	–
Changes in applicable tax rates	–	–	–	–
Recognition (write-off) of deferred tax assets due to changes in the entity's chances to earn taxable profits in future reporting periods	–	–	–	–
Total deferred income tax	**295,066**	–	**509**	**295,575**

The relation between income tax expense (benefit) and profit (loss) before tax is disclosed in the table below:

		For 2020	For 2019
Profit (loss) before tax	[1]	**(359,610)**	**(640,152)**
Income tax rate, %	[2]	20%	20%
Theoretical income tax expense (benefit)	[3] = [1] * [2]	(71,922)	(128,030)
Permanent tax expense (benefit)	[4]	**(11,334)**	**(16,882)**
Expenses related to health insurance for employees' relatives		(6,715)	(6,424)
Other non-deductible expenses		(4,619)	(10,458)
Income tax expense (benefit)	[5] = [3]+ [4]	**(83,256)**	**(144,912)**

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19. RELATED PARTIES

In the course of its business, the Company enters into transactions with legal entities and individuals that are related parties.

For the most part, transactions with related parties consist of:

- Purchase and sale of goods, work and services.
- Provision of marketing services.
- Provision of agent services under agency agreements.
- Financial transactions, including provision of loans.
- Acquisition of interest in charter capital.
- Sublease of office premises.

For the purpose of these financial statements, the Company identified the following related parties in accordance with Accounting Statement 11/2008, *Related Party Disclosures*:

No.	Legal entity or related party (full name)	Registration address	Nature of relationship	Share of the related party in the Company, %	Share of the Company in the related party, %
Parent company					
1.	Dr. Reddy's Laboratories Ltd.	Hyderabad, India	Parent	–	–
Major shareholders (participating entities)					
2.	Dr. Reddy's Laboratories SA	Basel, Switzerland	General control before 26 March 2020 General control after 27 March 2020	100% 99.99%	–
3.	Reddy Netherlands BV	Amsterdam, Netherlands	General control after 27 March 2020	0.01%	–
Key management personnel					
4.	Dmitry Vladislavovich Sovetkin	Moscow	General Director	–	–
Associates					
5.	DRS LLC	Moscow	General control	–	99.9%

Cost values, terms, conditions and form of settlements for transactions not closed as of 31 December:

Nature of relationship and type of liability	2020	2019	2018	Settlement terms and conditions	Form of settlement
Accounts receivable, including other receivables	**3,186,831**	**1,250,421**	**1,296,087**		
- Parent company Dr. Reddy's Laboratories Ltd.	3,182,151	1,203,720	1,266,035	settlements are made on an arm's length basis under contractual terms	non-cash
- Major shareholder (participating entity) Dr. Reddy's Laboratories SA	4,680	46,420	30,052	settlements are made on an arm's length basis under contractual terms	non-cash
- Key management personnel	–	281	–	settlements are made under contractual terms	non-cash
Accounts payable	**(8,386,474)**	**(8,145,029)**	**(7,562,149)**		
- Parent company Dr. Reddy's Laboratories Ltd.	(8,253,020)	(7,734,568)	(7,111,307)		

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Nature of relationship and type of liability	2020	2019	2018	Settlement terms and conditions	Form of settlement
- Major shareholder (participating entity) Dr. Reddy's Laboratories SA	(131,858)	(410,185)	(445,241)		
- Key management personnel	(1,596)	(276)	(5,601)		wire transfer to salary cards

As of 31 December 2020, the amount of loan provided to DRS LLC was kRUB 36,950. Maturity date: 14 January 2024.

Types and scope of the Company's transactions with related parties:

	2020	2019
Types and scope of the Company's transactions with related parties: Nature of relationship and type of transaction		
Purchase of goods (VAT excluded)	**13,133,249**	**12,994,839**
- Parent company Dr. Reddy's Laboratories Ltd.	12,879,046	12,338,929
- Major shareholder (participating entity) Dr. Reddy's Laboratories SA	254,203	655,910
Volume discount	**796,149**	**45,945**
- Parent company Dr. Reddy's Laboratories Ltd.	762,862	–
- Major shareholder (participating entity) Dr. Reddy's Laboratories SA	33,287	45,945
Credit notes approved	**14,063**	**8,774**
- Parent company Dr. Reddy's Laboratories Ltd.	13,587	8,774
- Major shareholder (participating entity) Dr. Reddy's Laboratories SA	476	–
Claims brought against	**7,009**	**21,736**
- Parent company Dr. Reddy's Laboratories Ltd.	7,009	21,135
- Major shareholder (participating entity) Dr. Reddy's Laboratories SA	–	601
Provision of marketing services (VAT excluded)	**2,695,847**	**2,686,220**
- Parent company Dr. Reddy's Laboratories Ltd.	2,695,847	2,686,220
Provision of agent services (VAT excluded) – agency fee	**36,351**	**32,863**
Parent company Dr. Reddy's Laboratories Ltd.	36,135	32,863
- Major shareholder (participating entity) Dr. Reddy's Laboratories SA	216	–
Provision of agent services under agency agreement (bonuses to pharmacy chains, GMP), VAT excluded	**1,037,283**	**860,386**
- Parent company Dr. Reddy's Laboratories Ltd.	1,031,888	860,386
- Major shareholder (participating entity) Dr. Reddy's Laboratories SA	5,395	–
Financial transactions, including acquisition of interest in charter capital, loans	–	**42,636**
- Other related parties Dr. Reddy's Laboratories B.V.	–	42,636
Interest on loans from related parties	–	**39,546**
- Major shareholder (participating entity) Dr. Reddy's Laboratories SA	–	39,546
Financial transactions, including loans to related parties and deposits placed with related parties	**1,850**	**1,700**
- Associate DRS LLC	1,850	1,700
Interest on loans issued to related parties and deposits	**2,163**	**2,744**
- Associate DRS LLC	2,163	2,744

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Significant cash flows between the Company and its related parties:

Nature of relationship and type of transaction	2020	2019
Cash proceeds from related parties operating activities)	**2,750,658**	**3,749,164**
- Parent company Dr. Reddy's Laboratories Ltd.	2,670,453	3,719,526
- Major shareholder (participating entity) Dr. Reddy's Laboratories SA	80,205	29,638
Cash transfers to related parties (operating activities)	**12,879,061**	**11,959,145**
- Parent company Dr. Reddy's Laboratories Ltd.	12,347,007	11,130,708
- Major shareholder (participating entity) Dr. Reddy's Laboratories SA	532,054	828,437
Cash transfers to related parties (financing activities)	–	**1,513,470**
- Major shareholder (participating entity) Dr. Reddy's Laboratories SA (repayment of loan)	–	1,376,000
- Major shareholder (participating entity) Dr. Reddy's Laboratories SA (interest on loan)	–	137,470
Cash transfers to related parties (financing activities)	**1,850**	**44,194**
- Associates DRS LLC	1,850	1,700
- Other related parties	–	42,494

As of 31 December 2020, 31 December 2019 and 31 December 2018, the Company did not provide collateral to related parties to secure the Company's obligations. As of 31 December 2020, 31 December 2019 and 31 December 2018, the Company did not provide any collateral to third parties to secure the liabilities of related parties.

As of 31 December 2020, 31 December 2019 and 31 December 2018, the Company did not issue or provide any promissory notes, on which the underlying counterclaims against third parties were not settled.

As of 31 December 2020, 31 December 2019 and 31 December 2018, the Company did not receive any guarantees as collateral from related parties. As of 31 December 2020, 31 December 2019 and 31 December 2018, the Company did not receive any property pledges as collateral from related parties.

In 2020 and 2019, the Company paid the following compensations to key management personnel (on an aggregate basis and by type of payment):

	2020	2019
Short-term benefits (payroll, accrued payroll taxes and other compulsory payments, performance bonuses, vacation, medical treatment, medical care, utilities, etc.)	33,956	31,466
Long-term benefits	–	–
- Post-employment benefits (payments under voluntary insurance contracts, non-state pension insurance contracts entered into with insurers (non-state pension funds) in favor of key management personnel and other payments towards pension support and other social post-employment guarantees provided to key management personnel)	–	–
- Stock options, stock or shares, equity instruments and payments based thereon	–	–
- Other long-term benefits.	–	–

The composition of the executive body is provided in Note 1 *General Information* of the Explanatory Notes.

20. CONTINGENCIES

Factors affecting the Company's financial position

Operating environment

Russia is continuing to institute economic reforms and develop its legal, tax and regulatory frameworks as required by a market economy. The future stability of the Russian economy is largely dependent upon these reforms and the effectiveness of economic, financial and monetary measures taken by the government.

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Taxation

Russian tax, currency and customs legislation allows for various interpretations and is subject to frequent changes. Management's interpretation of legislation as applied to the Company's transactions and activities may be challenged by regional or federal authorities.

In 2020, Russian companies implemented mechanisms aimed at countering the use of low tax jurisdictions and aggressive tax planning structures. The concepts of beneficial ownership and tax residency of legal entities by place of actual business activity, permanent establishment, as well as the approach to taxation of controlled foreign companies in Russia saw further development.

The Russian tax authorities continue to keep a close eye on transactions of Russian companies with foreign companies of the group and carefully analyze them for economic feasibility and transparent documentary support using various sources of information (documents received from the taxpayer, inquiries of witnesses and counterparties, public data sources, etc.).

The Russian tax authorities continue to cooperate with tax authorities in other countries supporting international exchange of tax information. As a result, international activities of companies become more transparent, where organization of their international business requires economic and operational justification in the course of tax audits.

The legislation on international automatic exchange of information and documentation relating to multinational corporations (MNCs) has been implemented, requiring the preparation of documents on MNCs for financial years beginning on or after 1 January 2017. The new legislation sets out a three-tiered approach to preparing transfer pricing documentation (master file, local file and country-by-country report) and requires the filing of a notice on participation in MNCs with consolidated revenue of RUB 50 billion or more in the financial year preceding the reporting period if the parent company is deemed to be a Russian tax resident, or the MNC's consolidated revenue exceeds the statutory threshold for the preparation of country-by-country reports for the foreign state where the parent company is deemed to be a resident.

These changes and recent trends in applying and interpreting certain provisions of Russian tax law indicate that the tax authorities may take a tougher stance in interpreting legislation and reviewing tax returns. Consequently, tax authorities may challenge transactions and accounting methods that had not been challenged in the past. As such, significant additional taxes, penalties and interest may be assessed. It is not possible to determine the amounts of constructive claims or evaluate probability of a negative outcome. Tax audits may cover a period of three calendar years immediately preceding the year under audit. Under certain circumstances, reviews may cover earlier tax periods.

According to management, as of 31 December 2020, they had properly construed the relevant legislation, and the probability that the Company will retain its position with regard to tax, currency and customs legislation is assessed as high.

Transfer pricing

The Russian tax authorities may assess additional tax liabilities and penalties in accordance with transfer pricing rules, if the price/profit margin in a controlled transaction differs from the market level. The list of controlled transactions for transfer pricing purposes mainly includes transactions between related parties.

Starting 1 January 2019, it is no longer necessary to maintain transfer pricing control over a significant part of transactions performed within Russia, and the threshold for cross-border transactions carried out by the same related counterparty and subject to tax control is RUB 60 million. In addition, some types of transactions between independent entities are subject to transfer pricing control, e.g., transactions with entities located in low-tax jurisdictions, as well as foreign transactions with global exchange-traded commodities (if the turnover threshold of RUB 60 million is exceeded). In the event of additional tax accruals resulting from the violation of transfer pricing rules, a mechanism for introducing offsetting adjustments of tax liabilities may be applied, as well as voluntary symmetrical adjustments to transfer prices, and, as a result, to tax liabilities may be used when certain legal requirements are met and only in respect of controlled transactions.

Under intragroup transactions that are no longer subject to transfer pricing control , starting from 2019, the applied transfer prices may, however, be reviewed by local tax authorities outside transfer pricing audits for indicators of obtaining unjustified tax benefit, and transfer pricing methods may be used to determine additional tax charges.

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In November 2020, Article 269 of the Russian Tax Code was amended to extend the ranges of limiting values of interest rates on debt obligations from 1 January 2020 through 31 December 2021. In particular, this amendment expands the list of controlled debt obligations which do not require a separate transfer pricing analysis in accordance with the provisions of Section V.1 of the Russian Tax Code. In addition, starting 2020, it is necessary to deepen and strengthen the functional analysis of controlled transactions by including intangible assets, in particular, it is required to conduct a functional analysis of transactions with intangible assets, taking into account: (1) functions to develop, enhance, maintain, protect and exploit (DEMPE) intangible assets, as well as control over these functions; (2) risks associated with these functions.

The legislation that requires the preparation of documents on MNCs is effective for financial years beginning on or after 1 January 2017. The new legislation sets out a three-tiered approach to preparing transfer pricing documentation (master file, local file and country-by-country report) and requires the filing of a notice on participation in MNCs. These rules apply to MNCs with consolidated revenue of RUB 50 billion or more in the financial year preceding the reporting period if the parent company is deemed to be a Russian tax resident or the MNC's consolidated revenue exceeds the statutory threshold for the preparation of country-by-country reports for the foreign state where the parent company is deemed to be a resident.

In 2020, the Company determined its tax obligations arising from controlled transactions based on their actual prices. The Company also fulfilled its obligations with respect to the preparation/submission of the respective MNC documentation within the time frame established by the legislation.

The federal executive body in charge of taxes and levies oversight and control may review the prices/margins in controlled transactions. Where it disagrees with prices applied by the Company in those transactions, it can impose additional tax liabilities unless the Company is able to confirm the arm's length pricing of the transactions by submitting qualifying transfer pricing documentation that meets local legislative requirements.

Current and potential claims against the Company

The Company is involved in litigations arising in connection with its business activity. Management did not make any provision for potential risks associated with an unfavorable outcome of the litigations for the Company as of 31 December 2020, 31 December 2019 and 31 December 2018 as the exposure was estimated as immaterial.

21. SUBSEQUENT EVENTS AFTER 31 DECEMBER 2020

After the reporting period, there were no events that require adjustments or disclosure in the financial statements in accordance with Accounting Statement 7/98, *Subsequent Events*.

22. BUSINESS RISKS

1. Potentially significant business risks inherent to the Company's activities

In the course of its business operations, the Company is affected by industry, legal and other internal and external factors (material conditions, events, circumstances, actions), giving rise to various risks that may have a material effect on the Company's financial position and financial performance. The Company is exposed to financial, legal, country, regional and reputational risks.

2. Risk management mechanism

The Company's management oversees the management of the above risks in order to minimize potential adverse effects on the Company's financial position and financial performance.

3. Financial risks

The Company is exposed to market risk, credit risk and liquidity risk.

3.1 Market risk

Market risk is the risk that changes in certain market parameters may adversely impact the Company. The market parameters include the following risk types: interest rate risk, foreign currency risk, commodity price and price index risk, and other price risks, such as equity risk. The Company's balance sheet items affected by market risk primarily include loans and borrowings, trade and other accounts receivable and payable, cash, deposits and investments.

Translation of the original Russian version

Interest rate risk

The Company's assets and liabilities mainly bear fixed interest rates. Accordingly, management believes that the Company is not exposed to interest rate risk in relation to its assets and liabilities.

Foreign currency risk

The Company renders services, sells products, purchases goods and makes significant borrowings in Russian rubles. Accordingly, management believes that the Company is not exposed to foreign currency risk.

3.2 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under loans issued to them or under a customer agreement (including purchases of bonds, promissory notes, deferrals and payments in installments for the goods sold, work performed or services rendered), leading to a financial loss. The Company is exposed to credit risk arising from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, etc.

Trade accounts receivable

The Company's exposure to credit risk mainly depends on the individual characteristics of each customer/client. However, management also considers the default risk of the industry and country, in which debtors operate, as these factors may have an impact on credit risk, particularly in the currently deteriorating economic circumstances. There is no credit risk concentration with regard to sales to one customer or geography.

Management has a credit policy in place to analyze each new customer for creditworthiness individually.

As of 31 December 2020, the Company recognized trade accounts receivable in the amount of kRUB 7,753,843 which included overdue accounts receivable totaling kRUB 389,730. As of 31 December 2020, the Company recognized an allowance for impairment of trade and other accounts receivable in the amount of kRUB 164,595, which represents an estimated amount of credit losses already incurred. The Company took steps to settle its accounts receivable, in particular, it signed repayment schedules according to which overdue accounts receivable are expected to be repaid. Management assessed risks associated with the repayment of overdue accounts receivable and considering the fulfillment of liabilities and overall positive dynamics decided that a provision for the remaining overdue accounts receivable in the amount of kRUB 225,135 was not necessary.

The Company evaluates the concentration of risk with respect to trade accounts receivable as low, as most of it is accounts receivable from major distributors with sustainable market position and diversified busniness (distribution, pharmacy chains etc.).

Debt financial investments, loans issued and cash deposits

Credit risk related to balances with banks and financial institutions is managed in accordance with the Company's policy. Surplus funds are deposited only with approved financial institutions.

Credit risk exposure

The maximum exposure to credit risk as of 31 December is the carrying amount of each type of assets:

	2020	**2019**	**2018**
Long-term financial investments (Note 3)	79,788	77,938	33,400
Accounts receivable (Note 5)	10,998,841	8,351,490	8,159,219
Cash and cash equivalents (Note 8)	38,003	96,132	104,254
Total	**11,116,632**	**8,525,560**	**8,296,873**

Translation of the original Russian version

Impairment losses

The need to recognize impairment is analyzed at each reporting date on an individual basis for major clients. Additionally, a large number of minor accounts receivable are grouped into homogenous groups and assessed for impairment collectively. The calculations are based on actual historical losses incurred. Doubtful (including overdue) receivables, impaired loans issued, the fair value of debt investments and receivables at the reporting date, where the fair value differs from the present value and can be practically determined, are presented in Note 5.2 in the Explanatory Notes to the balance sheet and the statement of income in the table form. The Company did not receive any collateral for accounts receivable.

3.3 Liquidity risk

Liquidity risk is related to the Company's ability to settle in full and in due time its financial liabilities existing at the reporting date: trade payables, loans and borrowings payable to lenders (including in the form of bonds, promissory notes), etc. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company assessed the concentration of its debt refinancing risk and concluded it to be low. At present, the Company believes that it has access to sufficient funding.

Contractual maturities for accounts payable: from three to six months after the reporting date.

4. Other risks

4.1 Legal risks

Risks arising from changes in currency regulations

<u>Domestic market</u>

At present, the Company considers risks arising from possible changes in currency regulations as insignificant. Due to the policy of liberalizing currency regulations, risks arising from changes in currency legislation are mitigated.

<u>Foreign market</u>

Legal risks arising from changes in currency regulations in the foreign market do not have any material effect on the Company's activities due to an insignificant volume of the Company's foreign operations.

Risks arising from changes in tax legislation

<u>Domestic market</u>

Russian tax legislation is subject to varying interpretations and changes occurring frequently. The Company closely monitors current changes in tax legislation with due consideration given to workshops and meetings with leading experts in this area.

Recent events within the Russian Federation suggest that the tax authorities may take a more assertive position in their interpretation of tax legislation and tax calculations. Consequently, tax authorities may challenge transactions and accounting methods that had not been challenged in the past. As a result, significant additional taxes, penalties and fines may be assessed. Tax audits may cover a period of three calendar years immediately preceding the year under audit. Under certain circumstances, reviews may cover longer periods.

<u>Foreign market</u>

Legal risks arising from changes in tax legislation in the foreign market do not have any material effect on the Company's activities due to an insignificant volume of related operations.

Translation of the original Russian version

Risks arising from changes in customs regulations and duties

Domestic market

A part of the Company's equipment is imported and/or produced using foreign-made components. Changes in customs regulations and duties may expose the Company to risks arising from an increase in the value of purchased fixed assets and result in longer delivery of the required equipment and/or spare parts, which, in turn, may lead to increased costs for the Company and an increased probability of network technology infrastructure failures.

Foreign market

Legal risks arising from changes in customs regulations and duties in the foreign market do not have any material effect on the Company's activities due to an insignificant volume of the Company's foreign operations.

4.2 Country and regional risks

The Company operates mainly in the Central Federal District of Russia, which is characterized by risks arising from the country's overall political and economic environment.

The future stability of the Russian economy is largely dependent upon economic reforms, development of the legal, tax and regulatory frameworks, and the effectiveness of financial and monetary measures undertaken by the government of the Russian Federation.

The current political situation in the country is relatively unstable due to sanctions imposed on Russia by certain countries, the overall geopolitical situation in Russia, as well as fluctuations in crude oil prices. This, in turn, negatively affects the Russian economy as a whole. In particular, this results in volatility of the Russian ruble and brings forth the necessity of economic, tax, political and other reforms.

While the Russian Government has introduced a range of stabilization measures aimed at providing liquidity and supporting refinancing of foreign debt for Russian banks and companies, there continues to be uncertainty regarding the access to capital and cost of capital for the Company and its counterparties, which could affect the Company's financial position, results of operations and business prospects. Capital markets instability may result in significant deterioration of liquidity in the banking sector, and tighter credit conditions within Russia.

Altogether, the Company cannot have any significant impact on the country's overall economic conditions. However, in case the changes in the country or the region of the Russian Federation where the Company operates have an adverse effect, the Company will make every effort to mitigate the negative implications on the Company's financial position and financial performance.

The risks of military conflict, state of emergency and strikes in the country or the region where the Company operates are assessed as low and thus are unlikely to have a significant effect on the Company's activities. In order to prevent strikes, the Company ensures favorable working conditions and fulfills all of its obligations to employees. In order to mitigate the risk of a terrorist attack, the Company has taken additional safety and security measures at its facilities.

The Company estimates the risks associated with the geographical peculiarities of the region where it operates, including an increased threat of natural calamities, possible transportation cuts due to remoteness and inaccessibility, as insignificant.

4.3 Reputational risks

The Company's management believes that currently there are no facts that could have a significant negative impact on the number of the Company's customers (clients) resulting from deterioration of the public opinion related to the quality of its goods (work, services) produced and sold, timelines of supplying goods, performing work (services) and the Company's price fixing practices. Accordingly, the Company estimates reputational risks as insignificant.

Translation of the original Russian version

23. IMPLEMENTATION OF DECISIONS BASED ON THE REVIEW OF THE PRIOR YEAR FINANCIAL STATEMENTS

Following the analysis of the financial statements for 2019, the Company decided not to pay any dividends for the year, to retain and use the profit generated by the Company for growth purposes, and not to accrue any reserves.

General Director ______________________ **Sovetkin D.V.**
(signature) (printed name)

11 March 2021

as per POA dated 11.06.20
Chief Accountant
N. Repetskaya

Independent Auditors' Report

To the Members of
OOO DRS LLC Limited

We have audited the accompanying financial statements of **OOO DRS LLC Limited.** a company incorporated and administered outside India, which comprises the Balance sheet as at 31 March 2021, the Statement of Profit and Loss (including Other Comprehensive Income) for the year ended on that date annexed thereto, the Cash Flow Statement, the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The financial statements are prepared for the limited purpose of complying with the provisions of Section 136 of the Companies Act, 2013. The Company's Board of Directors is responsible, in accordance with the requirement of and only for the purpose of Section 136 of the Companies Act, 2013, for the matters with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended only to the extent applicable and relevant to a company incorporated outside India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of these financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error

The Management of the Company is further responsible for ensuring that the financial statements, as far as possible, are in accordance with the requirement of Section 136 of the Companies Act, 2013.

Auditor's Responsibility

The audit is limited and only to express an opinion on the financial statements, prepared only to comply with the requirements and for the purpose of sec.136 of the Companies Act, 2013, whether they give a true and fair view of, as the case may be, state of affairs etc. It is not an audit in accordance with the provisions of the statutes of the country in which it was established and operated as may be applicable to the company.

Our responsibility is to express an opinion on these financial statements based on our audit carried out for the limited purpose of complying with Section 136. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India specified under Section 143(10) of the Act, only to the extent applicable and relevant to a company incorporated outside India.

This report is based on our examination of the accompanying financial statements and other relevant records and information considered necessary for the purposes of issuing this report and the information and explanations provided to us by the Management.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act, to the extent applicable and relevant to a company incorporated outside India, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

(a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 March 2021;

(b) in the case of the Statement of Profit and Loss (including Other Comprehensive Income), of the 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. 21202367AAABXX8377

Place: Hyderabad
Date: 11th May 2021

OOO DRS LLC Limited
Balance Sheet
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Property, plant and equipment	2.1	1,33,267	1,32,378
Capital work-in-progress		4,418	4,386
		1,37,685	**1,36,764**
Current assets			
Financial assets			
Cash and cash equivalents	2.2	665	486
Other current assets	2.3	958	354
		1,623	**840**
Total assets		**1,39,308**	**1,37,604**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.4	29,520	29,520
Other equity		20,297	24,171
		49,817	**53,691**
Liabilities			
Non-current liabilities			
Financial Liabilities			
Borrowings	2.5 A	63,479	59,120
		63,479	**59,120**
Current liabilities			
Financial Liabilities			
Other financial liabilities	2.5 B	24,753	24,073
Other current liabilities	2.6	1,259	720
		26,012	**24,793**
Total equity and liabilities		**1,39,308**	**1,37,604**

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 **OOO DRS LLC Limited**

PSRVV Surya Rao
Partner
Membership No.: 202367

Anna Kuzmina
Director

Place: Hyderabad
Date: 11 May 2021

OOO DRS LLC Limited
Statement of Profit and Loss
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
Income			
Revenue from operations	2.7	-	21,807
Other income	2.8	-	55
Total income		**-**	**21,862**
Expenses			
Depreciation expense	2.9	103	110
Finance costs	2.10	2,206	2,832
Other expenses	2.11	2,135	5,311
Total expenses		**4,444**	**8,253**
Loss before tax		**(4,444)**	**13,609**
Tax expense			
Current tax		-	-
Deferred tax		-	-
Profit for the year		**(4,444)**	**13,609**
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		569	(64,381)
(ii) lncome tax relating to items that will be reclassified to profit or loss			
Total comprehensive income for the year		**(3,875)**	**(50,772)**

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 **OOO DRS LLC Limited**

PSRVV Surya Rao
Partner
Membership No.: 202367

Anna Kuzmina
Director

Place: Hyderabad
Date: 11 May 2021

OOO DRS LLC Limited
Statement of Changes in Equity
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Equity share capital	Other components of equity			Total equity
		Reserves and surplus		Other comprehensive income	
		Securities premium	Retained earnings	Foreign currency translation reserve	
Balance as at 1 April 2020	**29,520**	**1,22,532**	**(33,980)**	**(64,381)**	**53,691**
Profit/(loss) for the year	-	-	(4,444)	569	(3,875)
Balance as at 31 March 2021	**29,520**	**1,22,532**	**(38,424)**	**(63,812)**	**49,817**

Particulars	Equity share capital	Other components of equity			Total equity
		Reserves and surplus			
		Securities premium	Retained earnings	Foreign currency translation reserve	
Balance as at 1 April 2019	**29,520**	**1,22,532**	**(47,589)**	**-**	**1,04,463**
Profit/(loss) for the year	-	-	13,609	(64,381)	(50,772)
Balance as at 31 March 2020	**29,520**	**1,22,532**	**(33,980)**	**(64,381)**	**53,691**

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
OOO DRS LLC Limited

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

PSRVV Surya Rao
Partner
Membership No.: 202367

Anna Kuzmina
Director

Place: Hyderabad
Date: 11 May 2021

OOO DRS LLC Limited
Statement of Cash Flow
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flows from / (used in) operating activities		
Profit/(Loss) before tax	**(4,444)**	**13,609**
Adjustments:		
Depreciation and amortisation expense	103	110
Foreign exchange loss / (gain), net	(486)	11,376
Finance costs	2,206	2,832
Allowances for doubtful advances, net	-	(55)
Changes in operating assets and liabilities:		
Other assets and liabilities, net	615	(2,090)
Cash generated from operations	**(2,006)**	**25,782**
Income tax paid, net	-	-
Net cash from / (used in) operating activities	**(2,006)**	**25,782**
Cash flows from / (used in) investing activities	-	1
Net cash used in investing activities	**-**	**1**
Cash flows from / (used in) financing activities		
Proceeds from long-term loans and borrowings, net	2,154	(25,583)
Net cash from / (used in) financing activities	**2,154**	**(25,583)**
Net increase / (decrease) in cash and cash equivalents	148	200
Effect of exchange rate changes on cash and cash equivalents	31	(58)
Cash and cash equivalents at the beginning of the year (Refer note 2.2)	486	344
Cash and cash equivalents at the end of the year (Refer note 2.2)	**665**	**486**

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 **OOO DRS LLC Limited**

PSRVV Surya Rao
Partner
Membership No.: 202367

Anna Kuzmina
Director

Place: Hyderabad
Date: 11 May 2021

OOO DRS LLC Limited

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

Note 1 Description of the Company and significant accounting policies

1.1 Description of the Company

OOO DRS LLC Limited (" the Company") incorporated in Russia , is a 100% subsidiary of OOO Dr. Reddy's Laboratories Limited.

1.2 Basis of preparation of financial statements

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

1.3 Use of estimates and judgments

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

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

1.4 Significant accounting policies

a) Current and non-current classification

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

Assets:

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

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

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

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

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

Liabilities:

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

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

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

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

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

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

b) Foreign currency transactions

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

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

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

c) Revenue

Sale of goods

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

Services Income

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

License fee

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

d) Interest income and dividend

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

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

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

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

e) Income tax

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

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences:
• the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
• differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
• taxable temporary differences arising upon the initial recognition of goodwill.

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

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

f) Property, plant and equipment

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and other costs directly attributable to bringing the asset to a working condition for its intended use. General and specific borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

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

Gains and losses upon disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised in the statement of profit and loss.

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

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

Depreciation

Depreciation is recognised in the statement of profit and loss on a straight line basis over the estimated useful lives of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

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

Depreciation methods, useful lives and residual values are reviewed at each reporting date and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors* .

The estimated useful lives are as follows:

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

Schedule II to the Companies Act, 2013 (“Schedule”) prescribes the useful lives for various classes of tangible assets. For certain class of assets, based on the technical evaluation and assessment, the Company believes that the useful lives adopted by it best represent the period over which an asset is expected to be available for use. Accordingly, for these assets, the useful lives estimated by the Company are different from those prescribed in the Schedule.

Advances paid towards the acquisition of property, plant and equipment outstanding at each reporting date is disclosed as capital advances under other non-current assets. The cost of property, plant and equipment not ready to use before such date are disclosed under capital work-in-progress. Assets not ready for use are not depreciated.

g) Inventories

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

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

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

OOO DRS LLC Limited

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

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

h) Employee benefits

Short-term employee benefits

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

Defined contribution plans

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

i) Provisions, contingent liabilities and contingent assets

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

Restructuring

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

Onerous contracts

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

Reimbursement rights

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

Contingent liabilities

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

Contingent assets

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

j) Financial instruments

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

Financial assets

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

Impairment of trade receivables

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

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

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

Financial liabilities

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

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

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

k) Cash and cash equivalents

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

l) Trade receivables

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

m) Trade and other payables

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

OOO DRS LLC Limited

(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
Land	1,32,216	-	-	986	1,33,202	-	-	-	-	-	1,33,202	1,32,216
Buildings	2,451	-	-	42	2,494	2,289	103	-	37	2,429	65	162
Total	**1,34,667**	**-**	**-**	**1,029**	**1,35,696**	**2,289**	**103**	**-**	**37**	**2,429**	**1,33,267**	**1,32,378**
Previous Year	2,09,271	-	-	(74,604)	1,34,667	3,513	110	-	(1,334)	2,289	1,32,378	2,05,758

OOO DRS LLC Limited

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

Note 2 Notes to the financial statements (continued)

2.2 Cash and cash equivalents

	As at 31 March 2021	As at 31 March 2020
Balances with banks:		
- In current accounts	665	486
	665	**486**

2.3 Other current assets

	As at 31 March 2021	As at 31 March 2020
Unsecured, considered good		
Balances with statutory authorities	136	134
Other advances	10,784	10,108
Less: Allowance for doubtful advances	(9,962)	(9,888)
	958	**354**

2.4 Share capital

	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
RUB 18,420,000 (31 March 2020: RUB 18,420,000)*	29,520	29,520
Issued equity capital		
RUB 18,420,000 (31 March 2020: RUB 18,420,000)*	29,520	29,520
Subscribed and fully paid-up		
RUB 18,420,000 (31 March 2020: RUB 18,420,000)*	29,520	29,520
	29,520	**29,520**

* No concept of nature and number of shares in this Company.

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	Amount in RUB ('000)	% holding in the class	Amount in RUB ('000)	% holding in the class
OOO Dr. Reddy's Laboratories Limited	18,420	100.00	18,420	100.00

2.5 Financial Liabilities

2.5 A. Non-current borrowings

	As at 31 March 2021	As at 31 March 2020
Unsecured		
Long-term loans from related parties	63,479	59,120
	63,479	**59,120**

2.5 B. Other current financial liabilities

	As at 31 March 2021	As at 31 March 2020
Others	24,753	24,073
	24,753	**24,073**

2.6 Other current liabilities

	As at 31 March 2021	As at 31 March 2020
Accrued expenses	345	342
Due to statutory authorities	914	378
	1,259	**720**

OOO DRS LLC Limited

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

Note 2 Notes to the financial statements (continued)

2.7 : Revenue from operations

	For the year ended 31 March 2021	For the year ended 31 March 2020
Operating Income	-	21,807
	-	**21,807**

2.8 Other income

	For the year ended 31 March 2021	For the year ended 31 March 2020
Allowances for doubtful advances, net	-	55
	-	**55**

2.9 Depreciation expense

	For the year ended 31 March 2021	For the year ended 31 March 2020
Depreciation of property, plant and equipment	103	110
	103	**110**

2.10 Finance costs

	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest on long-term borrowings	2,206	2,832
	2,206	**2,832**

2.11 Other expenses

	For the year ended 31 March 2021	For the year ended 31 March 2020
Legal and professional	639	736
Rates and taxes	976	1,037
Foreign exchange loss, net	-	3,081
Rent	519	455
Other general expenses	1	2
	2,135	**5,311**

2.12 Going Concern

The accounts have been prepared on Going Concern basis.

2.13 Related parties

a) The following is a summary of related party transactions

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Miscellaneous operating income from other group companies		
Reddy Antilles N.V.	-	21,807
Interest expense to holding company or other group companies:		
OOO Dr. Reddys's Laboratories Limited	2,206	2,832

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 non-current borrowings and other liabilities):		
OOO Dr. Reddys's Laboratories Limited	64,386	59,526
Reddy Antilles N.V.	-	-

2.14 Income taxes

a. Current Taxes

The Company is not liable to pay any current taxes on account of 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.

OOO DRS LLC Limited

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

Note 2 Notes to the financial statements (continued)

2.15 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 **OOO DRS LLC Limited**

PSRVV Surya Rao
Partner
Membership No.: 202367

Anna Kuzmina
Director

Place: Hyderabad
Date: 11 May 2021

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors

Dr. Reddy's Laboratories Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Promius Pharma LLC (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 financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at March 31, 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 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 IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Auditor's Responsibilities for the Audit of the financial statements

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

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

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

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

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

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

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

We communicate with 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.

PROMIUS PHARMA LLC
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	5	-	18,667
Other current assets	6	4,758,075	6,615,284
Total current assets		**4,758,075**	**6,633,951**
Non-current assets			
Deferred tax assets	17	432,610	919,498
Other non-current assets	6	-	546,202
Total non-current assets		**432,610**	**1,465,700**
Total assets		**5,190,685**	**8,099,651**
LIABILITIES AND EQUITY			
Current liabilities			
Trade and other payables	7	56,041	341,274
Provisions	9	1,273,321	4,061,811
Other current liabilities	8	2,655,671	2,828,826
Total current liabilities		**3,985,033**	**7,231,911**
Total liabilities		**3,985,033**	**7,231,911**
Equity			
Share capital	10	215,101,645	215,101,645
Other components of equity		(214,810,475)	(215,148,388)
Share based payment reserve		914,482	914,482
Total equity		**1,205,652**	**867,740**
Total liabilities and equity		**5,190,685**	**8,099,651**

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

PROMIUS PHARMA LLC
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	13	268,255	4,722,053
Cost of revenues		-	2,116,893
Gross profit		**268,255**	**2,605,160**
Selling, general and administrative expenses		(166,920)	9,578,912
Research and development expenses		329,216	1,307,553
Other income, net	11	(261,052)	(1,093,374)
Total operating expenses		**(98,756)**	**9,793,091**
Results from operating activities		**367,011**	**(7,187,931)**
Finance income, net	12	**(112,736)**	**(131,959)**
Profit/(loss) before tax		**479,747**	**(7,055,972)**
Tax expense/(benefit), net	17	**141,834**	**57,145,908**
Profit/(loss) for the year		**337,913**	**(64,201,880)**

The accompanying notes are an integral part of financial statements.

PROMIUS PHARMA LLC
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/(loss) for the year	**337,913**	**(64,201,880)**
Other comprehensive income		
Items that will not be reclassified to Income Statement	-	-
Total items that will not be reclassified to Income statement	-	-
Items that will be reclassified subsequently to the Income statement:		
Total of items that will be reclassified subsequently to the income statement	-	-
Other comprehensive (loss) / profit for the year, net of tax	-	-
Total comprehensive (loss) / income for the year	**337,913**	**(64,201,880)**

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

PROMIUS PHARMA LLC
STATEMENT OF CHANGES IN EQUITY
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

Particulars	Share Capital	Share premium	Share based payment reserve	Retained earnings	Total
Balance as of April 01, 2019 (A)	**215,101,645**	**-**	**884,326**	**(150,946,508)**	**65,039,463**
Loss for the year	-	-	-	(64,201,880)	(64,201,880)
Total Comprehensive income (B)	**-**	**-**	**-**	**(64,201,880)**	**(64,201,880)**
Transactions with owners of the Company					
Share-based payment expense (Refer note 18)	-	-	30,156	-	30,156
Total transactions with owners of the Company (C)	**-**	**-**	**30,156**	**-**	**30,156**
Balance as of March 31,2020 [(A)+(B)+(C)]	**215,101,645**	**-**	**914,482**	**(215,148,388)**	**867,739**
Balance as of April 01, 2020 (A)	**215,101,645**	**-**	**914,482**	**(215,148,388)**	**867,739**
Profit for the year	-	-	-	337,913	337,913
Total Comprehensive income (B)	**-**	**-**	**-**	**337,913**	**337,913**
Share-based payment expense (Refer note 18)	-	-	-	-	-
Total transactions with owners of the Company (C)	**-**	**-**	**-**	**-**	**-**
Balance as of March 31,2021 [(A)+(B)+(C)]	**215,101,645**	**-**	**914,482**	**(214,810,475)**	**1,205,652**

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

PROMIUS PHARMA LLC
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/(used in) operating activities:		
Profit/(loss) for the year	337,913	(64,201,880)
Adjustments for:		
Tax expense/(benefit), net	141,834	57,145,908
Depreciation and amortization	-	9,409
Inventory write down	-	2,713
Allowances for sale returns	-	(57,938)
Interest income	(112,834)	(137,228)
Share based payment expense	-	30,156
Changes in operating assets and liabilities:		
Trade and other receivables	-	49,485,217
Inventories	-	4,455,351
Trade and other payables	(285,233)	(4,327,023)
Other assets and other liabilities	(100,347)	(12,468,929)
Net cash from/(used in) operating activities	**(18,667)**	**29,935,757**
Cash flows from/(used in) investing activities:		
Net cash from investing activities	**-**	**-**
Cash flows from financing activities:		
Repayment of loans and borrowings to related parties (Refer note 16)	-	(30,000,000)
Net cash from/(used in) financing activities	**-**	**(30,000,000)**
Net decrease in cash and cash equivalents	**(18,667)**	**(64,243)**
Cash and cash equivalents at the beginning of the year	18,667	82,911
Cash and cash equivalents at the end of the year (Refer to Note 5)	**-**	**18,667**

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

PROMIUS PHARMA LLC
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

1. Reporting entity
Promius Pharma LLC is the subsidiary of Dr. Reddys Laboratories Inc. focusing on U.S. Specialty Business, which is engaged in the development and sales of branded specialty products in the therapeutic areas of dermatology and neurology.

The Company has a portfolio of in-licensed patented dermatology and neurology products. It also has an internal pipeline of dermatology products that are in different stages of development. Company's portfolio contains innovative products for the treatment of seborrheic dermatitis, acne and steroid responsive dermatoses, migraine.

2. Basis of preparation of financial statements
a. Statement of compliance
These 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 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 financial statements were authorized for issuance by the Company's Board of Directors on May 12, 2021.

b. Basis of measurement
These financial statements have been prepared on the historical cost convention and on an accrual basis except for the following material items in the statement of financial position:
• derivative financial instruments are measured at fair value;
• financial assets are measured at fair value; and,
• share-based payments are measured at fair value.

c. Functional currency
The Company's operations are self-contained and integrated within the respective countries/regions (i.e., United States of America), the functional currency has been determined to be the local currency of that country (i.e., U.S. Dollar).

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 financial statements is included in the following notes:

- Note 2 (e) — Going concern
- Note 2 (c) — Assessment of functional currency for foreign operations;
- Note 3(b) and 22 — Financial instruments;
- Note 3(e) & 3(f) — Useful lives of property, plant and equipment and intangible assets;
- Note 3(g) — Valuation of inventories;
- Note 3(h) — Provisions;
- Note 3(i) — Sales returns, rebates and charge back provisions;
- Note 3(k) — Evaluation of recoverability of deferred tax assets;
- Note 3(l) — Share-based payment transactions;

PROMIUS PHARMA LLC
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

e. Going Concern

The Company's financial statement for the year ended March 31, 2021 and March 31, 2020 have been prepared on a going concern basis which assumes that the Group will continue to be able to meet its liabilities as they fall due for the foreseeable future.

The Company is wholly owned subsidiary of Dr. Reddy's Laboratories Limited India ("the Ultimate Parent Company"). In March 2019, the Company sold the rights for SERNIVO® (betamethasone dipropionate) Spray 0.05% and assigned rights to market and distribute PROMISEB® topical cream and TRIANEX® 0.05% (triamcinolone acetonide ointment, USP) in the United States to Encore Dermatology Inc. On June 14, 2019, the Ultimate Parent Company entered into a definitive agreement with Upsher-Smith Laboratories, LLC, pursuant to which the Ultimate Parent Company agreed to sell, at the closing thereunder, its U.S. and select territory rights for ZEMBRACE® SYMTOUCH® (sumatriptan injection) 3 mg and TOSYMRA® (sumatriptan nasal spray) 10 mg (formerly referred to as "DFN-02"), which were commercialized through the Company.

Post the above transaction, the Company does not have any direct products revenues. As at March 31, 2021, the Companies operations are minimal and Dr. Reddy's Laboratories Inc. (the 'Holding Company') has undertaken to provide such financial support as necessary, to enable the Company to meet the operational requirements as they arise and to meet it's liabilities as and when they fall due. The Company's financial statement for the year ended March 31, 2021 and March 31, 2020 have been prepared on a going concern basis which assumes that the Holding Company will continue to be able to meet its liabilities as they fall due for the foreseeable future.

As of March 31, 2021 and 2020 the Company had working capital (deficit)/surplus of USD 773,042 and USD (597,960) respectively. The Company had a Profit/(loss) of USD 337,193 and USD (64,201880) and had positive/(negative) cash flow from/(used in) operations of USD (18,668) and USD 29,935,757 for the year ended March 31 2021 and March 31, 2020 respectively. The Management expects the income statement will be supported by Royalty income and cash flows generated can be utilised for the funding part of the existing R&D programmes and in future, it would lead to improved cash flow and long term sustainability, hence the Company has continue to be reported under 'Continuing Operations'.

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 financial statements of the Company but may impact future periods should the Company enter into any business combinations.

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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 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 u 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 financial statements of the Company.

a. Foreign currency

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

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

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

b. Financial instruments

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

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.

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).

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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 income statement and presented in other income/(losses),net. The EIR amortisation is included in other income in the income statement. The losses arising from impairment are recognized in the income statement. This category generally applies to trade and other receivables.

Debt instrument at FVTOCI

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:
a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets; and
b) The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the OCI. However, the Company recognizes interest income, impairment losses and reversals and foreign exchange gain or loss in the income statement. On de-recognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified to the income statement. Interest earned while holding a FVTOCI debt instrument is reported as interest income using the effective interest rate method.

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at 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 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 income statement, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.Equity investments designated as FVTOCI are not subject to impairment assessment.

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

Derecognition

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

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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.

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

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

Gains or losses on liabilities held for trading are recognized in the income statement.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ 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 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 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.

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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.

d. Share capital

Ordinary shares

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

e. Property, plant and equipment

Recognition and measurement

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

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.

Depreciation

Depreciation is recognized in income statement 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 expenses is included in the costs of the functions using the asset. Land is not depreciated.

Leased assets 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.

The estimated useful lives are as follows:

Furniture, fixtures and office equipment	4 - 10 years
Computer equipment	3 - 5 years

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.

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f. Intangible assets

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 income statement under "Impairment of non-current assets".

Subsequent expenditure

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

Amortization

Amortization is recognized in the income statement on a straight-line basis over the estimated useful lives of intangible assets. 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 - 8 years
Other intangibles	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.

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

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g. Inventories

Inventories consist of 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.

h. Provisions

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

Restructuring

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

Onerous contracts

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

Reimbursement rights

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

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.

i. Revenue

The Company's revenue is derived from sales of goods, service income and income from licensing 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 on shipment or on receipt of goods by the customer. At that point, the customer has full discretion over the channel and price to sell the products, and there are no unfulfilled obligations that could affect the customer's acceptance of the product.

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.

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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.

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.

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.

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.

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.

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Services
Revenue from services rendered, which primarily relate to contract research, is recognized in the 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.

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

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

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:
- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- temporary differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising upon the initial recognition of goodwill.

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

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

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

l. Share-based payment transactions
Equity settled share-based payment transactions
Dr. Reddy's Laboratories Limited (Ultimate Parent Company) issues employees stock option (ESOP) to the employees covered under various ESOP Plans managed by the Ultimate Parent Company.

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

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

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m. 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.

n. Finance income and expense

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

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

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

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4(a). 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.

(i) 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.

(ii) 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).

4(b). 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 0.00% and 0.00%, respectively.

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5. Cash and cash equivalents
Cash and cash equivalents consist of the following:

	As of	
	March 31, 2021	**March 31, 2020**
Current		
Balances with banks	-	18,667
Cash and cash equivalents in the statement of cash flow	**-**	**18,667**

6. Other Assets
Other assets consist of the following:

	As of	
	March 31, 2021	**March 31, 2020**
Current		
Due from related parties*	3,389,243	2,935,953
Other assets	1,368,832	3,679,331
Total Current Assets	**4,758,075**	**6,615,284**

* Refer Note 16

Non-current		
Deposits and other assets	-	546,202
Total Non-current Assets	**-**	**546,202**

7. Trade and other payables
Trade and other payables consist of the following:

	As of	
	March 31, 2021	**March 31, 2020**
Due to related parties*	2,670	-
Others trade payables	53,371	341,274
Total Trade and other payables	**56,041**	**341,274**

*Refer Note 16

8. Other Liabilities
Other liabilities consist of the following:

	As of	
	March 31, 2021	**March 31, 2020**
Current Liabilities		
Accrued expenses	96,980	1,003,880
Other Current Liabilities	2,558,691	1,665,841
Due to related parties*	-	159,105
Total Current Liabilities	**2,655,671**	**2,828,826**

*Refer Note 16

9. Provisions
Provisions consist of the following:

	As of	
	March 31, 2021	**March 31, 2020**
Refund liability	1,273,321	4,061,811
Total provisions	**1,273,321**	**4,061,811**

The details of changes in provisions during the year ended March 31 2021 and March 31, 2020 are as follows:

Particulars	**March 31, 2021**	**March 31, 2020**
Balance at the beginning of the year	4,061,811	6,103,067
Provision made during the year, net of reversals	-	(57,938)
Provision used during the year	(2,788,490)	(1,983,318)
Balance as at end of the year	**1,273,321**	**4,061,811**

Refund liability is accounted for by recording a provision based on the Company's estimate of expected sales returns. See Note 3(i) for the Company's accounting policy on sales returns.

10. Share Capital

	As of	
	March 31, 2021	**March 31, 2020**
Fully paid up capital	**215,101,645**	**215,101,645**
As at April 01	215,101,645	215,101,645
Add: Additional paid up share capital	-	-
As at March 31	**215,101,645**	**215,101,645**

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

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

11. Other income, net

Other income, net consist of the following:

	For the year ended	
	March 31, 2021	**March 31, 2020**
Other income – related parties*	-	(841,580)
Other (income)/expense, net	(261,052)	(251,794)
Total Other income, net	**(261,052)**	**(1,093,374)**

*Refer Note 16

12. Finance income, net

Finance (income)/ expense consist of the following:

	For the year ended	
	March 31, 2021	**March 31, 2020**
Interest income	(112,834)	(137,228)
Foreign exchange gain	98	5,269
Total Finance income, net	**(112,736)**	**(131,959)**

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13. Revenue

Revenue consists of the following:

	For the year ended	
	March 31, 2021	**March 31, 2020**
Sales to third parties	-	4,517,513
Licence Fees	268,255	307,791
Service income*	-	(103,251)
Total	**268,255**	**4,722,053**

*Refer Note 16

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:

Particulars	**Chargebacks**	**Rebates**	**Medicaid**	**Refund liability**	**Total**
Beginning Balance: April 1, 2019	98,618	5,582,834	408,260	6,103,067	12,192,779
Current provisions relating to sales during the year	30,112	4,096,333	630,874	(57,938)	4,699,381
Provisions and adjustments relating to sales in prior years*	-	-	-	-	-
Credits and payments*	(128,730)	(8,766,578)	(1,039,134)	(1,983,318)	(11,917,760)
Ending Balance: March 31, 2020	**-**	**912,589**	**-**	**4,061,811**	**4,974,400**
Beginning Balance: April 1, 2020	-	912,589	-	4,061,811	4,974,400
Current provisions relating to sales during the year	-	-	-	-	-
Provisions and adjustments relating to sales in prior years*	-	30,958	-	-	30,958
Credits and payments*	-	(943,547)	-	(2,788,490)	(3,732,037)
Ending Balance: March 31, 2021	**-**	**-**	**-**	**1,273,321**	**1,273,321**

* Currently, the Company do not separately track the Provisions and adjustments relating to sales in prior years and credits and payments, in each case to the extent relating to prior years for chargebacks, rebates, medicaid payments or sales returns.

Chargebacks and rebates provisions for the year ended March 31, 2021 and payments for the year ended March 31, 2021 were less as compared to the year ended March 31, 2020, primarily as a result of discontinuing of sales to third parties from September 2019.

The overall provision for refund liability as at March 31, 2021 was USD 1,273,321 as compared to a provision of USD 4,061,811 as at March 31, 2020. This decrease in our provision was primarily attributable to discontinuing of sales to third parties from September 2019.

Details of Refund liability	**For the Year Ended March 31,**	
Particulars	**2021**	**2020**
Balance at the beginning of the year	4,061,811	6,103,067
Provision made during the year, net of reversals	-	(57,938)
Provision used during the year	(2,788,490)	(1,983,318)
Balance as at end of the year	**1,273,321**	**4,061,811**

14. Inventories

During the years ended March 31, 2021 and 2020, the Company recorded inventory write-downs of USD NIL and USD 2,713 respectively. 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 NIL and USD 2,070,886 respectively. Cost of Revenues for the years ended March 31, 2021 and 2020, includes other expenditures recognized in the income statement of USD NIL and USD 46,007 respectively.

15. Employee benefits

The Company's employees participate in Dr. Reddy's Laboratories 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 NIL and USD 366,602 respectively.

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

(a) Dr. Reddy’s Laboratories Limited	Ultimate Parent Company
(b) Dr. Reddy's Laboratories Inc.	Parent Company
(c) Dr. Reddy's Laboratories (Australia) Pty. Limited	Company under common control
(d) Aurigene Discovery Technologies Limited	Company under common control
(e) Dr. Reddy's Laboratories Louisiana LLC	Company under common control
(f) Dr. Reddy's Laboratories SA	Company under common control
(g) Dr. Reddy's Laboratories New York LLC	Company under common control

The following is a summary of significant related party transactions:

Particulars	For the year ended	
	March 31, 2021	**March 31, 2020**
Loan repaid to:		
Dr. Reddy’s Laboratories Inc.	-	30,000,000
Service income from:		
Profit share from Dr. Reddy’s Laboratories Inc.	-	(103,251)
Other income from:		
Dr. Reddy’s Laboratories Limited	-	701,428
Dr. Reddy's Laboratories SA	-	140,152
Purchases from:		
Dr. Reddy’s Laboratories Limited	-	159,105

The Company has the following amounts due from related parties (included in trade receivables and other current assets):

Particulars	As of	
	March 31, 2021	**March 31, 2020**
Dr. Reddy's Laboratories Inc.	3,389,243	2,866,155
Dr. Reddy's Laboratories SA	-	46,076
Dr. Reddy's Laboratories New York LLC	-	117
Dr. Reddy’s Laboratories Louisiana LLC	-	23,605
Total amounts due from related parties	**3,389,243**	**2,935,953**

The Company has the following amounts due to related parties (included in trade and other payables and other current liabilites):

Particulars	As of	
	March 31, 2021	**March 31, 2020**
Dr. Reddy’s Laboratories Limited	-	159,105
Aurigene Discovery Technologies Limited	2,670	-
Total amounts due to related parties	**2,670**	**159,105**

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

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17. 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)	(345,054)	56,677,478
	(345,054)	**56,677,478**
Deferred taxes		
Deferred taxes expense/(benefit)	486,888	468,430
	486,888	**468,430**
Total income tax expense/(benefit) in income statement	**141,834**	**57,145,908**

The Company is considered as disregarded entity for the purpose of Income taxes. The tax expense in the 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/(loss) before tax	479,747	(7,055,972)
Enacted tax rate in US	21.00%	21.00%
Computed expected tax benefit/(expense)	**100,747**	**(1,481,754)**
Effect of change in tax laws and rate	-	-
Expenses not deductible for tax purposes	-	43,662
Effect of permanent differences	17,806	(16,039)
Others	23,281	9,664
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/ (expense)	**141,834**	**57,145,908**
Effective tax rate	29.56%	-809.89%

(1) The Company's weighted average effective tax rates for the years ended 31 March 2021 and 31 March 2020 were 29.56% and (809.89%), 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	7,093	29,199
Stock based compensation/ equity	7,948	7,879
Accounts receivable	503,890	969,237
Other current assets	-	(496)
Other current liabilities	(86,321)	(86,321)
Net deferred tax assets	**432,610**	**919,498**

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, 2020 and 2021:

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	29,198	(22,105)	7,093
Accounts receivable	969,237	(465,347)	503,890
Stock based compensation	7,880	68	7,948
Other current assets	(496)	496	-
Other current liabilities	(86,321)	-	(86,321)
Net deferred tax assets	**919,498**	**(486,888)**	**432,610**

	As at March 31, 2019	Movement	As at March 31, 2020
Deferred tax assets/(liabilities)			
Property, plant and equipment and intangibles	(66,621)	95,819	29,198
Accounts receivable	1,388,221	(418,984)	969,237
Stock based compensation	14,764	(6,884)	7,880
Other current assets	43,136	(43,632)	(496)
Other current liabilities	8,428	(94,749)	(86,321)
Net deferred tax assets	**1,387,928**	**(468,430)**	**919,498**

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18. Employee stock incentive plan

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

For the years ended March 31, 2021 and 2020 an amount of USD NIL and USD 30,156 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

19. Financial Instruments

The carrying value and fair value of financial instruments as at March 31, 2021 and March 31, 2020 were 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	5	-	-	18,667	18,667
Other assets*	6	4,758,075	4,758,075	7,161,486	7,161,486
Total		**4,758,075**	**4,758,075**	**7,180,153**	**7,180,153**
Liabilities:					
Trade and other payables	7	56,041	56,041	341,274	341,274
Other liabilities and provisions	8 & 9	2,655,671	2,655,671	2,828,826	2,828,826
Total		**2,711,712**	**2,711,712**	**3,170,100**	**3,170,100**

***** Other assets that are not financial assets (such as prepaid expenses, advances paid and certain other receivables) of USD Nil and USD Nil as of March 31, 2021 and 2020, respectively, are not included.

***** Other liabilities that are not financial liabilities (such as refund liability and provision for vacation accruals) of USD 1,273,321 and USD 4,061,811 as of March 31, 2021 and 2020, respectively, are not included.

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20. Financial risk management

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

a. Credit risk

Credit risk is the risk of 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.

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.

Financial assets that are past due but not impaired

There are no financials assets that are past due but not impaired.

b. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company manages liquidity risk by raising additional funds from Parent Company or from Group Companies to meet the financial obligations.

As of March 31, 2021 and 2020 the Company had working capital (deficit)/surplus of USD 773,042 and USD (597,960) respectively. Based on operations of the Company and Parent Company's support, the Company will be able to meet 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	2021	2022	2023	2024	Thereafter	Total
Trade and other payables	56,041	-	-	-	-	56,041
Other liabilities and provisions	2,655,671	-	-	-	-	2,655,671
Total	**2,711,712**	**-**	**-**	**-**	**-**	**2,711,712**

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

Particulars	2020	2021	2022	2023	Thereafter	Total
Trade and other payables	341,274	-	-	-	-	341,274
Other liabilities and provisions	2,828,826	-	-	-	-	2,828,826
Total	**3,170,100**	**-**	**-**	**-**	**-**	**3,170,100**

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(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

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. There is no foreign currency exposure in Company.

Commodity rate risk

Exposure to market risk with respect to commodity prices primarily arises from the Company’s purchases of active pharmaceutical ingredients, including the raw material components for such active pharmaceutical ingredients. These are commodity products, whose prices may fluctuate significantly over short periods of time. The prices of the Company’s raw materials generally fluctuate in line with commodity cycles, although the prices of raw materials used in the Company’s active pharmaceutical ingredients business are generally more volatile. Cost of raw materials forms the largest portion of the Company’s operating expenses. Commodity price risk exposure is evaluated and managed through operating procedures and sourcing policies. The Company has historically not entered into any derivative financial instruments or futures contracts to hedge exposure to fluctuations in commodity prices.

PROMIUS PHARMA LLC
NOTES TO THE FINANCIAL STATEMENTS
(All amounts in U.S. Dollars, except share and per share data and where otherwise stated)

21. Nature of Expense
The following table shows the expenses by nature:

Particulars	**For the year ended March 31, 2021**			
	Cost of revenue	**Selling, general and administrative expenses**	**Research and Development**	**Total**
Employee benefits	-	(3,870)	-	(3,870)
Depreciation and amortization	-	-	-	-
	-	**(3,870)**	**-**	**(3,870)**

Particulars	**For the year ended March 31, 2020**			
	Cost of revenue	**Selling, general and administrative expenses**	**Research and Development**	**Total**
Employee benefits	-	4,981,456	297,221	5,278,677
Depreciation and amortization	-	9,409	-	9,409
	-	**4,990,865**	**297,221**	**5,288,086**

22. Impact of COVID-19:
The Company considered the uncertainty relating to the COVID-19 pandemic in assessing the recoverability of other assets. For this purpose, the Company considered internal and external sources of information up to the date of approval of these financial statements. The Company based on its judgments, estimates and assumptions including sensitivity analysis, expects to fully recover the carrying amount of other assets.

The Company will continue to closely monitor any material changes to future economic conditions.

23. Subsequent events
There are no singificant events that occurred after balance sheet date.

Bernhard Hall Digital unterschrieben von Bernhard Hall Datum: 2021.05.12 14:49:59 +02'00'

Reddy Holding GmbH,
Augsburg

Report on the voluntary audit of the annual financial statements as at March 31, 2021

Auditor
Bernhard Hall
Eberlestrasse 27
86157 Augsburg

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Annex 3 Notes to the financial statements for fiscal year 2020/21

Annex 4 Independent auditor's opinion

General Conditions of Contract for Auditors and Auditing Companies dated January 1, 2017

List of abbreviations

Company	Reddy Holding GmbH
HGB	Handelsgesetzbuch (German Commercial Code)
HR	Handelsregister (German Commercial Register)
IDW	Institut der Wirtschaftsprüfer in Deutschland e. V., Düsseldorf
IDW PS 400	IDW Audit Standard "Formation of an auditor's opinion and issue (Revised) of the audit report"
IDW PS 450	IDW Audit Standard "Principles of proper preparation of audit (Revised) reports"
ICS	Internal control system
AS	Auditing standard
k€	Thousands of euros
PY	Prior year

A. Audit mandate

The Management Board of Reddy Holding GmbH, Augsburg, Germany – hereinafter also referred to as "Reddy Holding" or "Company" – has commissioned me to audit the annual financial statements as at March 31, 2021, including the underlying accounting practices, for compliance with professional principles, and to report on the results of my audit in writing.

The audit mandate was issued to me by the Management Board on April 12, 2021.

The Company is to be classified as a small company in accordance with the criteria set out in section 267, para. 1 HGB and is therefore not subject to audit pursuant to section 316 et seq. HGB. However, a voluntary audit of the financial statements is to be carried out.

I confirm, in accordance with section 321, para. 4a HGB, that I have observed the applicable rules on independence in carrying out my audit of the financial statements.

In the following report, which was prepared in accordance with the principles of proper preparation of audit reports (IDW PS 450 (Revised)), I report on the nature, extent and results of my audit.

In Section B, the report provides in advance my opinion on the Management Board's assessment.

The audit procedure and audit results are described in detail in Sections C and D. The audit report with unmodified auditor's opinion issued on the basis of the audit is set forth in Section E.

I have attached the audited financial statements, consisting of the balance sheet (Annex 1), the income statement (Annex 2) and the notes to the financial statements (Annex 3) to my report.

The "General Conditions of Contract for Auditors and Auditing Companies dated January 1, 2017" that have been agreed upon and that are annexed to this report form the basis for the execution of the mandate and my responsibility, including in relation to third parties.

B. Basic determinations

Opinion on the assessment of the Management Board

In principle, the CEO must assess the economic situation of the Company in the management report. Small capital companies are not under a legal obligation to draw up a management report. Nor has the Management Board voluntarily prepared a management report. Consequently, as a statutory auditor, I do not have any obligation to comment on the assessment of the Company's situation by the legal representatives, as would otherwise be expressed in the management report.

C. Object, nature and scope of the audit

The object of the audit included the accounting and annual financial statements as at March 31, 2021 (Annexes 1 to 3), and compliance with the relevant legal requirements regarding the accounting and the supplementary provisions of the articles of association.

Verification of compliance with other legal provisions only falls within the scope of the statutory audit to the extent that these other provisions normally impact the annual financial statements. In this respect, a review of the nature and appropriateness of the insurance coverage, in particular whether all risks were taken into account and sufficiently insured, was not included in my audit mandate.

The Management Board of the Company is responsible for the accounting and the preparation of the financial statements as well as the information provided to me. My task is to assess the documents submitted by the Management Board and the information provided in the context of my audit.

I conducted the audit work at my office in Augsburg in April and May 2021. The audit report was then finalized. I did not carry out a preliminary audit this year because the volume of business hardly differs from the previous year.

The starting point for my audit was the annual financial statements prepared by the Company as at March 31, 2021. The annual financial statements as at March 31, 2020, were adopted as such by the shareholders' resolution of May 14, 2020.

I used the accounting records, the receipts and the files and documents of the Company as audit documents.

All information, explanations and documentary evidence requested by me have been willingly provided by the Management Board and the employees appointed to provide information. In addition to this, the Management Board has confirmed to me in the declaration of completeness that is standard for the profession that the accounts and the annual financial statements to be audited incorporate all assets, obligations, risks and accruals that are subject to accounting, including all expenses and income, that all necessary information has been provided and that all existing contingent liabilities have been disclosed to me. There were no significant events that occurred after the end of the fiscal year according to the information in the notes and none became known to me during my audit.

I conducted my audit of the financial statements in accordance with section 316 et seq. HGB and the generally accepted standards in Germany for the audit of financial statements set out by the IDW. Accordingly, I have planned and performed my audit with an orientation towards problems – but without any special focus on auditing for embezzlement – in such a way that irregularities and statutory violations materially affecting the presentation of the Company's net assets, financial position and results of operations in the annual financial statements in accordance with standard accounting practices could have been detected with reasonable assurance.

The audit included assessing the accounting principles used and significant estimates made by the Company's Management Board, as well as evaluating the overall presentation of the annual financial statements.

The audit was based on planning of the audit focal areas, taking into account my preliminary assessment of the Company's situation and an assessment of the effectiveness of the accounting-related internal control system (risk-oriented audit approach). The assessment was based in particular on findings related to the legal and economic framework conditions. Industry risks, corporate strategy and the resulting business risks are known from discussions with the Management Board and employees of the Company.

The risk areas identified in the audit planning resulted in the following focal areas of the audit:

- Audit of receivables from and liabilities to affiliated companies;
- Valuation of tax provisions.

On the basis of a provisional assessment of the internal control system (ICS), I have followed the principles of materiality and economic efficiency when defining the further audit procedures. The audit of the structure of the ICS was intended to ensure, in particular, the rules governing the regularity and reliability of the Company's accounts, the continued existence of the Company and the preservation of existing assets, including preventing or exposing asset misappropriation.

Both the analytical audit procedures and the individual case studies were therefore carried out on the basis of selected samples, taking into account the importance of the audit areas, the organization of the accounting and the findings of the audit of the ICS. The samples were consciously selected in such a way as to take account of the economic importance of the individual items in the annual financial statements and to enable adequate auditing for compliance with statutory accounting requirements.

D. Findings and notes on accounting

I. Regularity of accounting

1. Accounting records and other audited documents

The accounting (financial and asset accounting records) as well as the preparation of the annual financial statements of the Company are carried out by employees of the Company. The Company uses the programs of SAP in this process. Payroll accounting has been outsourced to an external service provider.

The accounting-related internal control system set up by the Company provides rules for the organization and control of work processes that are appropriate to the business purpose and scope. The accounting procedures did not undergo any significant organizational changes during the reporting period.

The organization of the accounting records system and the accounting-related internal control system make possible the complete, accurate, timely and orderly recording and booking of business transactions. The chart of accounts is adequately structured, and the document system is clearly organized. The books were appropriately opened with the figures from the previous year's balance sheet and were altogether kept properly during the entire fiscal year.

The information obtained from the other audited documents resulted in the proper presentation in the accounting records and the annual financial statements.

Overall, it can be stated that the accounting records and the other audited documents comply in all material respects with legal requirements, including the principles of proper accounting and the supplementary provisions of the articles of association. The audit revealed no issues.

2. Annual financial statements

The present annual financial statements as at March 31, 2021, were drawn up in accordance with the provisions of German commercial law and the supplementary provisions of the articles of association. Partial use was made of the size-dependent simplifications for the preparation of annual financial statements.

The balance sheet and income statement are properly derived from the accounting records and other documents that were audited. The classification of the balance sheet is based on the provisions of section 266, para. 2 and 3 HGB. The income statement was prepared in accordance with section 275, para. 2 HGB using the total cost (nature of expense) method. If there are optional presentation methods in the balance sheet or the income statement, the corresponding disclosures are largely made in the notes.

The accounting and valuation methods applied to the balance sheet and the income statement are adequately explained in the notes prepared by the Company. All individual disclosures required by law as well as the optional disclosures on the balance sheet and the income statement, which are included in the notes, are completely and accurately presented.

The annual financial statements thus comply in all material respects with legal requirements, including the principles of proper accounting and the supplementary provisions of the articles of association. The audit revealed no issues.

II. Overall presentation of the annual financial statements

1. Determinations of the overall presentation of the annual financial statements

Based on the findings of my audit, the annual financial statements as a whole, i.e. as an overall presentation of the annual financial statements – as determined by the combination of the balance sheet, the income statement and the notes to the financial statements – give a true and fair view of the Company's net assets, financial position and results of operations in accordance with the principles of proper accounting.

2. Significant valuation policies and changes to those policies

The following accounting and valuation methods were used in preparing the annual financial statements of the Company:

- Accounting and valuation are carried out under the assumption of continuation of the business activities.

The accounting and valuation policies were unchanged from the prior year. In addition, please see the explanations in the notes to the financial statements.

3. Measures influencing individual items

The findings of my audit did not reveal any reportable facts resulting from substantive measures in the audit period with a significant impact on the overall presentation of the annual financial statements.

4. Classifications and notes

The main items in the balance sheet and the income statement are broken down and explained below.

Increase in overall performance and net income

The overall performance is as follows:

	2020/21		2019/20		Change	
	k€	%	k€	%	k€	%
Sales revenues	2,768	99.0	1,918	99.2	850	44.3
Other operating income	27	1.0	15	0.8	12	80.0
Overall performance	2,795	100.0	1,933	100.0	862	44.6

Sales revenues include the management fee in the amount of €1,918,000 (prior year €1,918,000) for the Company's services that are provided to subsidiaries. The Company provides services in the areas of finance, accounting, information technology, human resources, legal advice, administration and management. Also included are cost allocations to the subsidiaries in the amount of €850,000 (prior year €0).

Other operating income is mainly attributable to income from other accounting periods due to the release of other provisions (€26,000; prior year: €15,000).

The reconciliation of the overall performance to net income is shown below.

	2020/21		2019/20		Change	
	k€	%	k€	%	k€	%
Overall performance	2,795	100.0	1,933	100.0	862	44.6
Personnel expense	-1,247	-44.6	-970	-50.2	-277	-28.6
Other operating expenses	-1,286	-46.0	-463	-24.0	-823	> -100
Income from profit transfers	37,229	> 100.0	29,439	> 100.0	7,790	26.5
Net interest	-866	-31.0	-1,386	-71.7	520	37.5
Tax expense	-13,062	> 100.0	-8,933	> -100.0	-4,129	-46.2
Net income	23,563	> 100.0	19,620	> 100.0	3,943	20.1

The net income for the year is significantly influenced by the profit transfer of betapharm Arzneimittel GmbH. Fiscal unity exists with this subsidiary, which means that the income from the profit transfer is taxable at the level of Reddy Holding. Personnel expense and other operating expenses include the administrative costs relating to the administration of the shareholding.

Decrease in balance sheet total and improvement in equity ratio

The decrease in the balance sheet total to €192,131,000 is attributable to high repayments on an interest-bearing loan extended by the subsidiary.

The equity ratio was increased this year. As a result, the Company's assets are mainly financed by equity. Provisions primarily include tax provisions of the past two fiscal years. The tax provisions item also includes back tax payments in the amount of €1,139,000 as a result of the tax audit and a tax receivable in the amount of €547,000 for the 2018/19 fiscal year. The liabilities comprise obligations to betapharm Arzneimittel GmbH, resulting from loans including interest (€15,990,000) and from input tax to be refunded (€315,000).

	March 31, 2021		March 31, 2020		Change	
	k€	%	k€	%	k€	%
Equity	161,483	84.0	137,919	70.8	23,564	17.1
Provisions	13,996	7.3	6,019	3.1	7,977	> 100.0
Liabilities	16,652	8.7	50,848	26.1	-34,196	-67.3
Balance sheet total	192,131	100.0	194,786	100.0	-2,655	-1.4

Composition of assets

	March 31, 2021		March 31, 2020		Change	
	k€	%	k€	%	k€	%
Fixed assets	187,100	97.4	187,100	96.1	0	0.0
Receivables, bank balances	5,031	2.6	7,686	3.9	-2,655	-34.5
Balance sheet total	192,131	100.0	194,786	100.0	-2,655	-1.4

The fixed assets relate to the 100% stake in betapharm Arzneimittel GmbH amounting to €187,000,000 and the 100% stake in beta Institut gGmbH amounting to €100,000.

Receivables include a claim against betapharm Arzneimittel GmbH in the amount of €5,001,000 from profit transfer among other things.

E. Presentation of the audit report and auditor's opinion

After the conclusion of my audit, I have issued the following unqualified audit report on the annual financial statements as at March 31, 2021 (Annexes 1 to 3) of Reddy Holding GmbH, Augsburg, Germany, dated May 12, 2021, which is reproduced here:

"Audit report of the independent auditor

To Reddy Holding GmbH

Auditor's opinion

I have audited the annual financial statements of Reddy Holding GmbH, comprising the balance sheet as at March 31, 2021 and the income statement for the fiscal year from April 1, 2020 to March 31, 2021 and the notes to the financial statements, together with a description of the accounting policies used.

In my opinion, based on the findings of my audit, the accompanying financial statements comply in all material respects with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the Company as at March 31, 2021 and of its results of operations for the fiscal year from April 1, 2020 to March 31, 2021 in accordance with the German principles of proper accounting.

Pursuant to section 322, para. 3, sentence 1 HGB, I declare that my audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the auditor's opinion

I conducted my audit of the annual financial statements in accordance with section 317 HGB and the generally accepted standards in Germany for the audit of financial statements set out by the Institute of Public Auditors in Germany (IDW). My responsibility under these requirements and standards is described in greater detail in the "Auditor's responsibility for the audit of the annual financial statements" section of my audit report. I am independent of the Company in accordance with the requirements of German commercial and professional law, and have fulfilled my other German professional responsibilities in accordance with these requirements. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my auditor's opinion on the annual financial statements.

Management's responsibility for the annual financial statements

Management is responsible for preparing the annual financial statements in compliance, in all material respects, with the requirements of German commercial law applicable to corporations and for ensuring that the annual financial statements give a true and fair view of the Company's net assets, financial position and results of operations in accordance with the German principles of proper accounting. In addition, management is responsible for such internal controls as they have determined necessary in accordance with the German principles of proper accounting to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, except to the extent that this is contrary to fact or law.

Responsibility of the auditor for the audit of the annual financial statements

My objective is to obtain reasonable assurance that the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my auditor's opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with the generally accepted standards in Germany for the audit of financial statements set out by the Institute of Public Auditors in Germany (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the internal control system relevant to the audit of the annual financial statements in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the audit report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify my respective auditor's opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- assess the overall presentation, the structure and the content of the annual financial statements including the disclosures and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with the German principles of proper accounting.

I discuss with those charged with governance, amongst other aspects, the planned scope and scheduling of the audit and significant audit findings, including any deficiencies in the internal control system that I identify during my audit."

I make the above audit report concerning Reddy Holding GmbH in accordance with the legal provisions and the principles of proper reporting for audits of financial statements.

Any use of the above-mentioned auditor's opinion outside this audit report requires my prior consent. In the event of publications or dissemination of the financial statements in a form deviating from the confirmed version (including translation into other languages), it is first necessary to obtain my opinion again if my audit report is cited or reference is made to my audit; please see section 328 HGB.

Augsburg, May 12, 2021

DIPL.-KFM. BERNHARD HALL
WIRTSCHAFTS-
PRÜFER
SIEGEL
AUGSBURG

Bernhard Hall
Auditor

ANNEXES

Reddy Holding GmbH, Augsburg

Balance sheet as at March 31, 2021

A s s e t s

	Notes	31.3.2021 EUR	31.3.2021 EUR
A. Fixed assets			
I. Financial assets			
Shares in affiliated companies		187.100.000,00	187.100.000,00
		187.100.000,00	187.100.000,001
B. Umlaufvermogen			
I. Receivables and other assets	II.1		
1. Receivables from affiliated companies	II.2+3	5.001.234,41	5.905.730,091
2. Other assets		4.688,77	1.593.109,45
		5.005.923,18	7.498.839,54
II. Cash and bank balances		24.824,31	186.945,89
		5.030.747,49	7.685.785,43
Total assets		192.130.747,49	194.785.785,43

L i a b i l i t i e s

	Notes	31.3.2021 EUR	31.3.2020 EUR
A. Equity			
I. Subscribed capital		27.000,00	27.000,00
II. Capital reserve		300.000.000,00	300.000.000,00
III. Loss carry-forward		-162.107.533,51	-181.727.537,26
IV. Net income		23.563.232,51	19.620.003,75
		161.482.699,00	137.919.466,49
B. Provisions			
1. Tax provisions		13.578.845,70	5.650.970,60
2. Other provisions		416.891,87	367.777,96
		13.995.737,57	6.018.748,56
C. Liabilities	II.4		
1. Liabilities to financial institutions		0,00	0,00
2. Trade payables		46.792,16	240,00
3. Liabilities to affiliated companies	II.5	16.307.670,11	50.833.577,54
4. Other liabilities	II.6	297.848,65	13.752,84
		16.652.310,92	50.847.570,38
Total liabilities		192.130.747,49	194.785.785,43

Reddy Holding GmbH, Augsburg

Income statement for the period

from April 1, 2020 to March 31, 2021

	Notes	2020/2021	2019/2020
		EUR	EUR
1. Sales revenues		2,767,792.52	1,918,000.08
2. Other operating income		27,355.80	15,317.46
		2,795,148.32	1,933,317.54
3. Personnel expense			
a) Wages and salaries		-1,054,148.08	-805,621.06
b) Social security payments		-193,065.00	-164,801.17
4. Other operating expenses		-1,285,786.86	-463,509.29
5. Income from profit transfers		37,229,274.74	29,439,277.17
6. Other interest and similar income		0.00	0.00
7. Interest and similar expenses	II.7	-865,642.81	-1,385,897.65
8. Taxes on income		-13,062,536.15	-8,932,633.20
9. Earnings after taxes		23,563,244.16	19,620,132.34
10. Other taxes		-11.65	-128.59
11. Net income		23,563,232.51	19,620,003.75

NOTES TO THE FINANCIAL STATEMENTS
for fiscal year 2020/2021

I. General comments on accounting and valuation methods

The accounting and valuation methods used are explained below.

I.1 Financial assets are recognized at cost less impairment charges due to expected permanent impairment.

I.2 Receivables and other assets are recognized at nominal value, taking into consideration all identifiable risks.

I.3 Cash balances at financial institutions are recognized at nominal value.

I.4 Equity capital is recognized at nominal value.

I.5 Other provisions are recognized at the settlement amounts deemed necessary on the basis of a reasonable commercial assessment and taking into consideration all identifiable risks.

I.6 Liabilities are recognized at their settlement amount.

II. Notes to the balance sheet and income statement

II.1 All receivables are due within one year.

II.2 Receivables from affiliated companies mainly comprise entitlements to profit transfer from a subsidiary.

II.3 Fiscal unity exists with the subsidiary betapharm Arzneimittel GmbH.

II.4 The liabilities total €16,652,310.92 (prior year: €50,847,570.68) and are due within a year. There are no liabilities with a remaining term of more than five years.

II.5 Liabilities to affiliated companies include liabilities to shareholders in the amount of €0.00 (prior year: €0.00).

II.6 Other liabilities include liabilities for taxes in the amount of €43,124.12 (prior year: €13,752.84).

II.7 Interest expenditure includes interest paid to affiliated companies in the amount of €864,334.02 (prior year: €1,319,274.30).

III. Other notes

III.1 Reddy Holding GmbH with head office in Augsburg, Germany, is registered with the Augsburg District Court under HRB 21913. The Company is classified as a small capital company under section 267, para. 1 HGB.

III.2 Dr. Reddy's Laboratories Limited, Hyderabad, India, prepares the consolidated financial statements for the largest and smallest scope of consolidation. The consolidated financial statements drawn up in accordance with IFRS accounting principles as at March 31, 2021 are disclosed to the Securities and Exchange Commission (SEC), Washington, USA.

III.3 Reddy Holding GmbH is incorporated in the consolidated financial statements of Dr. Reddy's Laboratories Limited. Reddy Holding GmbH is exempt from the preparation of consolidated financial statements and a group management report and avails itself of this simplification provision. The exempting consolidated financial statements and the exempting group management report have been prepared in accordance with the international accounting standards referred to in section 315a, para. 1 HGB. The relevant accounting, valuation and consolidation methods in the exempting consolidated financial statements differ only immaterially from those in German law.

III.4 An average of 15 persons were employed during the fiscal year (prior year: 13).

III.5 There were no significant events that occurred after the end of the fiscal year and were not taken into account in either the income statement or the balance sheet.

The spread of the coronavirus and the consequences for our business are being continuously monitored. Our business development is significantly influenced by the business development of betapharm Arzneimittel GmbH.

The following is written about this in the management report of betapharm Arzneimittel GmbH. The coronavirus crisis, which is affecting production chains and in particular also supply chains in numerous manufacturing countries, may also have a fundamental impact, as the medium-term effects for the new fiscal year cannot be clearly predicted.

Overall, business is expected to develop positively in fiscal year 2021/22 despite the coronavirus crisis. Based on the rising revenue forecast, management expects earnings before profit transfer to increase in the lower double-digit range in fiscal year 2021/22.

Augsburg, May 12, 2021

DocuSigned by:
Sameer Natu
81F8D3735C294E1... ....
Sameer Sudhkar Natu

CEO

AUDIT REPORT OF THE INDEPENDENT AUDITOR

To Reddy Holding GmbH

Auditor's opinion

I have audited the annual financial statements of Reddy Holding GmbH, comprising the balance sheet as at March 31, 2021 and the income statement for the fiscal year from April 1, 2020 to March 31, 2021 and the notes to the financial statements, together with a description of the accounting policies used.

In my opinion, based on the findings of my audit, the accompanying financial statements comply in all material respects with the requirements of German commercial law applicable to corporations and give a true and fair view of the net assets and financial position of the Company as at March 31, 2021 and of its results of operations for the fiscal year from April 1, 2020 to March 31, 2021 in accordance with the German principles of proper accounting.

Pursuant to section 322, para. 3, sentence 1 HGB, I declare that my audit has not led to any reservations relating to the legal compliance of the annual financial statements.

Basis for the auditor's opinion

I conducted my audit of the annual financial statements in accordance with section 317 HGB and the generally accepted standards in Germany for the audit of financial statements set out by the Institute of Public Auditors in Germany (IDW). My responsibility under these requirements and standards is described in greater detail in the "Auditor's responsibility for the audit of the annual financial statements" section of my audit report. I am independent of the Company in accordance with the requirements of German commercial and professional law, and have fulfilled my other German professional responsibilities in accordance with these requirements. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for my auditor's opinion on the annual financial statements.

Management's responsibility for the annual financial statements

Management is responsible for preparing the annual financial statements in compliance, in all material respects, with the requirements of German commercial law applicable to corporations and for ensuring that the annual financial statements give a true and fair view of the Company's net assets, financial position and results of operations in accordance with the German principles of proper accounting. In addition, management is responsible for such internal controls as they have determined necessary in accordance with the German principles of proper accounting to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting, except to the extent that this is contrary to fact or law.

Responsibility of the auditor for the audit of the annual financial statements

My objective is to obtain reasonable assurance that the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report that includes my auditor's opinion on the annual financial statements.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with section 317 HGB and in compliance with the generally accepted standards in Germany for the audit of financial statements set out by the Institute of Public Auditors in Germany (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements.

I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the annual financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my auditor's opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of the internal control system relevant to the audit of the annual financial statements in order to plan audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.
- evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in the audit report to the related disclosures in the annual financial statements or, if such disclosures are inadequate, to modify my respective auditor's opinion. My conclusions are based on the audit evidence obtained up to the date of my audit report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.

- assess the overall presentation, the structure and the content of the annual financial statements including the disclosures and whether the annual financial statements present the underlying transactions and events in such a way that the annual financial statements give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with the German principles of proper accounting.

I discuss with those charged with governance, amongst other aspects, the planned scope and scheduling of the audit and significant audit findings, including any deficiencies in the internal control system that I identify during my audit.

Augsburg, May 12, 2021

DIPL.-KFM. BERNHARD HALL
WIRTSCHAFTS-PRÜFER
SIEGEL
AUGSBURG

Bernhard Hall
Auditor

Reddy Netherlands B.V.

in Leiden

Annual Report 2020/2021

Grant Thornton

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To the management of
Reddy Netherlands B.V.
Zernikedreef 12
2333 CL Leiden

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P.O. Box 2259
2400 CG Alphen aan den Rijn
The Netherlands

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Rotterdam, 12 May 2021

Subject: Annual report 2020/2021

Dear sirs,

We send you the annual report regarding the financial statements for the year 2020/2021 of your company, which include the company balance sheet with a total of € 23.752 (x 1.000), the consolidated balance sheet with a total of € 22.428 (x 1.000) and the profit and loss account ending with a net result of € -8.445 (x 1.000).

ENGAGEMENT

In accordance with your instructions we have audited the 2020/2021 financial statements of Reddy Netherlands B.V., Leiden. These financial statements are the responsibility of the management of the company. Our responsibility is to express an opinion on these financial statements based on our audit. These financial statements are included, together with the management board's report and the other information, in the 2020/2021 annual accounts attached to this report.

For the audit opinion we refer to the chapter "Other information" on page 38 of this report.

Yours sincerely,
Grant Thornton Accountants en Adviseurs B.V.

drs. M.P. van Rijssel RA

GENERAL

Activities

Reddy Netherlands B.V. and its group companies are a pharmaceutical company specialised in the controlled release, development, formulation, and manufacture of injectable products. Reddy Netherlands B.V. offers a platform of proprietary biodegradable polymers for the controlled release and extended release of injectable products, in particular proteins.

Board of directors

On 31 March 2021 the board of directors is formed by S. Reddy, H. Delnoij and Jasmine.

FINANCIAL REPORT 2020/2021

REPORT OF THE MANAGING DIRECTORS

Introduction

This annual account is consolidated with all entities, Reddy Netherlands BV and his subsidiaries, Dr Reddy's Research & Development B.V. and Dr Reddy's Laboratories BV (hereinafter "Dr Reddy's")

Since its establishment in 1995 Dr Reddy's Research & Development B.V. (hereinafter "Dr Reddy's R&D",) has focused on the formulation development and manufacturing of difficult-to-formulate complex injectable drugs. Dr Reddy's has significant in-house expertise in the development and creation of micro-spheres and liposomes that enhance and enable controlled release of active pharmaceutical ingredient into humans.
Dr Reddy's R&D acts as a service provider developing and manufacturing formulations of injectable drugs for the biotechnology and pharmaceutical industry. After the acquisition by Dr Reddy's, the development of generic injectables has been added to Dr Reddy's R&D activities. The Company has strived to streamline costs, increase the quality delivered by leveraging the know-how and expertise of its employees as well as the drug delivery platforms.

In FY18, Dr Reddy's R&D entered into a transaction for sale of an IP relating to a Product know-how, to its wholly owned subsidiary company Dr Reddy's Laboratories BV (former "Eurobridge Consulting B.V.").

Business developments and revenues

Dr Reddy's majorly performs contract R&D activities on behalf of its ultimate parent entity Dr Reddy's aboratories Ltd, in which it carries out specified proof of concept projects for development of complex njectables, using microsphere and liposomal technologies. Our activities for complex injectable projects are ypically reimbursed on a fee for service basis if the activities are for third parties, being minor part of the ompany activities.

In order to be profitable and sustainable in the future, the company during the year also has taken various steps to control and reduce its cost. The company's focus now is primarily on development services for complex injectable formulations and the same is managed through development by clusters.

Organization

On 31 March 2021, we employed 65 people, who were all located in the Netherlands (31 March 2020: 71). During 2020-21, 8 people joined and 14 people left (incl. 1 students). On 31 March 2021 we employed 0 people through temporary employment agencies (31 March 2020: 0 people).

Financial developments

The revenues did not change and was € 12.1 million in 2019-20 and is € 12.1 million in 2020-21. Revenue from Dr Reddy's Ltd. didn't change and was € 12.1 million in 2019-20 and is € 12.1 million in 2020-21.

Total operating costs (excluding interest) decreased by 69% from € 11.8 million in 2019-20 to € 19.9 million in 2020-21. The operation expense in FY20-21 is inclusive the impairment of 8.3M for the HPC project. Due to the call of the FDA regarding the proven effect of the drug of the originators product we have to stop our project. Interest costs relate to our financial leases increased to € 0.65 million (2019-20: € 0.64 million).

The Covid19, a strain of coronavirus since December 2019, caused massive disruptions across multiple industries/sectors. The disruption last year did not effect our current year result much. Some expense like travelling and training was lower due to the Covid19, some other expense, like safety, were higher due to Covid19. However, the related financial impact and duration cannot be reasonably estimated at this time.

Outlook fiscal year 2021

Our focus on delivery, efficiency and effectiveness in virtually all key functions of our organization has generated the revenue in 2020-21 which we expect to be able to continue. We will be making further investments in equipment in the coming years, especially to accommodate the requirement for development of more generic complex injectables.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for designing, implementing and operating our internal risk control structure in order to manage in an effective and efficient manner the risks we are exposed to. The principal objective of the Dr Reddy's business model is to become a sustainable operationally cash flow balanced company in the medium term by strict cost control and expanding our revenue base. Our internal risk control structure needs to assist Dr Reddy's in achieving this objective.

Dr Reddy's internal risk control structure consists of:

Policies, principles and procedures

Dr Reddy's procedures are formalized in Standard Operating Procedures (SOP's) and policies. These SOP's are reviewed at periodic intervals.

The Code of Conduct which includes the Internal Code on Inside Information and the Whistleblower's policy is published on the intranet. The personnel handbook contains guidelines relevant for all employees and is regularly updated. The authorization levels within Dr Reddy's are sufficient and mentioned in the implemented DOA.

Budgeting process

The strategic plan is converted into an annual budget. Actual financial results are measured against budget on a monthly basis. Financial and non-financial key performance indicators (KPI's) have been identified. A management report is prepared on a monthly basis . This management report includes the financials per month and YTD. The management report is distributed to and discussed with the management.

External auditor

The external auditor carries out the procedures and activities related to the issuance of the auditor's opinion to the financial statements. The external auditor takes into consideration the systems that are intended to ensure reliable reporting. The external auditor reports any significant matters relating to internal control measures that have been identified during the audit of the financial statements. The observations made by the external auditor are discussed with the Board.

Risk control matrix

During 2020-21 we have maintained the existing internal controls in the area of project administration.

OPERATIONAL RISKS

Complex activities

The formulation and manufacturing services that we offer can be highly complex. From time to time, issues may arise in the formulation laboratory variety of reasons including equipment malfunction, failure to follow specific protocols and procedures, issues with raw materials, employee turnover and environmental factors. Such issues could affect the formulation success, the production of a particular R&D batch or series of batches. This could, among other things, lead to increased costs, time and expense spent investigating the cause. We are mitigating this risk by hiring experienced employees, cross-fertilizing experience and providing necessary training to our staff.

Fixed development and manufacturing capacity

The amount that the pharmaceutical and biotechnology industries spend on formulation development and manufacturing for clinical studies and commercial use and in particular how much they spend on outsourcing such activities may have a large impact on our revenues and profitability. As a result, we may experience overcapacity in terms of development resources and manufacturing resources which could affect our profitability as the costs related to these resources are largely fixed in the medium term. By creating a balanced portfolio, building long-term relationships with customers for multiple products and through our pricing strategy we are actively balancing the utilization of our development capacity. In the financial year 2016, the manufacturing facility has been closed, and the capacity will be used to expand in fixed development.

Qualified personnel

Recruiting and retaining qualified personnel is critical to our success. We may not be able to attract and retain qualified personnel on acceptable terms given the competition among pharmaceutical and biotechnology companies, universities and research institutions for similar personnel. Several measures have been implemented to retain and motivate current personnel, such as the development of specific retention and training programs and the implementation of a more simplified organization which allows a more open and direct dialogue between various levels and different functions within the organization.

Product liability exposure

We are exposed to liability risks from performing formulation development services for third parties. We have a quality system in place to ensure that these services are delivered in an appropriate manner. In our service contracts we include a paragraph which limits our liability. Also we have liability insurance, which we currently believe is adequate to cover liabilities we may incur.

FINANCIAL RISKS

Risk of not establishing a cash balanced business model

We believe that we will be able to create a balanced cash flow in the medium term. With the change in business model, through strict cost control and a focus on building a balanced revenues portfolio including project for Reddy's, we have reduced the risk of continuing losses.
Management ensures that the cash position is sufficient to meet the company's financial obligations towards creditors.

Currency risk

Only one external customer is located outside the Euro-zone. We minimize our exposure to exchange rate risks by invoicing our customers in Euro.

Credit risk

Credit checks are carried out on all customers. Amounts outstanding for both time and credit limits are regularly monitored.

Financial reporting risks and compliance risks

As in any other company, there is a risk of errors in our financial reporting. To prevent this risk from occurring, we have reporting and accounting procedures, results analysis and external auditing in place to limit the risk of unfair or incorrect representation of financial reporting. Our Internal Code of Conduct stipulates that staff should comply with all applicable laws and regulations. Complementary to other reporting lines, a whistleblower's procedure enables staff to report alleged irregularities of a general, operational and financial nature without jeopardizing their legal status. During 2020-21, we have received no such reports.

Financial instruments risk

In the years presented in these financial statements, the Group did not purchase or hold any derivative financial instruments or available-for-sale financial assets. The financial instrument risk related to these types of instruments is therefore minimal. The company has loans payable which have an interest rate based on the Euribor rate including a markup.

Legislation and regulation risk

The pharmaceutical industry in which Dr Reddy's operates needs to comply to strict rules and regulations, in particular related to cGMP manufacturing. The rules relevant to Dr Reddy's are established and monitored by the European Medicines Evaluation Agency (the 'EMEA'), the US Food and Drug Administration (the 'FDA') and Dutch regulatory authorities. Rules and regulations might change and this might have consequences for Dr Reddy's. Dr Reddy's intends to adhere to all relevant quality and safety standards.

COVID risk

We assessed the uncertainties and made several scenarios. Based on this assessment we conclude that there is small uncertainty to continue as a going concern, however we expect that because of the measures taken and still to be taken and the resources we have, that the expected impact will be controllable. Therefor we have reasonable expectation that Reddy Netherlands B.V., Dr Reddy's Research & Development B.V. and Dr Reddy's Laboratories B.V. have adequate resources to continue as a going concern for the foreseeable future.

Leiden, 12 May 2021

On Behalf of the Board,

S. Reddy
director

DocuSigned by:
K Satish Reddy .
E6A7AFAFC3834FA...
12-May-2021 | 7:45 PM IST

H. Delnoij
director

DocuSigned by:
Hans Delnoy
5E3CC60146AF46F...
12-May-2021 | 6:23 PM IST

Jasmine
director

DocuSigned by:
A8E889A3EA8B473...
12-May-2021 | 8:08 PM IST

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2021

(after appropriation of result)

		31 March 2021		31 March 2020	
		x € 1.000	x € 1.000	x € 1.000	x € 1.000
ASSETS					
Fixed assets					
Intangible fixed assets	(1)				
Development costs		0		8.259	
Intellectual property		1.468		2.203	
Goodwill		9.943		10.772	
			11.411		21.234
Tangible fixed assets	(2)				
Land and buildings		2.951		3.345	
Plant and equipments		1.140		1.245	
Furniture		244		174	
Assets under construction and prepayments		821		387	
			5.156		5.151
Financial fixed assets					
Other securities			4		4
Current assets					
Trade and other receivables	(3)				
Trade debtors		2.982		3.155	
Taxes and social securities		714		550	
Other receivables, prepayments and accrued income		429		162	
			4.125		3.867
Cash and cash equivalents	(4)		1.732		1.516
			22.428		31.772

		31 March 2021		31 March 2020	
		x € 1.000	x € 1.000	x € 1.000	x € 1.000
EQUITY AND LIABILITIES					
Equity	(5)		16.183		24.628
Non-current liabilities	(6)				
Finance lease liabilities			3.598		4.193
Current liabilities	(7)				
Current portion of finance lease liabilities		595		545	
Trade creditors		414		599	
Taxes and social securities		6		20	
Accruals and deferred income		1.632		1.787	
			2.647		2.951
			22.428		31.772

CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2020/2021

		2020/2021		2019/2020	
		x € 1.000	x € 1.000	x € 1.000	x € 1.000
Net turnover	(8)		12.091		12.162
Other operating income			24		1
Gross margin			12.115		12.163
Costs					
Cost of raw materials and consumables		1.878		1.799	
Employee expenses	(9)	4.732		4.828	
Depreciation/Amortization	(10)	2.572		2.679	
Impairment of fixed assets	(11)	8.259		0	
Other operating expenses	(12)	2.458		2.467	
			19.899		11.773
Operating result			-7.784		390
Financial income and expenses	(13)		-656		-649
Result before tax			-8.440		-259
Taxation	(14)		-5		0
Result after tax			-8.445		-259

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Activities

Reddy Netherlands B.V. and its group companies are pharmaceutical companies specialised in the controlled release, development, formulation, and manufacturing of injectable products.

Reddy Netherlands B.V. and its group companies offer a platform of proprietary biodegradable polymers for the controlled release and extended release of injectable products, in particular proteins. The Company is a private limited liability company incorporated and domiciled in the Netherlands.

Registered office, legal form and registration number at the chamber of commerce

The registered and actual address of Reddy Netherlands B.V. is Zernikedreef 12 in Leiden and is registered at the chamber of commerce under number 33289445.

Group structure

The consolidated financial statements of Reddy Netherlands B.V. include the financial statements of Reddy Netherlands B.V. and its participations in the group companies.

The consolidated financial statements are based on the accounting principles of Reddy Netherlands B.V.
The individual financial statements of the group companies are fully integrated in the consolidated financial statements, taking into account the elimination of the mutual debts, assets and transactions.

LIST OF PARTICIPATING INTERESTS

Name, statutory registered office	Share in issued capital	Included in consolidation
	%	
Dr. Reddy's Research and Development B.V. Leiden	100,00	Yes
Dr. Reddy's Laboratories B.V. Leiden	100,00	Yes

Consolidation principles

Financial information relating to group companies and other legal entities which are controlled by Reddy Netherlands B.V. has been consolidated in the financial statements of Reddy Netherlands B.V. The consolidated financial statements have been prepared in accordance with the accounting principles of Reddy Netherlands B.V.

GENERAL ACCOUNTING PRINCIPLES FOR THE PREPARATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements are prepared in accordance with Part9 of Book 2 of the Dutch Civil Code. Valuation of assets and liabilities and determination of the result takes place under the historical cost convention. Unless presented otherwise at the relevant principle for the specific balance sheet item, assets and liabilities are presented at nominal value.

The financial statements of the company are presented in euros, which is the company's functional currency.

Continuity

These financial statements have been prepared on the basis of the going concern assumption. Although the company is mainly dependent on one client (intercompany), there is no doubt on the entity's ability to continue as a going concern in view of the intention and ability of the parent company to continue to provide financial support.

In 2013, the Company was acquired by Dr. Reddy's Laboratories Ltd. in India. Dr. Reddy's forecast and projections, is to use the company for the research and development of generic medicines. Thus specializing in this market.

Considering the factors above, after making enquiries, the directors have reasonable expectations that, with Parent Company support, the Company has adequate resources to continue in operation.

Estimates

In applying the principles and policies for drawing up the financial statements, the directors of Reddy Netherlands B.V. make different estimates and judgments that may be essential to the amounts disclosed in the financial statements. If it is necessary in order to provide the transparency required under section 362, sub 1, book 2 of the Dutch Civil Code the nature of these estimates and judgments, including related assumptions, is disclosed in the Notes to the relevant financial statement item.

Leasing

Financial leasing

The company leases the buildings, whereby it retains substantially all the risks and rewards of ownership of these assets. These assets are recognised on the balance sheet upon commencement of the lease contract at the lower of the fair value of the asset or the discounted value of the minimum lease payments. The lease instalments to be paid are divided into a repayment and an interest portion, using the annuity method. The liabilities under the lease, excluding the interest payments, are included under long-term debts.

The interest component is included in the profit and loss account for the duration of the contract on the basis of a fixed interest percentage of the average remaining redemption component. The assets are depreciated over the remaining economic life or, if shorter, the duration of the contract.

Financial instruments

Under financial instruments the monetary assets and liabilities, such as receivables and liabilities, and the financial derivatives are included. For a description of the accounting principles of the monetary assets and liabilities, reference is made to the notes per balance sheet item.

Translation of foreign currency

Receivables, liabilities and obligations denominated in foreign currency are translated at the exchange rates at balance sheet date. Transactions in foreign currency during the financial year are recognised in the financial statements at the exchange rates at transaction date. The exchange differences are recognised in the profit and loss account as financial income or expenditure respectively.

PRINCIPLES OF VALUATION OF ASSETS AND LIABILITIES

Intangible fixed assets

Intangible fixed assets are stated at cost less accumulated amortisation and accumulated impairments. Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful life. Amortisation is calculated as a fixed percentage of cost. The useful life of the amortisation rate is evaluated at the end of each year.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation and, if applicable, less impairments. Depreciation is based on the estimated useful life and calculated as a fixed percentage of cost, taking into account any residual value. Depreciation is recognised from the date an asset comes into use.
Tangible fixed assets of which the company have substantially all the risks and rewards incidental to ownership of the assets (financial lease agreement), are capitalised. The commitment arising from the financial lease agreement is accounted for as a liability.
The interest included on the future lease installments is charged to the profit and loss account over the term of the financial lease agreement.

Financial fixed assets

Participating interests where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of the net asset value. This net asset value is based on the same accounting principles as applied by Reddy Netherlands B.V. Participating interests with a negative net asset value are valued at nil. In the case that the company fully or partly guarantees for the debts of the respective participating interest, a provision is recognised.

Under the financial fixed assets a deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. The deferred tax assets are valued at nominal value and have mainly a short-term character.

The other securities are stated at cost.

Impairment of non-current assets

On each balance sheet date, the company assesses whether there are any indications that a fixed asset may be subject to impairment. If there are such indications, the realisable value of the asset is determined. If it is not possible to determine the realisable value of the individual asset, the realisable value of the cash-generating unit to which the asset belongs is determined.
An impairment occurs when the carrying amount of an asset is higher than the realisable value; the realisable value is the higher of the realisable value and the value in use. An impairment loss is directly recognised in the income statement while the carrying amount of the asset concerned is concurrently reduced.

Trade and other receivables

The receivables are initially valued at its fair value, and subsequently valued at amortised cost, which is similar to the face value, after deduction of any provisions if necessary.

Cash and cash equivalents

Cash and cash equivalents are valued at nominal value.

Liabilities

Recorded interest bearing loans and liabilities are valued at amortised cost

Current liabilities are initially valued at its fair value, and subsequently valued at amortised cost, which is similar to the face value. Accruals are valued at its face value.

PRINCIPLES FOR THE DETERMINATION OF THE RESULT

Determination of the result

The income and expenses are accounted for in the period to which they relate.

Net turnover

Revenue comprises the fair value of the sale of goods and services, and is shown net of value added tax, rebates and discounts. The revenues primarily consist of sales of services, license and other revenues and subsidies.
These revenues are recognized as follows:

(a) Service revenues
Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the specific transaction when the outcome of the transaction can be estimated reliably. Each project is divided into subprojects and the stage of completion for each subproject is assessed on the basis of the actual service provided as a proportion of the total services to be provided. Service income from Dr. Reddy's is recognised per the terms of contracts, when the related services are performed, or the agreed milestones are achieved.

(b) License and other revenues
License and other revenues include amounts earned from third parties with licenses and/or options to the company's intellectual property and for amounts received for the sale of part of the company's intellectual property. License and other revenues are recognized when earned in accordance with the substance and under the terms of the related agreements and when it is probable that the economic benefits associated with the transaction will flow to the entity and the amount of the revenue can be measured reliably. In situations where the company has continuing performance obligations, revenues related to license fee payments are deferred and the related revenue is recognized in the period of expected performance.

(c) Income from subsidies
The WBSO ('wet ter bevordering speur- en ontwikkelingswerk') is a fiscal facility that provides subsidies to companies, knowledge centres and self-employed people who perform research and development activities (as defined in the WBSO Act). Under this Act, a portion of the labour costs of employees directly involved in research and development can be deducted from the regular payment of payroll taxes and social security contributions. Subsidies relating to labour costs (WBSO) are deferred and recognized in the income statement as negative labour costs over the period necessary to match them with the labour costs that they are intended to compensate.

Gross margin on turnover/Gross margin

The gross margin on turnover comprises net turnover, cost of sales and cost of outsourced work and other external charges.

Pension expenses

In the financial statements the pension obligation is presented based on the "obligation to the pension fund"-methodology.

Multi-employer plan

The pension plan is a multi-employer plans. In the pension plan is stated that the company has no obligation to pay additional pension premiums. If there is a deficit in the plan, the company has no obligation to fund the deficit, other then by paying higher future contributions. In the financial statements therefore the contributions are recognised as an expense when they are due.

Amortization/depreciation

Amortization on intangible fixed assets is calculated by using a fixed rate on the acquisition costs or costs of conversion.
The depreciation on tangible fixed assets is calculated by using a fixed rate on the acquisition cost.
The amortisation of intangible fixed assets is calculated by using a fixed rate on the cost of research and development costs respectively.
Gains and losses on disposal of (in)tangible fixed assets are recorded under amortization/depreciation.

Financial result

Financial income and expenses comprise interest income and expenses on loans as accounted for in the current reporting period.

Share in result from investments in participating interests

Dividends received from participating interests is accounted for in the profit and loss account as financial income.

Taxation

Corporate income tax expense comprises current and deferred tax. Corporate income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.
Current tax is the expected tax 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 provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

The entity, which has a recent history of tax losses, recognizes deferred tax assets arising from unused tax losses or tax credits only to the extent that the relevant fiscal unity has sufficient taxable temporary differences and there is convincing evidence that sufficient taxable profit will be available against which the unused tax losses or unused tax credits can be utilized by that fiscal unity. Management's judgement is that such convincing evidence is currently available to record one year of deferred tax assets.
The corporate income tax at the subsidiary is calculated as if the subsidiary is independantly liable to pay taxes. Deferred taxes recognised at the subsidiary are in fact deferred receivables and/or deferred liabilities towards the parent company.

PRINCIPLES FOR PREPARATION OF THE CASH FLOW STATEMENT

In accordance with Dutch GAAP (360.104) no cash flow statement is included, as the figures of Reddy Netherlands B.V. and its group companies are fully included in the figures of Dr. Reddy's Laboratories Ltd. in India (as available online on https://www.drreddys.com/).

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2021

1. Intangible fixed assets

	Customer contract & relationships	Development costs	Intellectual property	Goodwill	Total
	x € 1.000	x € 1.000	x € 1.000	x € 1.000	x € 1.000
Book value as at 1 April 2020					
Acquisition costs	4.394	8.259	7.342	16.572	36.567
Accumulated amortization	-4.394	0	-5.139	-5.800	-15.333
	0	8.259	2.203	10.772	21.234
Changes					
Impairment of intangible fixed assets	0	-8.259	0	0	-8.259
Amortization	0	0	-734	-829	-1.563
	0	-8.259	-734	-829	-9.822
Book value as at 31 March 2021					
Acquisition costs	4.394	0	7.342	16.572	28.308
Accumulated amortization	-4.394	0	-5.874	-6.629	-16.897
	0	0	1.468	9.943	11.411

Rate of amortization

	%
Customer contract & relationships	25
Development costs	0
Intellectual property	10
Goodwill	5

Note:
Development costs were an individual intangible asset and were impaired as per October 5, 2020 due to non approval by the U.S. Food and Drug Administration (FDA).

Intellectual property (amortization commences from the launch of the project).

2. Tangible fixed assets

	Land and buildings	Plant and equipments	Furniture	Assets under construction and prepayments	Total
	x € 1.000	x € 1.000	x € 1.000	x € 1.000	x € 1.000
Book value as at 1 April 2020					
Acquisition costs	9.059	20.230	1.462	387	31.137
Accumulated depreciation	-5.714	-18.985	-1.288	0	-25.986
	3.345	1.245	174	387	5.151
Changes					
Investments	26	143	82	763	1.013
Disposals	0	-542	-155	0	-698
Accumulated depreciation desinvestment	0	542	155	0	698
Depreciation/Amortization	-479	-465	-65	0	-1.009
Reclassification	59	217	53	-328	0
	-394	-105	70	435	4
Book value as at 31 March 2021					
Acquisition costs	9.143	20.047	1.441	821	31.453
Accumulated depreciation	-6.192	-18.908	-1.197	0	-26.297
Carrying amount as of 31 March 2021	2.951	1.140	244	821	5.156

Reddy Netherlands B.V. does not have the economic ownership of the buildings with a carrying amount of € 2.951 (x 1.000) as at 31 March 2021 (31 March 2020: € 3.345 (x 1.000)) since the company has entered into a financial lease agreement for these buildings.

Rate of amorization

	%
Land and buildings	5
Plant and equipments	10-33
Furniture	20-33
Assets under construction and prepayments	0

	2020/2021	2019/2020
	x € 1.000	x € 1.000
Other securities		
Balance as at 1 April	4	0
Investment	0	4
Balance as at 31 March	4	4

3. Trade and other receivables

	31-3-2021	31-3-2020
	x € 1.000	x € 1.000
Trade debtors		
Trade debtors	89	101
Intercompany receivables	2.967	3.129
	3.056	3.230
Provision for bad debts	-75	-75
	2.982	3.155
Taxes and social securities		
Corporate income tax	439	439
VAT	240	108
Pay-roll tax	3	0
Pension charges	32	3
	714	550
Other receivables, prepayments and accrued income		
Prepaid expenses	426	155
Accrued income	3	7
	429	162

4. Cash and cash equivalents

ABN AMRO Bank N.V.	1.732	1.516

5. Equity

For the note on shareholders' equity we refer to the notes on the company balance sheet on page 33 of this report.

6. Non-current liabilities

	31-3-2021	31-3-2020
	x € 1.000	x € 1.000
Finance lease liabilities		
Finance lease liabilities	3.598	4.193

Finance lease liabilities decreased to € 4.193 (x 1.000) (2019/2020 € 4.738 (x 1.000)) due to scheduled repayments on the different finance lease agreements.
The financial lease liability has a nominal term of 20 years with a yearly interest rate of 9,00%.
The financial lease obligation for less than 1 year is € 595 (x 1.000). The obligation longer than 1 year and shorter than 5 years is € 3.013 (x 1.000) and € 585 (x 1.000) with a term longer than 5 years.

Lease liabilities are effectively secured by the lessor as the rights to the leased asset revert to the lessor in the event of default.

	2020/2021	2019/2020
	x € 1.000	x € 1.000
Balance as at 1 April	4.738	5.237
Repayment	-545	-499
Balance as at 31 March	4.193	4.738
Repayment obligations next financial year	-595	-545
Long-term part as at 31 March	3.598	4.193

7. Current liabilities

	31-3-2021	31-3-2020
	x € 1.000	x € 1.000
Current portion of finance lease liabilities		
Financial lease	595	545

Trade creditors		
Trade creditors	414	599

Taxes and social securities		
Pay-roll tax	0	20
Other taxes	6	0
	6	20

Accruals and deferred income		
Collaterals from customers	353	363
Audit fee	44	30
Other current liabilities	1.235	1.394
	1.632	1.787

Off-balance sheet commitments

Contingent liabilities

Tax entity

Reddy Netherlands B.V. and its group companies form a fiscal unity (VAT and corporate income tax) with Reddy Netherlands B.V. as the head. As a result of the fiscal unity, each company is jointly and severally liable for the related tax liabilities of the entire fiscal unity.

Bank(er's) guarantee

Bank guarantees at 31 March 2021 amounted to € 340 (x 1.000) (2019/2020, € 340 (x 1.000)) and equal three months of rent for the Company's office, laboratory and manufacturing facilities. An amount of € 116 (x 1.000) of the bank guarantee related to the office, laboratory and manufacturing facilities the Company has occupied since 2000 and an amount of € 224 (x 1.000) related to the new office, laboratory and manufacturing facilities the Company started occupying in 2008. Both bank guarantees will be released at the end of the rental agreements.

Capital commitments

The group has made material capital commitments of € 624 (x 1.000) as at 31 March 2021
(31 March 2020: € 239 (x 1.000)).

Long-term financial obligations

Rental commitments buildings

A significant part of the operating lease commitments relate to the monthly rental costs for the land portion of the 20-year lease contracts for the company's office, laboratory and manufacturing facilities.
This lease is regarded as a financial lease and as such included in the balance sheet.

NOTES TO THE CONSOLIDATED PROFIT & LOSS ACCOUNT FOR THE YEAR 2020/2021

8. Net turnover

The revenues decreased in 2020/2021 compared to 2019/2020 with 0,58%.

	2020/2021	2019/2020
	x € 1.000	x € 1.000
9. Employee expenses		
Wages and salaries	3.900	3.848
Social security charges	592	617
Pension expenses	215	229
Other personnel expenses	25	134
	4.732	4.828

The salaries are net of WBSO subsidies of € 596 (x 1.000) (2019/2020: € 489 (x 1.000)).

Emoluments of directors and supervisory directors

The remuneration of directors (including pension obligations) which were charged in 2020/2021 amount to € 323 (x 1.000) (2019/2020: € 228 (x 1.000)).

Staff

During the 2020/2021 financial year, the average number of employees in the Group, converted into full-time equivalents, amounted to 65 (2019/2020: 71).

	2020/2021	2019/2020
The breakdown is as follows:		
Management	2	2
Finance	1	1
HR	2	2
Operations	14	13
Development	45	53
Other	1	0
	65	71

	2020/2021	2019/2020
	x € 1.000	x € 1.000
10. Depreciation/Amortization		
Intangible fixed assets	1.563	1.563
Tangible fixed assets	1.009	1.116
	2.572	2.679

	2020/2021	2019/2020
	x € 1.000	x € 1.000
Amortization intangible fixed assets		
Intellectual property	734	734
Goodwill	829	829
	1.563	1.563
Depreciation tangible fixed assets		
Land and buildings	479	455
Plant and equipments	465	610
Furniture	65	51
	1.009	1.116
11. Impairment of fixed assets		
Development costs	8.259	0
12. Other operating expenses		
Other personnel expenses	154	352
Accommodation expenses	807	792
Office expenses	268	258
Repair and maintenance	214	174
Consultancy fee	1.015	891
	2.458	2.467
Other employee expenses		
Travelling expenses	6	92
Canteen costs	53	61
Work wear	18	17
Education allowance and training costs	12	74
Other employment costs	65	108
	154	352
Accommodation expenses		
Rent	240	253
Energy and water costs	345	341
Repair and maintenance buildings	139	132
Other accommodation expenses	83	66
	807	792

	2020/2021	2019/2020
	x € 1.000	x € 1.000
Office expenses		
Printed matter	22	20
IT costs	203	179
Telephone	22	42
Other office supplies	21	17
	268	258
Consultancy fee		
Audit fee	64	58
Consultancy fee	152	259
Legal charges	7	0
Insurances	69	50
Other general expenses	723	523
	1.015	890
13. Financial income and expenses		
Other interest income	-641	-635
Foreign exchange	-7	-7
Other interest income and expenses	-8	-7
	-656	-649
Other interest income and expenses		
Bankcharges	8	7
14. Taxation		
Corporate income tax	5	0

The effective tax rate 2020/2021 is 0,1% (2019/2020: 0,0%).
The applicable tax rate is 16,5% to 25%.

BALANCE SHEET AS AT 31 MARCH 2021

(after appropriation of result)

		31 March 2021		31 March 2020	
		x € 1.000	x € 1.000	x € 1.000	x € 1.000
ASSETS					
Fixed assets					
Intangible fixed assets	(15)				
Intellectual property		1.468		2.203	
Goodwill		9.943		10.771	
			11.411		12.974
Financial fixed assets	(16)				
Subsidiaries		4.115		3.527	
Loans to group companies		8.185		8.086	
Other securities		4		4	
			12.304		11.617
Current assets					
Trade and other receivables	(17)		4		5
Cash and cash equivalents	(18)		33		35
			23.752		24.631

		31 March 2021		31 March 2020	
		x € 1.000	x € 1.000	x € 1.000	x € 1.000
EQUITY AND LIABILITIES					
Shareholders' equity	(19)				
Issued share capital		18		18	
Share premium reserve		39.087		39.087	
Legal and statutory reserves		0		8.259	
Other reserves		-22.922		-22.736	
			16.183		24.628
Provisions	(20)				
Other provisions			7.566		0
Current liabilities	(21)		3		3
			23.752		24.631

PROFIT & LOSS ACCOUNT FOR THE YEAR 2020/2021

		2020/2021		2019/2020	
		x € 1.000	x € 1.000	x € 1.000	x € 1.000
Other operating income			2		0
Costs					
Depreciation/Amortization	(22)	1.563		1.563	
Other operating expenses	(23)	0		4	
			1.563		1.567
Operating result			-1.561		-1.567
Financial income and expenses	(24)		99		99
Result before tax			-1.462		-1.468
Taxation	(25)		-5		0
			-1.467		-1.468
Share in result of participating interests	(26)		-6.978		1.209
Result after tax			-8.445		-259

PRINCIPLES FOR THE VALUATION OF ASSETS AND LIABILITIES AND THE DETERMINATION OF THE RESULT

The company financial statements have been prepared in accordance with Title 9 Book 2 of the Dutch Civil Code.

For the general accounting principles for the preparation of the financial statements, the principles of valuation of assets and liabilities and the determination of the result, as well as for the notes to the assets and liabilities and the results, we refer to the notes in the consolidated financial statements, if there is no further explanation provided.

Where necessary, the figures for 2019/2020 have been reclassified in order to permit comparability with 2020/2021.

Provisions

Participating interests where significant influence is exercised over the business and financial policy are valued according to the equity method on the basis of the net asset value. This net asset value is based on the same accounting principles as applied by Reddy Netherlands B.V. Participating interests with a negative net asset value are valued at nil. In the case that the company fully or partly guarantees for the debts of the respective participating interest, a provision is recognised.

NOTES TO THE BALANCE SHEET AS AT 31 MARCH 2021

15. Intangible fixed assets

	Customer contract & relationships	Intellectual property	Goodwill	Total
	x € 1.000	x € 1.000	x € 1.000	x € 1.000
Book value as at 1 April 2020				
Acquisition costs	4.394	7.342	16.572	28.308
Accumulated amortization	-4.394	-5.139	-5.800	-15.334
	0	2.203	10.772	12.974
Changes				
Amortization	0	-734	-829	-1.563
Book value as at 31 March 2021				
Acquisition costs	4.394	7.342	16.572	28.308
Accumulated amortization	-4.394	-5.874	-6.629	-16.897
	0	1.468	9.943	11.411

Rate of amortization

	%
Customer contract & relationships	25
Intellectual property	10
Goodwill	5

Note:
Intellectual property (amortization commences from the launch of the project).

16. Financial fixed assets

	31-3-2021	31-3-2020
	x € 1.000	x € 1.000
Subsidiaries		
Dr. Reddy's Research and Development B.V.	4.115	1.537
Dr. Reddy's Laboratories B.V.	0	1.990
	4.115	3.527

	2020/2021	2019/2020
	x € 1.000	x € 1.000
Dr. Reddy's Research and Development B.V.		
Balance as at 1 April	1.537	-1.038
Share in result	2.578	2.575
Balance as at 31 March	4.115	1.537
Dr. Reddy's Laboratories B.V.		
Balance as at 1 April	1.990	3.356
Share in result	-9.556	-1.366
	-7.566	1.990
Provision	7.566	0
Balance as at 31 March	0	1.990

	31-3-2021	31-3-2020
	x € 1.000	x € 1.000
Loans to group companies		
Dr. Reddy's Research and Development B.V.	8.185	8.086

	2020/2021	2019/2020
	x € 1.000	x € 1.000
Dr. Reddy's Research and Development B.V.		
Balance as at 1 April	8.086	7.986
Interest	99	100
Balance as at 31 March	8.185	8.086

Other securities

Balance as at 1 April	4	0
Investment	0	4
Balance as at 31 March	4	4

17. Trade and other receivables

	31-3-2021	31-3-2020
	x € 1.000	x € 1.000
Trade debtors		
Intercompany receivables	4	4

Taxes and social securities

VAT	0	1

18. Cash and cash equivalents

ABN AMRO Bank N.V.	33	35

19. Shareholders' equity

	Issued share capital	Share premium reserve	Legal and statutory reserves	Other reserves	Total
	x € 1.000	x € 1.000	x € 1.000	x € 1.000	x € 1.000
Balance as at 1 April 2020	18	39.087	8.259	-22.736	24.628
Net result for the period	0	0	0	-8.445	-8.445
Movement legal reserve	0	0	-8.259	8.259	0
Balance as at 31 March 2021	18	39.087	0	-22.922	16.183

	Issued share capital	Share premium reserve	Legal and statutory reserves	Other reserves	Total
	x € 1.000	x € 1.000	x € 1.000	x € 1.000	x € 1.000
Balance as at 1 April 2019	18	39.087	7.314	-21.532	24.887
Net result for the period	0	0	0	-259	-259
Movement legal reserve	0	0	945	-945	0
Balance at at 31 March 2020	18	39.087	8.259	-22.736	24.628

	31-3-2021	31-3-2020
	x € 1.000	x € 1.000
Issued share capital		
364 ordinary shares at a par value of € 50.	18	18

Legal and statutory reserves

Reserve for capitalised development costs	0	8.259

	2020/2021	2019/2020
	x € 1.000	x € 1.000
Reserve for capitalised development costs		
Balance as at 1 April	8.259	7.314
Movement	-8.259	945
Balance as at 31 March	0	8.259

Other reserves

Balance as at 1 April	-22.736	-21.532
Appropriation of the net result	-8.445	-259
Movement legal reserve	8.259	-945
Balance as at 31 March	-22.922	-22.736

Appropriation of loss

According to legislation the loss of 2020/2021 amounting to € 8.445 (x 1.000) is deducted from the other reserves. The appropriation of loss has been incorporated in the financial statements.

20. Provisions

Other provisions

	31-3-2021	31-3-2020
	x € 1.000	x € 1.000
Provision subsidiaries		
Provision for participation Dr. Reddy's Laboratories B.V.	7.566	0

21. Current liabilities

Accruals and deferred income	3	3

Off-balance sheet commitments

Contingent liabilities

Several liability in accordance with article 2:403 of the Dutch Civil Code.

The company has issued declarations of joint and several liability for debts arising from the actions of Dutch consolidated participating interests Dr. Reddy's Research and Development B.V. and Dr. Reddy's Laboratories B.V. in accordance with article 2:403 of the Dutch Civil Code. The company is therefore jointly and several liable for all ensuing from any legal acts of these group companies.

NOTES TO THE COMPANY PROFIT & LOSS ACCOUNT FOR THE YEAR 2020/2021

	2020/2021	2019/2020
	x € 1.000	x € 1.000
22. Depreciation/Amortization		
Intangible fixed assets	1.563	1.563
Amortization intangible fixed assets		
Intellectual property	734	734
Goodwill	829	829
Totaal	1.563	1.563
23. Other operating expenses		
Consultancy fee	0	4
24. Financial income and expenses		
Other interest income	99	100
25. Taxation		
Corporate income tax	5	0
26. Share in result of participating interests		
Share in result of Dr. Reddy's Research and Development B.V.	2.578	2.575
Share in result of Dr. Reddy's Laboratories B.V.	-9.556	-1.366
	-6.978	1.209

Signature directors

Leiden, 12 May 2021

S. Reddy
director

DocuSigned by:
K Satish Reddy .
E6A7AFAFC3834FA...
12-May-2021 | 7:45 PM IST

H. Delnoij
director

DocuSigned by:
Hans Delnoy
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12-May-2021 | 6:23 PM IST

Jasmine
director

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12-May-2021 | 6:14 PM IST

OTHER INFORMATION

Provisions in the Articles of Association governing the appropriation of profit

Based on the Articles of Association the profit is at disposal of the General Meeting.

INDEPENDENT AUDITOR'S REPORT

To: the shareholders and Board of directors of Reddy Netherlands B.V. registered at Leiden

A. Report on the audit of the financial statements 2020/2021 included in the annual report

Our opinion

We have audited the financial statements 2020/2021 of Reddy Netherlands B.V., based in Leiden.

In our opinion the accompanying financial statements as stated from page 8 to page 37 give a true and fair view of the financial position of Reddy Netherlands B.V. as at 31 March 2021 and of its result for 2020/2021 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

1. the consolidated and the company balance sheet as at 31 March 2021;
2. the consolidated and the company profit and loss account for 2020/2021 and
3. the notes comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the financial statements' section of our report.

We are independent of Reddy Netherlands B.V. in accordance with the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

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

B. Report on the other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- The management board's report
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

Based on the following procedures performed, we conclude that the other information:
- is consistent with the financial statements and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the management board's report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the financial statements

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the financial statements 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.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

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. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. For further explanation on the nature and scope of an audit report and the VGBA please visit www.nba.nl/ENG_algemeen_01.

Rotterdam, 12 May 2021

Grant Thornton Accountants en Adviseurs B.V.

drs. M.P. van Rijssel RA

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AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

* * * *

REDDY PHARMA IBERIA, S.A.U.
(Sociedad Unipersonal)
Abridged Annual Accounts
For the year ended
March 31, 2021

www.etl.es

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AUDIT REPORT ON FINANCIAL STATEMENTS ISSUED BY AN INDEPENDENT AUDITOR

To the sole shareholder of Reddy Pharma Iberia, S.A.U.

Opinion

We have audited the financial statements of Reddy Pharma Iberia, S.A.U. (the Company), which comprise the balance sheet on March 31, 2021, the income statement, the statement of changes in equity and the notes for the year then ended.

In our opinion, the accompanying financial statements give a true and fair view, in all material respects, of the equity and financial position of the Company on March 31, 2021 and of its financial performance for the year then ended in accordance with the applicable regulatory framework for financial information in Spain (identified in Note 2 to the accompanying financial statements) and, specifically, the accounting principles and criteria contained therein.

Basis for opinion

We conducted our audit in accordance with prevailing audit regulations in Spain. Our responsibilities under those regulations 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 ethical requirements, including those related to independence, that are relevant to our audit of the financial statements in Spain as required by prevailing audit regulations. In this regard, we have not provided non-audit services nor have any situations or circumstances arisen that might have compromised our mandatory independence in a manner prohibited by the requirements.

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

Most relevant audit issues

Most relevant audit issues are those matters that, in our professional judgment, were the most significant assessed risks of material misstatements in our audit of the financial statements of the current period. These risks were addressed in the context of our audit of the financial statements, and in forming our audit opinion, and we do not provide a separate opinion on these risks.

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Recognition and income accrual	Procedures applied in the audit
The recognition of income is a significant area in the development of our audit, and with particular significance at the end of the year in relation to its adequate temporary imputation.	Our main audit procedures included, at the end of the year, the evaluation of the controls on the process of recognizing the income at closing, based on the data provided by the Company as part of its internal control, as well as documentary verification by means of payment receipts and review of the cut-off of the cycle operations.

Directors' responsibilities for the financial statements

The directors are responsible for the preparation of the accompanying financial statements so that they give a true and fair view of the equity, financial position, and results of the Company, in accordance with the regulatory framework for financial information applicable to the Company in Spain, and for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements 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 prevailing audit regulations in Spain 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 based on these financial statements.

As part of an audit in accordance with prevailing audit regulations in Spain, 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.

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

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

We communicate with the directors of the Company 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.

From the significant risks communicated with the Company's directors, we determine those that were of most significance in the audit of the financial statements of the current period and are therefore the most significant assessed risks.

We describe those risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

VAHN Y CIA AUDITORES, S.L.
(Inscrito en el Registro Oficial de Auditores de Cuentas con el Nº SO535)

Luis Marigomez Rodriguez
ROAC 21.424

May 5, 2021

REDDY PHARMA IBERIA, S.A. SOLE SHAREHOLDER

ANNUAL REPORT

CLOSED ON

31 MARCH 2021

REDDY PHARMA IBERIA, S.A.U.

ABRIDGED BALANCE SHEET AS OF 31 MARCH 2021 AND 2020

(Expressed in Euros)

ASSET	Note	31/03/2021	31/03/2020
NON-CURRENT ASSETS		**223.992,16**	**211.007,49**
Intangible assets	**6**	**207.659,84**	**199.782,88**
Tangible fixed assets	**5**	**7.709,42**	**2.601,71**
Long-term financial investments		**8.622,90**	**8.622,90**
Other financial assets		8.622,90	8.622,90
Assets for differed taxes		**0,00**	
CURRENT ASSETS		**7.140.161,46**	**3.699.202,19**
Stock	**7**	**2.408.881,78**	**1.227.762,00**
		2.090.041,35	1.919.932,10
Trade and other receivables	**8**	**2.123.038,56**	**1.966.931,65**
Trade Receivables for Sales and Services		2.076.496,92	1.917.532,10
Other receivables		13.544,43	2.400,00
Other receivables from Public Administrations		32.997,21	46.999,55
Assets for current taxes		0,00	0,00
Short-term financial investments		**492.971,44**	**241.461,71**
Short-term accruals		**1.531,70**	**0,00**
Cash and cash equivalents		**2.113.737,98**	**263.046,83**
Liquid assets		2.113.737,98	263.046,83
TOTAL ASSETS		**7.364.153,62**	**3.910.209,68**

NET WORTH AND LIABILITIES	Note	31/03/2021	31/03/2020
NET WORTH		**1.947.796,50**	**1.864.116,18**
Equity	**10**	**1.947.796,50**	**1.864.116,18**
Capital	**10**	**60.000,00**	**60.000,00**
Issued capital		60.000,00	60.000,00
Reserves	**10**	**-28.379,04**	**-28.379,04**
Legal and statutory		-28.379,04	-28.379,04
Results from previous years	**10**	**-1.167.504,78**	**-959.185,79**
Other shareholder contributions	**10**	**3.000.000,00**	**3.000.000,00**
Financial Year Results	**3**	**83.680,32**	**-208.318,99**
CURRENT LIABILITIES		**5.416.357,12**	**2.046.093,50**
Short term provision	**9, 12**	**0,00**	**0,00**
Short term debts	**9**	**0,00**	**0,00**
		5.310.355,23	2.002.464,55
Trade and other debts	**9**	**5.333.216,62**	**2.046.093,50**
Providers		643.353,72	715.094,41
Providers, group and associated companies		4.609.884,05	1.254.303,19
Other creditors		57.117,46	33.066,95
Other debts to Public Administrations		22.861,39	43.628,95
Short-term accruals		**83.140,50**	**0,00**
TOTAL NET WORTH AND LIABILITIES		**7.364.153,62**	**3.910.209,68**

REDDY PHARMA IBERIA, S.A.U.
ABRIDGED PROFIT AND LOSS ACCOUNT FOR THE YEARS ENDED 31 MARCH 2021 AND 2020
(Expressed in Euros)

	Note	31/03/2021	31/03/2020
ONGOING OPERATIONS			
Net revenues	**11**	**11.483.856,02**	**4.323.440,92**
Sales		11.483.856,02	4.323.440,92
Provision of services		0,00	0,00
Supplies	**11**	**-9.137.934,45**	**-2.525.118,91**
Change in inventory		-9.137.934,45	-2.525.118,91
Staff costs	**11**	**-823.588,43**	**-581.474,45**
Wages, salaries and similar expenses		-642.320,62	-465.541,27
Social security payable by the company		-130.908,77	-108.733,17
Other benefits		-50.359,04	-7.200,01
Other operating costs	**11**	**-1.399.189,65**	**-1.397.443,96**
Depreciation of fixed assets	**5 y 11**	**-32.486,33**	**-27.727,89**
OPERATING REVENUE		**90.657,16**	**-208.324,29**
Financial income		**107,21**	**5,30**
From tradable securities and other financial instruments		107,21	5,30
From third parties		107,21	5,30
Financial expenses		**-7.084,05**	**0,00**
FINANCIAL RESULT		**-6.976,84**	**5,30**
RESULT BEFORE TAXES		**83.680,32**	**-208.318,99**
Tax on profits			
PROC. FOR FISCAL YEAR RESULT ONGOING OPERATIONS		**83.680,32**	**-208.318,99**
FINANCIAL YEAR RESULTS	**3**	**83.680,32**	**-208.318,99**

REDDY PHARMA IBERIA, S.A.U.
STATEMENT OF CHANGES IN EQUITY AS OF 31 MARCH 2021 AND 2020
(Expressed in Euros)

A) ABBREVIATED STATEMENT OF RECOGNISED INCOME AND EXPENSES

	Note	Year ended 31 March 2021	2020
Result of the profit and loss account	**3**	**83.680,32**	**-208.318,99**
Revenues and expenses recognised directly in equity		-	-
Total revenues and expenses recognised directly in equity		-	-
Total transfers to the profit and loss account		-	-
		-	**-**
TOTAL RECOGNISED INCOME AND EXPENSES		**83.680,32**	**-208.318,99**

B) ABBREVIATED STATEMENT OF CHANGES IN EQUITY

	Issued capital	Reserves	Results from previous years	Other shareholder contributions	Financial Year Results	TOTAL
	(Note 10)	(Note 10)	(Note 10)	(Note 10)	(Note 3)	
BALANCE AS OF 31 MARCH 2017	**9.066.000,00**	**-50.487,53**	**-8.288.103,98**	**0**	**-154.038,52**	**573.369,97**
Total recognised income and expense					-541.749,01	-541.749,01
Other changes in equity			-154.038,52		154.038,52	0
BALANCE AS OF 31 MARCH 2018	**9.066.000,00**	**-50.487,53**	**-8.442.142,50**	**0**	**-541.749,01**	**31.620,96**
Total recognised income and expense					-959.185,79	-959.185,79
Reductions in capital	-9.006.000,00	22.108,49	8.442.142,50		541.749,01	0
Other transactions with partners or owners				1.500.000,00		1.500.000,00
Other changes in equity						0
BALANCE AS OF 31 MARCH 2019	**60.000,00**	**-28.379,04**	**0**	**1.500.000,00**	**-959.185,79**	**572.435,17**
Total recognised income and expense					-208.318,99	-208.318,99
Reductions in capital						0
Other transactions with partners or owners				1.500.000,00		1.500.000,00

Other changes in equity			-959.185,79		959.185,79	0
BALANCE AS OF 31 MARCH 2020	**60.000,00**	**-28.379,04**	**-959.185,79**	**3.000.000,00**	**-208.318,99**	**1.864.116,18**
Total recognised income and expense					83.680,32	83.680,32
Other changes in equity			-208.318,99		208.318,99	
BALANCE AS OF 31 MARCH 2021	**60.000,00**	**-28.379,04**	**-1.167.504,78**	**3.000.000,00**	**83.680,32**	**1.947.796,50**

REDDY PHARMA IBERIA, S.A. SOLE SHAREHOLDER

REPORT OF THE ABBREVIATED ANNUAL ACCOUNTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2021

1. BUSINESS ACTIVITY

REDDY PHARMA IBERIA, S.A.U, was constituted as a limited company on 18 May 2006. Its registered place of business is currently in Barcelona, Avenida de Josep Tarradellas, 38

Its corporate purpose is:

- The manufacture, sale, marketing, intermediation, import and export of all nature of chemical products, medicines, pharmaceuticals, insecticides, biopharmaceuticals, foodstuffs, dyestuffs and colourants, whether as raw materials, intermediate products or finished products, as well as dermo cosmetic products and all types of equipment, instruments and accessories, surgical, medical, dental and scientific, diagnostic and diagnostic reagent equipment, aids and accessories for health care, health care products and instruments, as well as healthcare research and development including diagnostic systems.

- Research and development in relation to the products mentioned in the preceding paragraph, including without limitation the carrying out of clinical trials for the development of new products and for the development and maintenance of test centres and laboratories for use by themselves or others.

The Company is considered to be a Sociedad Anónima Unipersonal (Sole Shareholder Limited Company), registered as such in Madrid's Trade Registry, stating the identity of its Sole Shareholder. The Company is part of a group of companies led by Dr. Reddy's Laboratories Limited which has its headquarters in India, with Dr. Reddy's Laboratories SA which has its headquarters in Basilea (Switzerland) being its sole Shareholder.
Given the activities to which the company is dedicated, it does not have liabilities, expenses, assets, nor provisions and contingencies of an environmental nature that could be significant in relation to the equity, the financial position and the results thereof. For this reason, specific environmental information breakdowns are not included in these notes.

2. BASIS FOR PRESENTATION OF THE ANNUAL ACCOUNTS

2.1. Fair presentation

The annual accounts have been prepared in accordance with the Plan General de Contabilidad (General Accounting Plan) approved by Royal Decree 1514/2007 of 16 November, modified by Royal

Decree 1159/2010 of 17 September, and its latest modifications, as well as the other current commercial legislation.

These annual accounts have been obtained from the accounting records of the Company, held for the purpose of management control, which serve to update the mandatory official accounting books, in accordance with current commercial and tax legislation, in order to show the true equity, financial position and results of the Company. These annual accounts, obtained from such books and which have been formulated by the Board of Directors, will be submitted for approval by the Sole Shareholder.

The amounts stated in the documents comprising these accounts (the balance sheet, profit and loss account, statement of changes in equity and memorandum) are expressed in Euros.

2.2. Accounting principles

The Company has applied the current legal provisions regarding accounting in order to show a true and fair view of the Company's equity, financial position and results, thus no non-mandatory accounting principles have been applied.

2.3. Critical aspects of the valuation and estimation of uncertainty

The Company has prepared its financial statements for the year ended 31 March 2021 in accordance with the going concern principle, having in consideration, the situation of the year 2021, and the actual situation of COVID-19, as well of the possible effect in the general economy and the society in particular, not existing any risk in the continuity of his activity.

2.4. Comparison of information

The Company presents its annual accounts for the year ended 31 March 2021 in accordance with the structure established in the General Accounting Plan. Likewise, the amounts for the preceding year are shown with the same balance sheet and profit and loss account structure, in accordance with current legislation.

In compliance with the conditions established in articles 257, 258 and 1/2010 of Royal Legislative Decree 2 of 261 July, approving the Ley de Sociedades de Capital (Capital Companies Act), the administrators present the Annual Accounts in abbreviated form.

2.5. Grouping of items

There is no breakdown of items that have been grouped in the Balance Sheet, the Profit and Loss Account or in the Statement of Changes in Shareholders' Equity.

2.6. Elements included in several items

There are no equity items of a similar nature whose amount is recorded in two or more items of the Balance Sheet.

2.7. Changes in accounting criteria

No adjustments have been made for changes in accounting criteria during the year.

2.8. Error correction

No correction adjustments were made during the period.

3. APPLICATION OF RESULTS

The proposal regarding the distribution of profits formulated by the Board of Directors of the Company, for approval by the Sole Shareholder, is as follows:

BASIS OF DISTRIBUTION	Euros
Balance of the profit and loss account	83.680,32
TOTAL	83.680,32
APPLICATION	
Losses from previous financial years	(83.680,32)
TOTAL	(83.680,32)

4. VALUATION RULES

The valuation rules used by the Company in the preparation of its annual accounts for the year ended 31 March 2021, in accordance with those established by the General Accounting Plan, were as follows:

4.1. Tangible fixed assets

The assets included in tangible fixed assets are valued at their purchase price, which includes any additional expenses incurred until the asset is placed into operation; financial expenses are not included.

Repairs that do not extend the useful life as well as maintenance expenses are charged directly to the profit and loss account. The costs of extensions or improvements that give rise to a longer duration of the asset are capitalised as a greater value of that asset.
The annual depreciation allowance is calculated by the straight-line method based on the estimated useful life of the different assets, which is detailed as follows:

Data processing equipment 33%

Tangible fixed assets are depreciated from the month following acquisition.

4.2. Intangible assets

The criteria contained in the regulations, relating to tangible fixed assets, will be applied to intangible fixed assets.

For the intangible asset to be initially recognised, in addition to complying with the asset definition and the accounting criteria or recognition contained in the Conceptual Framework of Accounting it is necessary that it meets the identifiability criterion, implying that the asset must meet one of the following two requirements:

a. It must be separable
b. It must arise from legal or contractual rights.

The annual depreciation allowance is calculated by the straight-line method based on the estimated useful life of the different assets, which is detailed as follows:

Administrative concessions...................................20%

Intangible fixed assets are depreciated from the month following acquisition.

4.3. Share capital

Ordinary shares are classified as equity. There is no other type of shares.
Expenses directly attributable to the issuance or acquisition of new shares will be recorded in equity as a deduction from the amount of those shares.
If the company acquires or sells its own shares, the amount paid or received for the shares is recognised directly in equity. No loss or profit is recognised in the income for the year resulting from the purchase, sale, issue or depreciation of its own equity instruments.

4.4. Financial instruments

Debits and credits arising from trade operations of the company, for both debtors and creditors, are recorded at their nominal value and are classified short or long term according to maturity, depending on whether they are less or more than one year respectively.
Financial investments are recorded at acquisition cost, reduced, if applicable, by the amount necessary to recognise permanent loss of value, comparing them with market value at the closing date.

4.5. Foreign currency transactions

The conversion into Euros of debits and credits expressed in foreign currency is carried out at the exchange rate prevailing at the time of the corresponding transaction, being valued at the end of the year in accordance with the exchange rate prevailing at that time. Unrealised gains and losses arising from exchange rate fluctuations between the transaction accounting date and the year-end date are recorded in the income statement.

4.6. Tax on profits

The corporate income tax expense for the year is calculated on the basis of the profit or loss before taxes, increased or decreased by permanent and temporary differences as appropriate, to obtain the

tax result, which is the taxable income, and reduced according to the bonuses and deductions applied in the quota, excluding retentions and payments on account.
The company has generated a negative taxable income, no expense has been recorded for corporate income tax. In accordance with the principle of prudence, the tax credit is not recorded.

4.7. Income and expenses

Income and expenses are recognised on an accrual basis, that is, on the basis of the actual flow of goods and services they represent and regardless of when the monetary or financial flow derived from them occurs.
However, following the criteria of prudence, the company only records the profits made at year-end, while foreseeable risks and possible losses arising from the year or the previous one are accounted for as soon as they are known.

4.8. Staff costs

Staff costs are recorded at their gross amount.

4.9. Transactions between related parties

Transactions with related parties correspond to normal trade operations and are recorded as such and do not accrue interest.

5. TANGIBLE FIXED ASSETS

The detail and composition of the items that make up the Tangible Fixed Assets at the close of the year ended 31 March 2021 are as follows:

Account No.	Name	Balance 31/03/2020	Inflows	Outflows/ Withdrawals	Balance 31/03/2021
217	Data processing equipment	9,778.27	8,337.84	0.00	18,116.14
	Total	**9,778.27**	**8,337.84**	**0.00**	**18,116.14**

The information based on amortization by cost elements is as follows:

Account No.	Name	Balance 31/03/2020	Depreciation due to amortisation	Withdrawal costs	Balance 31/03/2021
2817	Data processing equipment	-7,176.56	-3,230.40	0.00	-10,406.96
	Total	**-7,176.56**	**-3,230.4**	**0.00**	**10,406.96**

The net book value as of 31 March 2021 is €7,709.37 (€2,601.67 on 31 March 2020).
6. INTANGIBLE ASSETS

The detail and composition of the items that make up the Intangible Fixed Assets at the close of the years ended 31 March 2021 are as follows:

Account No.	Name	Balance 31/03/2020	Inflows	Outflows/ Withdrawals	Balance 31/03/2021
209	Advances for intangible assets	89,178.50	38,697.16	-1,564.00	126,311.66
	Total	89,178.50	38,697.16	-1,564.00	126,311.66

Corresponds to the royalties for licenses for the sale of medicines, which are capitalized on the date the licensed products' trading authorization is granted. They are amortised according to the years stipulated in the contract.

Account No.	Name	Balance 31/03/2020	Inflows	Outflows/ Withdrawals	Balance 31/03/2021
202	Administrative concessions	146,281.05	0	0	146,281.05
	Total	**146,281.05**	**0**	**0**	**146,281.05**

Account No.	Name	Balance 31/03/2020	Depreciation due to amortisation	Withdrawal costs	Balance 31/03/2021
2802	Administrative concessions	-35,676.67	-29,256.02	0	-64,932.87
	Total	**-35,676.67**	-29,256.02	**0**	**-64,932.87**

The net book value as of 31 March 2021 is €207,659.84 (€199,782.88 in 2020)

7. STOCK

The detail of stock as of 31 March is as follows:

Account No.	Name	Balance 31/03/2021	Balance 31/03/2020
3000	Commercial stocks	2,408,881.78	1,227,762.00
	Total	**2,408,881.78**	**1,227,762.00**

8. FINANCIAL ASSETS

Note: credits from Public Administrations are detailed in note 11.

The breakdown under this heading at 31 March 2021 is as follows:

CLASS	LONG-TERM FINANCIAL INSTRUMENTS						SHORT-TERM FINANCIAL INSTRUMENTS						TOTAL	
	EQUITY INSTRUMENTS		DEBT SECURITIES		OTHER CREDIT DERIVATIVES		EQUITY INSTRUMENTS		DEBT SECURITIES		OTHER CREDIT DERIVATIVES			
CATEGORIES	Year 20-21	Year 20-19	Year 20-21	Year 20-19	Year 20-21	Year 20-19	Year 20-21	Year 20-19	Year 20-21	Year 20-19	Year 20-21	Year 20-19	Year 20-21	Year 20-19
Fair value assets with changes in P & L	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Investments held until maturity	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Loans and receivables	0	0	0	0	8,622.90	8,622.90	0	0	0	0	2,583,012.79	2,161,393.81	2.591.635,69	2,170,016.71
I. Long-term financial investments	0	0	0	0	8,622.90	8,622.90	0	0	0	0	0	0	8,622.90	8,622.90
II. Trade and other receivables	0	0	0	0	0	0	0	0	0	0	2,090,041.35	1,919,932.10	2,090,041.35	1,919,932.10
III. Short-term financial investments	0	0	0	0	0	0	0	0	0	0	492,971.44	241,461.71	492,971.44	241,461.71
IV. Short-term accruals	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Assets available for sale	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Hedging derivatives	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**8,622.90**	**8,622.90**	**0**	**0**	**0**	**0**	**2,583,012.79**	**2,161,393.81**	**2.591.635,69**	**2,170,016.71**

9. FINANCIAL LIABILITIES

Note: debts with Public Administrations are detailed in note 11.

The breakdown under this heading at 31 March 2021 is as follows:

CLASS	LONG-TERM FINANCIAL INSTRUMENTS						SHORT-TERM FINANCIAL INSTRUMENTS						TOTAL	
	DEBTS WITH CREDIT INSTITUTIONS		DEBENTURES AND OTHER MARKETABLE SECURITIES		OTHER DERIVATIVES		DEBTS WITH CREDIT INSTITUTIONS		DEBENTURES AND OTHER MARKETABLE SECURITIES		OTHER DERIVATIVES			
CATEGORIES	Year 20-21	Year 20-19	Year 20-21	Year 20-19	Year 20-21	Year 20-19	Year 20-21	Year 20-19	Year 20-21	Year 20-19	Year 20-21	Year 20-19	Year 20-21	Year 20-19
Debits and payables	0	0	0	0	0	0	0	0	0	0	5,310,355.23	2,002,464.55	5,310,355.23	2,002,464.55
l. Short-term provisions	0	0	0	0	0	0	0	0	0	0	0	0	0	0
II. Short-term debts	0	0	0	0	0	0	0	0	0	0	0	0	0	0
III. Short-term debts with group companies and associates	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IV. Providers	0	0	0	0	0	0	0	0	0	0	0	0	0	0
V. Providers, group and associated companies	0	0	0	0	0	0	0	0	0	0	4,609,884.05	1,254,303.19	1,254,303.19	1,254,303.19
VI. Various creditors	0	0	0	0	0	0	0	0	0	0	643,353.72	715,094.41	715,094.41	715,094.41
VII. Staff (remuneration pending payment)	0	0	0	0	0	0	0	0	0	0	57,117.46	33,066.95	33,066.95	33,066.95
VIII. Current tax liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
IX. Other debts to Public Administrations	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Fair value liabilities with changes in P & L	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**5,310,355.23**	**2,002,464.55**	**5,310,355.23**	**2,002,464.55**

10. EQUITY

In the 2018-2019 fiscal year and in view of the Company's Abbreviated Annual Accounts for the fiscal years ended 31 March 2018 and 31 March 2017, the Sole Shareholder took account of the obligation to reduce the share capital account that had accumulated losses and whose net worth had fallen below two thirds of the capital figure, and which had also not recovered the net equity during at least one fiscal year.
To resolve the aforementioned cause of dissolution incurred by the Company, the Sole Shareholder decided to reduce the share capital in accordance with the following terms:
The Sole Shareholder decided to reduce the share capital, which was set at €9,066,000.00, by the amount of €8,983,891.51, on the basis of which this share capital would have a nominal value of €82,108.49.
The objective of this capital reduction was to restore the balance between the capital and the net worth of the Company, reduced as a result of accumulated losses. Of the total amount reduced, €8,442,142.50 is due to negative results from previous years; while €541,749.01 corresponds to the result of the fiscal year closed as of 31 March 2018.
The capital reduction is carried out by reducing the nominal value of all the shares representing the capital stock of the Company, affecting all of them equally in proportion to their nominal value. Thus, the nominal value of each of the 9.066.000 shares in which the share capital fixed at 1.00 euro each was divided, was reduced by the amount of 0.990943 euros, so that the nominal value became 0.009057 euros per share and €82,108.49 for the total share capital.
Similarly, and also from the balance sheet closed on 31 March 2018, the Sole Shareholder took account of the fact that the legal reserve of the Company did not meet the parameters set forth in article 274 of the TRLSC, whose amount was negative and amounted to €50,487.53.
Consequently, the Sole Shareholder decided to reduce the Company's share capital to increase the legal reserve in the following terms:
The Sole Shareholder decided to reduce the share capital, set at €82,108.49, by
€22,108.49, on the basis of which this share capital would have a nominal value of €60,000.00.
This reduction in capital, as already mentioned, was aimed at increasing the legal reserve, which amounted to €50,487.53 negative balance, so that after the reduction in capital, it would still stand at a negative balance of €28,379.04, but the difference with respect to the minimum established in Article 274 of the TRLSC (Corporate Enterprise Act) mentioned above would be reduced. This new capital reduction is also carried out with the aim of minimizing the share capital in such a way that it minimizes the future possible risk of dissolution occurring again.
The capital reduction was carried out by reducing the nominal value of all the 9,066,000 shares which make up the Company's capital stock – thus affecting all of them equally, in proportion to their nominal value – currently set at 0.009057 euros per share – and reducing them by the amount of 0.002439 euros, making the nominal value of each of the 9,066,000 shares 0.006618 euros.

Consequently, the subscribed share capital on 31 March 2020 consisted of nine million and sixty-six thousand shares (9,066,000) with a nominal value of 0.006618 cents of a euro each, accumulative and indivisible. The share capital is fully disbursed.

Similarly, the Sole Shareholder decided to make a direct contribution to the Company's own funds of the amount of €1,500,000.00 in the financial year ended 31 March 2019. The Sole Shareholder made another direct contribution of €1,500,000.00 in the financial year ended 31 March 2020. These contributions were made with the purpose of providing the Company with liquidity for its normal activities, handling payments to creditors, and strengthening its equity position from an accounting point of view, trying to avoid the situation foreseen in article 363.1e) of the TRLSC. This transaction does not entail an increase in the share capital.

11. PUBLIC ADMINISTRATIONS AND FISCAL POSITION

11.1. Public Administrations

The breakdown of the balances relating to tax assets and liabilities at the end of the year ended 31 March 2021 is as follows:

	Balance 31/03/2021	**Balance 31/03/2020**
1. Other debts to Public Administrations	**22,861.39**	**43,628.95**
a) Personal Income Tax payable to Tax Office	15,019.82	32,818.28
b) Payable to Social Security	7,841.57	10,810.67
2. Other receivables from Public Administrations	**32,997.21**	**46,999.55**
a) Value Added Tax receivable from Tax Office	32,997.21	46,999.55

11.2. Fiscal Position

According to current legal tax provisions, tax settlements cannot be considered definitive until they have been inspected by the tax authorities or the statute of limitations has elapsed, currently set at four years. The Company maintains the last four fiscal years for inspection by the tax authorities for all applicable taxes. In the opinion of the Company's directors, as well as its tax advisors, there are no significant tax contingencies that could arise, in the event of inspection, from different possible interpretations of the tax regulations applicable to the transactions carried out by the Company.

Corporate income tax is calculated on the basis of the economic or accounting result obtained by application of generally accepted accounting principles, increased or decreased by permanent and temporary differences as appropriate, to obtain the fiscal position or taxable income.

The reconciliation between the accounting profit and the taxable income as of 31 March 2021, will be as follows:

	31/03/2020	31/03/2020
ACCOUNTING PROFIT before tax	**83,680.32**	**-208,318.99**
Permanent Differences	21,464.78	18,446.22
Non-deductible expenses (Renting)	21,464.78	18,446.22
Fines and surcharges		
Temporary Differences (of a temporary nature)	151,628.47	-15,964.66
Excess Fixed Depreciations Material	700.22	491.9
Reversal Fixed Depreciations Material	-308.51	-216.99
Depreciation Excess Software	0.00	5,760.00
Depreciation Reversal Software	-6215.00	-5,000.00
Penalty provision	-137172.28	
Bonus FY 20-21	51940.48	31,661.00
Bonus Reversal FY 19-20	-31661.00	-48,660.58
Tax base before BINS compensation	**256,773.57**	**-205,837.43**
Negative taxable income compensation	**-256,773.57**	
Taxable income for the year	**0.00**	**-205,837.43**

At the end of the fiscal year 2021 the Company has a pending negative taxable income compensation of 9.496.773, euros, with the following detail:

Financial year	Bases imponibles negativas pendientes de compensación 31/3/2020	Compensated in the fiscal year 2021	Negative taxable income pending compensation 31/03/2021
2006	53.129,45	**-53.129,45**	**0,00**
2007	2.370.736,64	**-203.644,12**	**2.167.092,52**
2008	2.787.415,66		**2.787.415,66**
2009	2.505.410,38		**2.505.410,38**
2016	139.398,21		**139.398,21**
2017	533.846,75		**533.846,75**
2018	900.998,57		**900.998,57**
2019	205.837,43		**205.837,43**
TOTAL	**9.496.773,09**	**-256.773,57**	**9.239.999,52**

In accordance with the changes introduced by the Corporate Income Tax Law 27/2014 of 27 November, there is no time limit for the compensation of negative taxable income that has been subject to liquidation or self-assessment. Likewise, a general quantitative limit of compensation is established for fiscal years beginning on or after 1 January 2016, which amounts to 60% of the previous taxable income and in any case may compensate a minimum of one million euros.

12. INCOME AND EXPENSES

The composition of certain subsections and movements during the year ended 31 March were as follows:

Details of the profit and loss account	Financial year 2020-21	Financial year 2019-20
1. Revenues	11,483,856.02	4,323,440.92
a) Sale of goods	11,483,856.02	4,323,440.92
b) Provision of services	0	0
2. Consumption of goods	9,137,934.45	2,525,118.91
a) Purchases, net of returns and any discount:	0	0
- national	0	0
- intra-community acquisitions	0	0
- imports	0	0
b) Stock variations	9,137,934.45	2,525,118.91
3. Consumption of raw materials and other consumables	0	0
a) Purchases, net of returns and any discount:	0	0
- national	0	0
- intra-community acquisitions	0	0
- imports	0	0
b) Stock variations	0	0
4. Social expenses	823,588.43	581,474.45
a) wages and salaries	642,320.62	465,541.27
b) Social Security payable by the company	130,908.77	108,733.17
c) Contributions and provisions for pensions	0	0
d) Other social expenses	50,359.04	7,200.01
5. Other operating costs	1,399,189.65	1,397,443.96
a) Losses and impairment of commercial operations	0	0
b) Other operating costs	1,399,189.65	1,397,443.96
6. Depreciation of fixed assets	32,486.33	27,727.89
7. Earnings originating outside the normal activity of the company	0	0
included in "Other Results"		

13. TRANSACTIONS WITH RELATED PARTIES

In the fiscal year between 01 April 2020 and 31 March 2021, the company received invoices from the Company Dr Reddy's Laboratories Limited (UK) for the provision of services or purchases of goods for the amount of €328,388.00 (€42,082.08 in the previous fiscal year), leaving an outstanding balance of €38,563.00 as of 31 March 2021 (€439,887.34 as of 31 March 2019).

Similarly, the company received invoices from the Company Dr Reddy's Laboratories Limited (India) for the provision of services or purchases of goods for the amount of €5,425,747.67, leaving outstanding payments of €3,674,200.05 as of 31 March 2021 (€778,415.85 as of 31 March 2019).

From the Company Dr Reddy's S.r.l. (Italy), the company received invoices for the amount of €614,555.50 (€51,608.00 in the previous financial year), leaving outstanding payments of €326,304.00 as of 31 March 2021 (€0 in the previous financial year).
From the company Reddy Pharma SAS (France), the company received invoices for the amount of €706,372.00 (€153,400.00 in the previous financial year), leaving an outstanding balance of €570,817.00 (€0 in the previous financial year).

They also received invoices from Betapharm Arzneimittel GmbH (Germany) for the amount of €186,467.60 (€7,500.00 in the year 2019-2020), with no outstanding payments as of 31 March 2021, as was also the case in the previous financial year.
Similarly, the Company has not paid any amount to its sole Shareholder, the Swiss company Dr. Reddy's Laboratories SA (Switzerland), in the year ended 31 March 2021.

Furthermore, during the year ended 31 March 2021, the members of the management body have not received any remuneration.

There are no obligations towards members of the management body in matters of pensions, life insurance premiums, advances or credits, or for any other concept.

The management body of the company does not have any matters on which to report in relation to what is established in articles 229 and 230 of the Capital Companies Act, nor do they maintain positions of responsibility in companies within the same sector, except in those within the group.

14. ENVIRONMENTAL INFORMATION

As of 31 March 2021, there are no assets dedicated to the protection and improvement of the environment, nor have expenses of this nature been incurred during the year. Likewise, during the year ended 31 March 2021 no environmental subsidies have been received.

The management body estimates that there are no significant contingencies related to the protection and improvement of the environment, and does not consider it necessary to record any provision for environmental risks and expenses as at 31 March 2021

15. INFORMATION ON GREENHOUSE GAS EMISSION RIGHTS

In compliance with the changes resulting from the new general accounting plan and the ministerial order of 28 January 2009 (BOE, 10 February 2009) and Resolution of 6 April 2010 (BOE 84 of 7 April 2010) regarding the issue of greenhouse gas emission allowances, it is expressly stated that there are no items of an environmental nature, in particular greenhouse gas emission rights.

16. OTHER INFORMATION

The average number of persons employed during the year, expressed by categories, is as follows:

Average number of persons employed during the year by category	Ejercicio 2020-21	Ejercicio 2019-20
Other executive personnel	7	4
Commercial, vendors and similar	3	3
TOTAL AVERAGE EMPLOYEES	**10**	**7**

The Company does not have staff with disabilities equal to or greater than 33% as of 31 March 2020 and 2019.

17. INFORMATION ON DEFERRED PAYMENTS TO PROVIDERS

Below is the information required by the Third Additional Provision of Law 15/2010 of 5 July (modified through the second final provision of Law 31/2014 of 3 December) prepared in accordance with the ICAC (Institute of Accounting and Account Audits) Resolution of 29 January 2016, on the information to be included in the annual accounts in relation to the average period of payment to providers in commercial operations.

	Financial year 2020-21	**Financial year 2019-20**
	Days	
Average period of payment to providers	30	30

According to the ICAC Resolution, the calculation of the average period of payment to providers has taken into account the commercial operations corresponding to the delivery of goods or services rendered from the date of entry into force of Law 31/2014 of 3 December.

The following are considered suppliers, for the exclusive purpose of providing the information provided in this Resolution, to commercial creditors for debts with providers of goods or services, included in the items "Providers", "Various creditors" and "Providers, group and associated companies" of the current liability of the accompanying abbreviated balance sheet.

"Average period of payment to providers" means the period that elapses from the delivery of the goods or the provision of the services by the supplier and the material payment of the transaction.

18. EVENTS OCCURRING AFTER CLOSURE

The Directors are not aware of any events occurring after 31 March 2021 and up to the date of preparation of these Annual Accounts that could significantly affect said accounts or should be stated therein to provide adequate understanding.

FORMULATION OF THE ABBREVIATED ANNUAL ACCOUNTS ENDED 2020

The Board of Directors of the Company "REDDY PHARMA IBERIA, S.A.U.", on 29 May 2021, signs the Annual Accounts for the financial year ended 31 March 2021.

Signed: Sameer Sudhakar Natu
President

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Sameer Natu
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Signed: Antonio Anguera Vila
Director

DocuSigned by:
Antonio Anguera
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Signed: Patrick Aghanian
Director

DocuSigned by:
Patrick Aghanian
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Signed: Dan Elyakin Kidron
Director

DocuSigned by:
Dan Kidron
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Nexia Audirevi
Audit & Assurance

Reddy Pharma S.r.l.

Independent Auditor's Report on the Statutory Financial Statements as at March 31st, 2021 pursuant to art. 14 of Legislative Decree no. 39 of 27 January 2010

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers

Independent Auditor's Report

pursuant to art. 14 of Legislative Decree no. 39 of 27 January 2010

To the sole shareholder of

Reddy Pharma S.r.l.

Report on the Statutory financial statements

Unqualified Opinion

We have audited the Statutory financial statements of the Reddy Pharma S.r.l. (the Company), which comprise the balance sheet as at March 31st, 2021, the income statement, and the other explanatory information for the period then ended.

In our opinion the Statutory financial statements give a true and fair view of the financial position of the Company as at March 31st, 2021 and of its financial performance for the period then ended in accordance with the Italian laws and regulations that govern their preparation.

Basis for Unqualified Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italy). Our responsibilities under those standards are further described in the "Independent Audit Company's responsibilities for the audit of the Statutory financial statements" section of this report. We are independent from Reddy Pharma S.r.l., in accordance with the rules and principles of ethics and independence applicable in Italian law to the auditing of financial statements.

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

Other matters

The financial statements of Reddy Pharma S.r.l. present the figures for the previous year for comparative purposes, as required by current regulations. We note that the financial statements for the year ended March 31, 2020 were subjected to voluntary auditing by us, as there was no legal obligation pursuant to art. 2477 of the Civil Code.

Responsibilities of the Directors for the Statutory financial statements

The Directors are responsible for the preparation of these Statutory financial statements that give a true and fair view in accordance with the Italian laws and regulations that govern their preparation and, as provided by the law, for such internal control as they determines is necessary to enable the preparation of Statutory financial statements that are free from material misstatements due to fraud or unintentional acts or events.

The Directors are responsible for assessing the capacity of the Company to continue operating as a going concern entity and, in preparing the statutory financial statements, for the appropriateness of using the going concern basis of accounting, and for the adequate disclosure in this regard. The Directors use the going concern basis of accounting in preparing the Statutory financial statements unless they either intends to liquidate the company Reddy Pharma S.r.l. or to cease operations or have no realistic alternatives but to do so.

Independent audit Company's responsibilities for the audit of the Statutory financial statements

The objectives of our audit are to obtain reasonable assurance about whether the Statutory financial statements are free from material misstatements, due to fraud or unintentional acts or events, and to issue an audit Company's report that includes our opinion. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the International Standards on Auditing (ISA Italy) will always detect a material misstatement when it exists. Misstatement can arise from fraud or unintentional acts or events and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions taken by the users based on the Statutory financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italy), we exercise professional judgment and maintain professional skepticism throughout the entire audit process. We also:

- Identify and assess the risks of material misstatement of the Statutory financial statements, whether due to fraud or unintentional acts or events. Design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from unintentional acts or events, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of the internal control;
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances and but not for the purpose of expressing an opinion on the effectiveness of Company's internal control;
- Evaluate the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Directors;
- Reach a conclusion on appropriateness of the going concern basis of accounting used by the Directors and, based on the obtained evidence, on the possible existence of significant uncertainty concerning events or circumstances that may arise significant doubts over the capacity of the Company to continue operating as a going concern entity. In case of a significant uncertainty, we have to call the reader's attention in the audit Company's report to the related information in the Statutory financial statements or, if that information is inadequate, to consider this circumstance in expressing our opinion. Our conclusions are based on the audit evidence obtained up to the date of this audit report. Nevertheless, subsequent events or circumstances may cause the Company to cease operations as a going concern entity;
- Evaluate the overall presentation, structure and content of the Statutory financial statements as a whole and whether the Statutory financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

We have communicated with the persons in charge of governance activities that have been identified at an appropriate level in accordance with the requirements of the ISA Italy, among other matters, regarding the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Milan, May 7th, 2021

Audirevi S.p.A.

Signed by

Davide Borsani
Partner

Reddy Pharma Italia S.r.l. (with a sole shareholder)

Legal Seat in Milan - Piazza Santa Maria Beltrade, n. 1
Share Capital EUR 30.000,00 i.v. - fully paid - in
Fiscal code and Milan Registry of Trading Companies
codice fiscale e Partita IVA:05464490969
Iscritta alla CCIAA di Milano Rea n. 1823467

Financial Statements as of March 31, 2021

(Drawn up pursuant art. 2435-bis C.C.)

(amounts are in Euro)

Balance Sheet

Assets		31.03.2021	31.03.2020
B) Fixed assets			
I.	*Intangible assets*		
II.	*Tangible assets*	0	0
III.	*Financial assets*	65,00,000	50,20,000
Totale immobilizzazioni		**65,00,000**	**50,20,000**
C) Current assets			
I.	*Stock*		
II.	*Accounts receivable*		
	- falling due within one year	21,821	19,733
	- falling due after more than one year		
	Total accounts receivable	21,821	19,733
III.	*Financial assets not representing fixed assets*		
	Total financial assets not representing fixed assets		
IV.	*Liquid assets*	4,696	111
Total current assets		**26,517**	**19,844**
D) Accrued income and pre payments		858	686
Total assets		**65,27,375**	**50,40,530**

Liabilities		31.03.2021	31.03.2020
A) Shareholders equity			
I.	Share Capital	30,000	30,000
IV.	Legal reserve	0	
VI.	Other reserves	64,93,114	50,02,766
VIII.	Retained earnings / (loss carried forward)	0	
IX.	Operating profit (loss)	(10,352)	(9,652)
Total		**65,12,762**	**50,23,114**
B) Provisions for risks and liabilities			
C) Provision for employees' leaving indemnity			
D) Accounts payable			
	- falling due within one year	14,613	17,416
	- falling due after more than one year		
	Total acconts payable	14,613	17,416
E) Accrued liabilities and deferred income		0	0
Total liabilities		**65,27,375**	**50,40,530**

Profit and loss account

		31.03.2021	31.03.2020
A) Revenues			
1)	*Sales and services*		
2)	*Changes on stock of goods in process, semi-finished goods and finished goods*		
5)	*Miscellaneous revenues*		
Total revenues		**0**	**0**
B) Expenses			
6)	*For raw materials, subsidiarymaterials, consumables and goods*		
7)	*Services*	8,011	6,870
8)	*Rent/Lease*		
9)	*Personnel*		
	a) Salary and wages		
	b) Social security contributions		
	c) Employees' leaving indemnity		
		0	0
10)	*Depreciation and write-downs*		
	a) Depreciation of intangible assets		
	b) Depreciation of tangible assets	0	272
	c) Other devaluation of tangible assets		
	d) Bad debts accruals		
	Total depreciation and write-down	0	272
11)	*Changes in stock of raw material, subsidiary materials, expendable materials and goods*		
12)	*Risk accruals*		
13)	*Other accruals*		
14)	*Other management costs*	2,341	2,510
Total expenses		**10,352**	**9,652**
Difference between revenues and expenses (A-B)		**(10,352)**	**(9,652)**
C) Financial income and costs			
16)	*Other financial income*		
17)	*Interest and other financial cost*		
	d) other than the above		
17) bis	*Exchange gains and losses*		
Totale proventi e oneri finanziari			
Total financial income and costs		**(10,352)**	**(9,652)**
20)	*Taxes on the income for the year*		
	- current taxes		
	- deferred taxes		
21) Profit (Loss) for the year		**(10,352)**	**(9,652)**

Reddy Pharma Italia S.r.l. (with a sole quotaholder)

Registered office at Milano – Piazza Santa Maria Beltrade, n. 1

Share capital EUR 30.000,00 i.v.

Taxpayer's ID and Companies Registered to Milan CCIAA no. 1823467

Fiscal code and VAT no. 05464490969

ABRIDGED EXPLANATORY NOTE PURSUANT ART. 2435 BIS C.C. ON FINANCIAL STATEMENT AT MARCH 31, 2021

PREMISE

The Company, wholly controlled by the LACOCK HOLDINGS LIMITED sole quotaholder, based in Cyprus, its aim being to produce, to sell, to market, to export and import chemical, pharmaceutical and related products.

The LACOCK HOLDINGS LIMITED sole quotaholder is part of the Dr. Reddy's Laboratories LTD Group, listed on the N.Y.S.E. Stock Exchange, headquartered in India (Hyderabad).

STRUCTURE, CONTENT AND DRAFTING PRINCIPLES OF FINANCIAL STATEMENT

The financial statements for the financial year closed on March 31, 2021, of which this explanatory note is part, have been drafted in accordance with the rules of the Civil Code (c.c.) supplemented by accounting principles issued by Auditors Italian Accounting Body (O.I.C).

The drafting principles and the valuation criteria are based on the general principles of prudence, competence and going concern basis, and taking into account of the economic function of the asset or liability element considered.

The evaluation criteria for each items respect the formal and substantive content of Legislative Decree April 9, 1991, no. 127 and the accounting principles approved by the Auditors Italian Accounting Body (O.I.C.).

The criteria adopted for this financial statements drafting are in accordance with the provisions of art. 2426 C.C. and they remained unchanged from the last financial year . There are not special reasons which would require the use of derogations under art. 2423 Comma 4.

In the financial statement drafting as of March 31, 2021 the following principles have been observed:

- It have been taking into account the financial year risks and losses, even though they have been known after the financial year closing date, but before the financial statements drafting.

- It have been taking into account the income and expenses incurred during the financial year irrespective of the receipt or payment date;
- The profits have been shown only if they actually achieved at the financial year closing date;
- The heterogeneous elements included in the individual items have been described separately;

The Company does not prepare the consolidated financial statements as the limits pursuant art. 27 of Legislative Decree 127/91 are not exceeded.

It is also noted that this explanatory note is drafted in Euro.

VALUATION CRITERIA

The valuation criteria are exposed as follows.

Intangible assets

Their registration is based on the fact that these expenses can provide future benefits whose economic utility will continue over the time; they are recorded at the cost incurred for their acquisition. They are systematically amortized in relation to their residual utilization potential.

Description	Depreciation rate
Software programs	20%

Fixed Assets whose value at the the financial year closing date is permanently lower than the depreciated cost in accordance with the above exposed criteria, are recorded at this lower value. In the Balance Sheet, the value of intangible assets is shown net of all depreciation and possible value adjustments.

Tangible fixed assets

Tangible fixed assets are accounted at historical cost and the adjusted provisions of such items are carried directly decreasing the assets.
The ordinary depreciation has been calculated systematically on the basis of rates considered representative of the residual utilization possibility of each category of asset.

The depreciation rate adopted for office machines and telephone equipment is 20%; for fixtures and fitting is 12%.

In the financial year, in which the asset comes into operation, the depreciations are calculated using the above-mentioned rates, reduced by 50%, assuming that purchases are homogeneously distributed throughout the financial year.

In the event that, irrespective of the depreciation already accounted, there is a permanent loss of value, the asset is correspondingly devaluated; if in the subsequent financial years the assumptions of the value adjustment are no longer met, the original value is restored net of accumulated depreciation..

Assets that can be used independently, if their usefulness is limited to one financial year, are fully depreciated during the financial year.

Financial fixed assets
Receivables immobilized are valued on the basis of their estimated realizable value. The shareholding are stated at the acquisition cost inclusive of the related ancillary costs reduced for possible value durable loss.

Receivables
Receivables are recorded at the estimated realizable value resulting from the difference between the nominal value and the receivables value adjustments provisions, determined to meet the expected recoverability risks.

Conversion criteria of the extra UE currency items.
Currency assets and liabilities, except the fixed assets, are stated at the spot exchange rate at the end of the year and the related profits and losses on exchange are recognized in the Profit and Loss Account. The possible net income is allocated in a non-distributable reserve of Net equity until the realization. Fixed assets in currency are recorded at the exchange rate at the time of their purchase or at the lower of the year-end if the reduction is considered durable.

Liquid assets
Liquid assets at financial year closing date are stated at nominal value.

Accrued income and prepayments
These items include those costs and income, common to two or more years, in accordance with the principle of economic and temporal competence.

Net equity
The share capital subscription is occurred at the nominal value of the shares subscribed by the shareholder. The reserve registration is occured at nominal value.

Payables
Payables are stated at nominal value.

Revenues recognition

Revenues from products sales are recognized at the time of the ownership transfer, which normally identifies with the goods delivery or shipment of the goods.

Financial revenues and those deriving from the services provisions are recognized on a timely basis.
Revenues and income, costs and charges relating to currency transactions are determined at the exchange rate on the date on which the relevant transaction is made.

Income and expenses interest, other costs and revenues
They are exposed in the financial statements in accordance with the accrual and economic principle.

Income taxes
Income taxes of the financial year are determined on the basis of a realistic estimate of the tax obligations to be accomplished, in accordance with current tax legislation. Tax payable is stated in the item "Payables" net of advances paid and withholdings. If advances paid and any receivables arising from previous financial years are higher than the taxes due, the net reveivable to the tax authorities is stated among the receivables under "Receivables".

Deferred tax assets and liabilities
In compliance with the accounting principle no. 25 of the Italian Accounting Organization, deferred tax liabilities are recognized in the "tax provision" item and the assets for deferred tax assets in the item "deferred tax assets", calculated on the temporary differences between the values of the assets and liabilities stated in the financial statements and the corresponding tax values.
In accordance with this principle, deferred taxes assets are accounted only in so far as there is a reasonable certainty of their total future recovery.
Deferred tax assets receivables and deferred tax liabilities payables are offset if compensation is legally permitted.

ANALYSIS OF THE INDIVIDUAL ITEMS

BALANCE SHEET

ASSETS

B) FIXED ASSETS

B.I) Intangible assets

Intangible assets have exhausted the depreciation process whereby their net value at the end of the financial year is zero.

B.II) Tangible fixed assets

Tangible fixed assets have exhausted the depreciation process whereby their net value at the end of the financial year is zero. There have been no changes in the item in question compared to the year ended March 31, 2020.

Description	Tangible fixed asset
Historical costs	19,846
Depreciation provisions	(19,846)
Net value as of 31.03.2020	-
Increments of the year	-
Adjustments/devaluations	-
Disposals	-
Financial year depreciation	-
Net value as of 31.03.2021	-

B.III) Financial assets

Financial fixed assets include the shareholding in the subsidiary Dr Reddy's S.r.l. (100% owned), whose office is registered at Milan Piazza Santa Maria Beltrade, 1, for Euro 6,500,000.

Although the Net equity at the 31.03.2021 of Dr. Reddy's Srl (Euro 3,125,409) is lower than the registration value of the shareholding, in compliance with the provisions of the OIC 21, the Company has chosen not to proceed with the devaluation of the shareholding because, on the basis of the analyses carried out, the weight loss of value was considered non-durable.

The shareholding held in Dr. Reddy's S.r.l. (Already Jet Generics S.r.l.) was acquired on April 1st, 2008 by the company Farmaceutici Caber S.p.A. for a total amount of Euro 2,314,409. In order to support the operations of the subsidiary, the Company has made during the different financial years capital injections for a total amount of Euro 18,180,000, whose the last one is occured during the financial year closed on March 31, 2021 for Euro 1,480,000.

C) CURRENT ASSET

C.II) Receivables

The receivables stated in the current assets, compared to March 31, 2020, have recordered an increase equal to Euro 2,088, and the balance broken down by category, is composed as follows:

Category	Balance as of 31.03.2020	Increases (Decreases)	Balance as of 31.03.2021
Tax receivables (Vat)	18,538	2,245	20,783
Tax receivables (Irap)	1,182	(144)	1,038
Withholdings	13	(13)	-
Total	19,733	2,088	21,821

There are not receivables that are filling due after five years.

C.IV) Liquid assets

The composition of the item “Liquid assets” is summarized in the table below:

Category	Balance as of 31.03.2021
Bank deposits	4,696
Cash and cash equivalents	-
Liquid assets	4,696

D) Accrued income and prepayments

This item, equal to Euro 858, is mainly composed from accrued income on maintenance fees for copy machine. There are not accrued income or prepayments that are filling due after five years.

LIABILITIES AND NET EQUITY

A) NET EQUITY

The net equity movements occurred during the financial year are shown in the following table:

	I. Share Capital	VII. Capital injections	VIII. Profit/(Loss) carry forward	IX. Profit/(Loss) of the financial year	Ending balance
Net equity as of 31.03.2018	30,000	2,528,875		(15,753)	2,543,122
Capital injections 2018/2019					
Utilization 2018/2019		(15,753)		15,753	-
Profit (Loss) of the financial year 2018/19				(10,357)	(10,357)
Net equity as of 31.03.2019	30,000	2,513,122		(10,357)	2,532,765
Increases 2019/20		2,500,000			2,500,000
Utilization 2019/20		(10,357)		10,357	-
Profit (Loss) of the financial year 2019/20				(9,652)	(9,652)
Rounding		1			
Net equity as of 31.03.2020	30,000	5,002,766		(9,652)	5,023,114
Increases 2020/21		1,500,000			1,500,000
Utilization 2020/21		(9,652)		9,652	-
Profit (Loss) of the financial year 2020/21		-		(10,352)	(10,352)
Rounding					
Net equity as of 31.03.2021	30,000	6,493,114		(10,352)	6,512,762

A.I) Share capital

The share capital, which is fully subscribed, amounts to ad Euro 30,000.
According to art. 2427, no. 7a), it is also provided a summary on the possibility of the net equity reserves utilization, showing the utilization of those reserves in the last three financial years (values expressed in Euro):

Nature and description	Amount	Possibility of utilization	Available part	Utilizations made in the last three financial year	
				To coverage losses	Other reasons
Share capital	30,000			-	-
Capital reserve:					
Quotaholder injections for losses covering	6,493,114	A,B,C		35,762	-
Profits reserve:					
Legal reserve	-				
Profits (losses) carry forward	(10,352)				
Total	6,512,762		-	35,762	-
Part not to be distributed			10,352		
Part that may be distributed			6,482,762		
Legend: A for capital increase; B for losses covering; C for quotaholders distributions					

D) Payables

As of March, 31 2021 the payables amount to Euro 14,613. The payables breakdown is the following:

Description	Balance as of 31.03.2020	Increases (decreseas)	Balance as of 31.03.2021	UE	Extra-UE
Payables to suppliers	10,416	(1,151)	9,265	9,265	-
Parent Company payables	7,000	(2,000)	5,000	5,000	-
Tax payables	-	348	348	348	
Total	17,416	(2,803)	14,612	14,613	-

There are not payables that are filling due after five years. The analysis of the individual items composing the balance is shown as follow.

Payables to suppliers
The balance of this item includes payables to suppliers for invoices to be received Euro 9,265.

Parent Company payables
The balance of the item includes a payable for a non-interest bearing loan stipulated with the subsidiary Dr. Reddy's Srl.

Tax payables
The balance of the item includes personal income tax payables for withholding taxes on fees.

ANALYSIS OF THE MAIN PROFIT AND LOSS ACCOUNT ITEMS

A) VALUE OF PRODUCTION

The value of production is zero. The Company does not realized any revenue at the financial year closing at March 31, 2021 .

B) Costs of production

Il detail of this item, equal to Euro 9,652, is composed as follows:

Description	31.03.2021	31.03.2020
For raw materials, subsidiary materials, consumables	-	-
For services	8,011	6,870
For rent and leases	-	-
Personnel costs		
a) wages and salaries	-	-

b) social security contribution	-	-
c) indemnity for termination of employment	-	-
Depreciation of intangible assets	-	-
Depreciation of tangible assets	-	272
Other operating costs	2,341	2,510
Total	10,352	9,652

B.7) Costs for services

This item is mainly constituted of administrative and consulting expenses (Euro 6,700), bank costs (Euro 110) and audit costs (Euro 1,200).

Other operating costs

The balance includes postal charges (Euro 1,887) and the costs incurred for the payment of the chamber's dues (Euro 454).

D) FINANCIAL ACTIVITIES VALUE ADJUSTMENTS

This item does not include any value.

22) INCOME TAX OF THE FINANCIAL YEAR

There are no current taxes to be allocated

There are no deferred tax liabilities and in particular, it is noted that for the financial year closed as of March, 31 2021 it has been considered prudently do not account deferred tax assets on tax losses as there are no conditions for their inclusion in accordance with OIC accounting principles.

§ § §

Information required for the exemption from the Management report, pursuant art. 2428 C.C..

The company does not have parent companies shares or unit (art. 2428, paragraph 2, n.3 C.C.), and not shares or unit have been disposed or purchased during the financial year (art. 2428, paragraph 2, n.4 C.C.) also through trustee or intermediaries.

INFORMATION ON TRANSACTIONS MADE WITH RELATED PARTIES

During the financial year, it have not been occurred transactions with significant related parties and made under non-market conditions.

OTHER INFORMATIONS

It should also be noted that the Company did not receive grants, contributions, paid assignments and in any case economic benefits under L. 124/2017, art. 1, paragraph 25.

This financial statement is composed by Balance Sheet, Profit and Loss Account and explanatory note, provides a true and accurate picture of the Company's financial position and performance and of the Profit or Loss income of the financial year.

We invite you to approve the financial statement and explanatory note as they have been shown and we invite you to cover the loss income of the financial statement equal to Euro 10,352 through the reserve utilization.

Milan, • 2021

For the Board of Directors

This is a free translation into English of the statutory auditor's report on the financial statements of the Company issued in French and it is provided solely for the convenience of English speaking users.
This statutory auditor's report includes information required by European regulation and French law, such as information about the appointment of the statutory auditors or vérification of the management report and other documents provided to shareholders.
This report should be read in conjunction with, and construed in accordance with, French law and professional auditing standards applicable in France.

To the Shareholder,

Opinion

In compliance with the engagement entrusted to us by your ordinary meeting shareholders', we have audited the accompanying financial statements of REDDY PHARMA SAS for the year ended March 31th, 2021.

In our opinion, the financial statements give a true and fair view of the assets and liabilities and of the financial position of the Company as at March 31th, 2021 and of the results of its operations for the year then ended in accordance with French accounting principles.

Basis for Opinion

Audit Framework

We conducted our audit in accordance with professional standards applicable in France. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Statutory Auditors' Responsibilities for the Audit of the Financial Statements section of our report.

Independence

We conducted our audit engagement in compliance with independence requirements of the French Commercial Code (code de commerce) and the French Code of Ethics (code de déontologie) for statutory auditors for the period from April 1, 2020 to the date of our report.

Justification of Assessments

Due to the global crisis related to the Covid-19 pandemic, the financial statements of this period have been prepared and audited under specific conditions. Indeed, this crisis and the exceptional measures taken in the context of the health emergency have had numerous consequences for companies, particularly on their operations and financing, and have led to greater uncertainties as to their future prospects. Some of those measures, such as travel restrictions and remote working, have also had an impact on their internal organisation and the performance of audits.

It is in this complex and evolving context that, in accordance with the requirements of Articles L.823-9 and R.823-7 of the French Commercial Code relating to the justification of our assessments, we inform you of the most important assessments we have made, in our professional judgment, concerning the appropriateness of the accounting principles used.

These matters were addressed in the context of our audit of the financial statements as a whole, approved in the aforementioned conditions, and in forming our opinion thereon, and we do not provide a separate opinion on specific items of the financial statements.

Specific Vérifications

We have also performed, in accordance with professional standards applicable in France, the specific verifications required by French law and regulations.

We have no matters to report as to the fair presentation and the consistency with the financial statements of the information given in the President's annual management report, and in the other documents related to the financial statements addressed to the members of the General Meeting.

We confirm the accuracy and fair presentation of the information related to payment terms, mentioned according to article D.441-4 of the French Commercial Code.

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 French accounting principles 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 it is expected to liquidate the Company or to cease operations.

The financial statements were approved by the President.

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

Our role is to issue a report on the financial statements. Our objective is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with professional 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 these financial statements.

As specified in Article L.823-10-1 of the French Commercial Code (code de commerce), our statutory audit does not include assurance on the viability of the Company or the quality of management of the affairs of the Company.

As part of an audit conducted in accordance with professional standards applicable in France, the statutory auditor exercises professional judgment throughout the audit and furthermore:

- Identifies and assesses the risks of material misstatement of the financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence considered to be sufficient and appropriate to provide a basis for his 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.

- Obtains 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 internal control.

- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management in the financial statements.

- Assesses 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. This assessment is based on the audit evidence obtained up to the date of his audit report. However, future events or conditions may cause the Company to cease to continue as a going concern. If the statutory auditor concludes that a material uncertainty exists, there is a requirement to draw attention in the audit report to the related disclosures in the financial statements or, if such disclosures are not provided or inadequate, to modify the opinion expressed therein.

- Evaluates the overall presentation of the financial statements and assesses whether these statements represent the underlying transactions and events in a manner that achieves fair presentation.

BELFORT, May 6th, 2021

French original version signed by
Mathieu-François OROSCO
Statutory Auditor

REDDY PHARMA SAS		31/03/2021			31/03/2020	Var.	Var. %
ASSETS (in EUR)		Gross	Amort / depr	Net	Net		
	Uncalled subscribed capital	0	0	0	0	0	-
FIXED ASSETS	R&D expenses	0	0	0	0	0	-
	Concessions, patents & similar rights	44 000	18 347	25 653	211 370	-185 717	-724%
	Goodwill	0	0	0	0	0	-
	Other intangible assets	0	0	0	0	0	-
	Advance payments on intangible assets	0	0	0	0	0	-
	Intangible Fixed Assets	**44 000**	**18 347**	**25 653**	**211 370**	**-185 717**	**-724%**
	Land	0	0	0	0	0	-
	Building	0	0	0	0	0	-
	Technical installations, machinery and equipment	0	0	0	0	0	-
	Other tangible assets	104 774	85 538	19 236	63 859	-44 623	-232%
	Tangible assets in course	244 513	0	244 513	178 100	66 413	27%
	Advance payments on tangible assets	0	0	0	0	0	-
	Tangible Fixed Assets	**349 287**	**85 538**	**263 749**	**241 959**	**21 790**	**8%**
	Equity interests	0	0	0	0	0	-
	Receivables from equity interests	0	0	0	0	0	-
	Other long-term investment securities	0	0	0	0	0	-
	Loans	0	0	0	0	0	-
	Other long-term investments	14 215	0	14 215	13 953	262	2%
	Financial Fixed Assets	**14 215**	**0**	**14 215**	**13 953**	**262**	**2%**
	TOTAL Fixed Assets	**407 502**	**103 885**	**303 617**	**467 282**	**-163 665**	**-54%**
CURRENT ASSETS	Raw materials and other supplies	0	0	0	0	0	-
	Work in progress	0	0	0	0	0	-
	Finished goods	0	0	0	0	0	-
	Merchandises	4 057 655	905 882	3 151 773	2 284 710	867 063	28%
	Inventories	**4 057 655**	**905 882**	**3 151 773**	**2 284 710**	**867 063**	**28%**
	Trade receivables and similar accounts	5 443 779	3 088	5 440 692	3 340 606	2 100 086	39%
	Other receivables	1 487 056	0	1 487 056	26 657	1 460 399	98%
	Subscribed capital called, unpaid	0	0	0	0	0	-
	Cash and cash equivalents	296 658	0	296 658	291 179	5 479	2%
DEF. CHARGES	Prepaid expenses	146 213	0	146 213	42 179	104 034	71%
	TOTAL	**11 431 361**	**908 970**	**10 522 392**	**5 985 331**	**4 537 061**	**43%**
	Deffered charges	0	0	0	0	0	-
	Bond redemption premiums	0	0	0	0	0	-
	Positive translation adjustments	0	0	0	0	0	-
TOTAL ASSETS		**11 838 863**	**1 012 855**	**10 826 009**	**6 452 613**	**4 373 396**	**40%**

REDDY PHARMA SAS		31/03/2021	31/03/2020	Var.	Var. %
LIABILITIES (in EUR)					
SHAREHOLDER'S EQUITY	Share capital	5 000 000	5 000 000	0	0%
	Issue, merger and contribution premiums	0	0	0	-
	Revaluation reserve	0	0	0	-
	Legal reserve	0	0	0	-
	Statutory or contractual reserves	0	0	0	-
	Regulated reserves	0	0	0	-
	Others reserves	0	0	0	-
	Retained earnings	-631 231	-2 856 833	2 225 602	-78%
	Profit / Loss of the financial year	106 634	2 268 391	-2 161 757	-95%
	Investments subsidies	0	0	0	-
	Regulated provisions	0	0	0	-
	TOTAL	4 475 403	4 411 558	63 845	1%
OTHERS EQUITY	Proceeds from issues of participating securities	0	0	0	-
	Contingent advances	0	0	0	-
	TOTAL	**0**	**0**	**0**	**-**
PROVISIONS	Provisions for risks	0	0	0	-
	Provisions for charges	0	0	0	-
	TOTAL	**0**	**0**	**0**	**-**
DEBTS	**Loans and similar debt**				
	Convertible debenture loans	0	0	0	-
	Others bonds	0	0	0	-
	Loans and other borrowings from credits	0	0	0	-
	Loans and miscellaneous financial debts	0	0	0	-
	Advances and deposits from customers	0	0	0	-
	Accounts payable				
	Trade payables	5 582 452	1 563 619	4 018 833	257%
	Tax en social debts	336 485	477 051	-140 566	-29%
	Amounts payable on fixed assets and related accounts	0	0	0	-
	Other debts	123 580	385	123 195	31999%
DEF. INCOME	Deffered income	308 089	0	308 089	-
	TOTAL	**6 350 606**	**2 041 055**	**4 309 551**	**211%**
	Negative translation adjustements	0	0	0	-
TOTAL LIABILITIES		**10 826 009**	**6 452 613**	**4 373 396**	**68%**

REDDY PHARMA SAS		31/03/2021	31/03/2020	Var.	Var. %
PROFIT & LOSS ACCOUNTS (in EUR)					
OPERATING REVENUES	Sales of goods bought for resale	12 956 542	8 306 543	4 649 999	56%
	Sales of manufactured goods	0	0	0	-
	Sales of services	0	0	0	-
	Revenues	**12 956 542**	**8 306 543**	**4 649 999**	**56%**
	Change in inventories of finished goods and work in progress	0	0	0	-
	Capitalised production	0	0	0	-
	Operating subsidies received	0	0	0	-
	Reversals of provisions and depreciation, expense transfers	0	111 313	-111 313	-100%
	Other income	1	434	-433	-100%
	Operating income	**12 956 543**	**8 418 290**	**4 538 253**	**54%**
OPERATING EXPENSES	Purchases of goods	10 993 326	5 529 576	5 463 750	99%
	Change in inventories of goods	-1 772 945	-1 509 529	-263 416	17%
	Purchases of raw materials and other supplies	0	5 260	-5 260	-100%
	Change in inventories of raw materials and other supplies	0	0	0	-
	Other bought in goods and services	821 708	750 851	70 857	9%
	Taxes other than corporate income tax	830 045	369 718	460 327	125%
	Wages and salaries	598 580	507 247	91 333	18%
	Social security charges	264 304	211 475	52 829	25%
	Depreciation, amortization & provision :				
	- Depreciation and amortization of fixed assets	45 381	38 653	6 728	17%
	- Amortization of deferred charges	0	0	0	-
	- Increase in provisions against fixed assets	0	0	0	-
	- Increase in provisions against current assets	905 882	0	905 882	-
	Other charges	1 784	31 917	-30 133	-94%
	Operating expenses	**12 688 064**	**5 935 169**	**6 752 895**	**114%**
OPERATING PROFIT / LOSSES		**268 479**	**2 483 121**	**-2 214 642**	**-89%**
	Share in profits/losses of joint venture partnership	0	0	0	-
FINANCIAL INCOMES	Income from equity interests	0	0	0	-
	Other interest and similar income	0	0	0	-
	Reversals of provisions and expense transfers	0	0	0	-
	Foreign exchange gains	0	149	-149	-100%
	Net proceeds from disposals of marketable securities	0	0	0	-
	Financial incomes	**0**	**149**	**-149**	**-100%**
FINANCIAL EXPENSES	Depreciation, amortization and provisions	0	0	0	-
	Interest and similar expenses	191	0	191	-
	Foreign exchange losses	212	127	85	67%
	Net expenses on disposals of marketable securities	0	0	0	-
	Foreign exchange losses	0	0	0	-
	Financial expenses	**403**	**128**	**275**	**215%**
NET FINANCIAL INCOME / EXPENSES		**-403**	**22**	**-425**	**-1932%**
PROFIT / LOSSES FROM ORDINARY ACTIVITIES		**268 076**	**2 483 143**	**-2 215 067**	**-89%**
EXTRA. INCOME	Extraordinary incomes - non-capital transactions	7 972	2 250	5 722	254%
	Extraordinary incomes - capital transactions	0	0	0	-
	Reversals of provisions and expense transfers	0	0	0	-
	Extraordinary incomes	**7 972**	**2 250**	**5 722**	**254%**
EXTRA. EXPENSES	Extraordinary expenses - non-capital transactions	0	588	-588	-100%
	Extraordinary expenses - capital transactions	0	0	0	-
	Extraordinary depreciation, amortization and provisions	169 414	0	169 414	-
	Extraordinary charges	**169 414**	**588**	**168 826**	**28712%**
NET EXTRAORDINARY INCOME / EXPENSES		**-161 442**	**1 662**	**-163 104**	**-9814%**
	Statutory employee profit-sharing	0	0	0	-
	Corporate income tax	0	216414	-216 414	-100%
NET PROFIT / LOSSES FOR THE YEAR		**106 634**	**2 268 391**	**385 828**	**17%**

Dr.Reddy's | svaas

Svaas Wellness Limited
(Formerly, Regkinetics Services Limited)
Regd. Office: 8-2-337, Road No. 3, Banjara Hills,
Hyderabad - 500034
CIN: U85100TG2009PLC064271

Board's Report

Dear Members,

Your directors are pleased to present the 12th Board's Report of the Company for the year ended 31 March 2021.

Financial Highlights

The following table gives the financial highlights of the Company for the financial year 2020-21 as compared to previous financial year:

(Rs. in thousands)

Particulars	31 March 2021	31 March 2020
Profit/(Loss) for the period after taxation	(2,792)	3,185
Balance brought forward	7,327	6,273
Dividend distribution tax paid on redemption of equity shares	-	(2,131)
Balance carried forward to Balance Sheet	4,535	7,327

State of Company's Affairs

The Company did not carry out any operations during the year.

Change in Objects of the Company

During the year under review, the objects clause of Memorandum of Association of the Company was amended so as to enable the enable the Company to carry on business of health care services.

Change in name of the Company

Pursuant to alteration in objects of the Company to venture into the business of healthcare services, the name of the Company has changed from Regkinetics Services Limited to Svaas Wellness Limited vide fresh certificate of incorporation dated 18 December 2020 issued by the Registrar of Companies, Hyderabad.

State of Company's Affairs

The Company did not have any operations during the year.

Dividend

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

Transfer to reserves

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

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Share Capital

During the year under review, there was no change in the share capital of the Company.

Fixed Deposits

The Company has not accepted any deposits covered under Chapter V of the Companies Act, 2013. Hence the relevant disclosure or reporting provisions are not applicable to the Company.

Material Changes and Commitments Affecting the Financial Position of the Company

No material change and commitments affecting the financial position of the Company, has occurred between the end of the financial year of the Company to which the financial statements relate and the date of this report.

Particulars of Loans, Guarantees or Investments

The Company has not made any loans, guarantees and investments under section 186 of the Companies Act, 2013 during the year under review.

Subsidiaries and Associates

The Company does not have any subsidiary, joint venture or associate company.

Number of Board meetings

The Company's board met nine times during the year: 11 May 2020, 5 June 2020, 27 July 2020, 4 September 2020, 26 October 2020, 16 November 2020, 2 December 2020, 26 December 2020 and 27 January 2020.

Board of Directors and Key Managerial Personnel

During the year under review, Mr. M V Ramana (DIN: 09000585) was appointed as an Additional Director of the Company with effect from 26 December 2020. The Board recommends the appointment of Mr. Ramana as Director liable to retire by rotation, at the forthcoming AGM of the Company.

Ms. Namrata Gill Tyagi (DIN: 08128191) resigned as a Director of the Company with effect from the same date. The Board places on record its appreciation for the services rendered by Ms. Namrata during her tenure as a member of the Board.

Pursuant to provisions of Section 152 of the Companies Act, 2013, Mr. M V Narasimham (DIN: 02677423), retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible, seeks re-appointment. The board recommends his re-appointment for approval at the ensuing AGM.

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The brief profiles of Mr. Ramana and Mr. Narasimham are given in the notice convening 12th AGM for reference of the shareholders.

During the year, Mr. Kiran Yanamandra, Chief Executive Officer, Mr. Ashok Kalyan Tavva Chief Financial Officer, and Ms. Sudha Jhunjhunwala, Company Secretary, resigned as key managerial personnel of the Company with effect 5 June 2020. The Board places on record its appreciation for the services rendered by all of them during her tenure as a key managerial personnel.

Secretarial Standards

The directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meeting of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company. The Company has also voluntarily adopted the recommendatory Secretarial Standard-4 on 'Report of the Board of Directors' issued by the Institute of Company Secretaries of India.

Directors' Responsibility Statement

In terms of Section 134(5) of the Companies Act, 2013, your directors state that:

1. applicable accounting standards have been followed in the preparation of the annual accounts;
2. accounting policies have been selected and applied consistently. Reasonable and prudent judgments and estimates were made, so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 2020-21 and of the loss of the Company for that period;
3. proper and sufficient care has been taken to maintain adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. annual accounts have been prepared on a going concern basis; and
5. proper and adequate systems have been devised to ensure compliance with the provisions of all applicable laws and these systems are operating effectively.

Corporate Social Responsibility

Since the Company did not reach the threshold limit of net worth or turnover or net profit, during the immediate preceding financial year as stated in Section 135(1) of the Companies Act, 2013, therefore, the Company was not required to constitute a Corporate Social Responsibility Committee. Hence, provisions with regard to CSR Committee, CSR policy and CSR spent/initiatives were not applicable to the Company during the year.

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

The Company is guided by the holding company, Dr. Reddy's Laboratories Limited's (DRL) policies. Accordingly, the philosophies, policies or procedures relating to internal controls over Financial Accounting, Risk Management and Compliance of DRL are made applicable to the Company as well. Identified key risks and internal control matters pertaining to the Company, if any, are reviewed by the DRL's Internal Audit and Risk Management teams, discussed with management and suitably updated to DRL's Board.

Related Party Transactions

During the year under review, the Company has not entered into contract or arrangement falling under the ambit of Section 188 of the Companies Act, 2013. Hence disclosure of particulars of contracts or arrangements with related parties in Form AOC-2 is not applicable.

Statutory Auditors

M/s. Alka Zanwar & Co., Chartered Accountants (Firm Registration No: 000501S) were appointed as statutory auditors for a period of 5 years commencing from the conclusion of 10th AGM till the conclusion of the 15th AGM in terms of Section 139 of the Companies Act, 2013 and the rules made thereunder.

The Ministry of Corporate Affairs (MCA) vide its notification dated May 7, 2018, has omitted the requirement under the first proviso to section 139 of the Companies Act, 2013 and rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, regarding ratification of appointment of Statutory Auditor by shareholders at every AGM.

Consequently, M/s. Alka Zanwar & Co., Chartered Accountants continue to be the statutory auditors of the Company till the conclusion of 15th AGM, as approved by the shareholders at the 10th AGM of the Company.

Board's response on auditor's qualification, reservation or adverse remark or disclaimer made

There are no qualifications, reservations or adverse remarks made by the statutory auditors in their report. During the year, there were no instances of frauds reported by auditors under section 143(12) of the Companies Act, 2013.

Significant and Material Orders passed by the Court/Regulators

During the year under review, there were no significant and/or material orders, passed by any Court or Regulators or Tribunal which may impact the going concern status or the Company's operations in future.

Svaas Wellness Limited
(Formerly, Regkinetics Services Limited)
Regd. Office: 8-2-337, Road No. 3, Banjara Hills,
Hyderabad - 500034
CIN: U85100TG2009PLC064271

Particulars of Employees

None of the employees of the Company draw salary more than the amount as specified under the provisions of Section 197(12) of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time. Hence the relevant provisions are not applicable to your Company.

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

Since the Company did not have any operations during the year, the particulars as prescribed under Section 134(3)(m) of the Companies Act, 2013, read with the Companies (Accounts) Rules, 1988 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo are not applicable to your Company.

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

Since the Company has no employees during the year, the provisions relating to constitution of internal complaints committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are not applicable to your Company.

Extract of the Annual Return

The details forming part of the extract of the annual return in Form MGT-9 are attached as **'Annexure I'** to this Report.

Acknowledgement

Your directors place on record their sincere appreciation for support and co-operation extended by all the concerned to the Company during the year.

For and on behalf of the Board of Directors

Date: May 11, 2021
Place: Hyderabad

M V Narasimham
Director
DIN: 02677423

Sujit Kumar Mahato
Director
DIN: 07599067

ANNEXURE I

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on 31 March, 2021

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

Sl. No.	Particulars	Details
i)	CIN	U85100TG2009PLC064271
ii)	Registration Date	July 8, 2009
iii)	Name of the Company	Svaas Wellness Limited (Formerly Regkinetics Services Limited)
iv)	Category/Sub-Category of the Company	Public Company / Limited by Shares
v)	Address of the Registered office and contact details	8-2-337, Road no. 3, Banjara Hills, Hyderabad – 500 034
vi)	Whether listed company Yes/No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company are given below:

Sl. no.	Name and Description of main products/services	NIC Code of the product/ service	% to total turnover of the company
NA			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. no.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held*	Applicable Section
1	Dr. Reddy's Laboratories Limited	8-2-337, Road no. 3, Banjara Hills, Hyderabad-500034	L85195TG1984PLC004507	Holding	100	2(46)

* Represents aggregate % of shares held by the Company.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of total shares	Demat	Physical	Total	% of total shares	
A. PROMOTERS									
(1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt(s).	0	0	0	0	0	0	0	0	0
d) Bodies Corp.	0	50,000	50,000	100	0	50,000	50,000	100	0
e) Banks/FI	0	0	0	0	0	0	0	0	0
f) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(1)	0	50,000	50,000	100	0	50,000	50,000	100	0
(2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks/FI	0	0	0	0	0	0	0	0	0
e) Any other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	0	0	0	0	0	0	0	0	0

Total shareholding of Promoter (A)=(A)(1)+(A)(2)	**0**	**50,000**	**50,000**	**100**	**0**	**50,000**	**50,000**	**100**	**0**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual funds/UTI	0	0	0	0	0	0	0	0	0
b) Banks/FI	0	0	0	0	0	0	0	0	0
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt(s).	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
(2) Non-Institutions									
a) Bodies Corp	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals	0	0	0	0	0	0	0	0	0
i) Individual shareholders holding nominal share capital upto Rs.1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of Rs.1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)									
c-i) Trust	0	0	0	0	0	0	0	0	0
c-ii) Clearing Member	0	0	0	0	0	0	0	0	0
c-iii) NRIs	0	0	0	0	0	0	0	0	0
c-iv) Foreign Nationals	0	0	0	0	0	0	0	0	0
Sub-total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. SHARES HELD BY CUSTODIAN FOR GDRS & ADRS	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**50,000**	**50,000**	**100**	**0**	**50,000**	**50,000 (*)**	**100**	**0**

(*) Out of 50,000 equity shares, 6 equity shares are held by six individuals as nominee shareholders on behalf of Dr. Reddy's Laboratories Limited, Holding Company.

ii) Shareholding of Promoters

Sr. no.	**Category of Shareholders**	**No. of shares held at the beginning of the year**			**No. of shares held at the end of the year**			**% change during the year**
		No. of Shares	**% of total shares of the company**	**% of Shares Pledged / encumbered to total shares***	**No. of Shares**	**% of total shares of the company**	**% of Shares Pledged / encumbered to total shares***	
1	Dr. Reddy's Laboratories Limited	50,000	100	0	50,000	100	0	0
		50,000	**100**	**0**	**50,000**	**100**	**0**	**0**

iii) Change in Promoters' Shareholding

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
At the beginning of the year	50,000	100	50,000	100
Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/bonus/sweat equity etc)	No Change			
At the End of the year	50,000	100	50,000	100

iv) Shareholding pattern of top ten Shareholders (other than Directors, Promoters and holders of GDRs and ADRs)

Name	Shareholding at the beginning of the year		Shareholding at the end of the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
NIL				

v) Shareholding of Directors and Key Managerial personnel

Sr. no.	Name	Date	Shareholding at the beginning of the year		Increase / (Decrease) in Shareholding, if any	Reason	Cumulative Shareholding during the year	
			No. of Shares (*)	% of total shares of the company			No. of Shares	% of total shares of the company
A.	DIRECTORS*							
1	Mr. Venkata Narasimham Mannam*	01.04.2020	1	0	0	-	1	0
		31.03.2021	1	0	0	-	1	0
2	Mr. Sujit Kumar Mahato*	01.04.2020	1	0	0	-	1	0
		31.03.2021	1	0	0	-	1	0
3	Ms. Namrata(1)	01.04.2020	0	0	0	-	0	0
		26.12.2020	0	0	0	-	0	0
3	Mr. M V Ramana(2)	26.12.2020	0	0	0	-	0	0
		31.03.2021	0	0	0	-	0	0
B.	KEY MANAGEMENT PERSONNEL (KMPs)							
4	Mr. Ashok Kalyan Tavva (Chief Financial Officer)(3)	01.04.2020	0	0	0	-	0	0
		05.06.2020	0	0	0	-	0	0
5	Ms. Sudha Jhunjhunwala (Company Secretary) (3)	01.04.2020	0	0	0	-	0	0
		05.06.2020	0	0	0	-	0	0
6	Mr. Kiran Yanamandra* (Chief Executive Officer) (3)	01.04.2020	1	0	0	-	1	0
		05.06.2020	1	0	0	-	1	0

* Held as nominee shareholder on behalf of Dr. Reddy's Laboratories Limited, Holding Company.

(1) Ceased to be Director of the Company w.e.f. 26 December 2020.

(2) Appointed w.e.f. 26 December 2020.

(3) Ceased to be Key Managerial Personnel w.e.f. 5 June 2020.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment – NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A) **Remuneration of Managing Director, Whole-time Director and/or Manager** – Not applicable

B) **Remuneration of other directors –** No remuneration was paid to the directors.

C) **Remuneration of Key Managerial Personnel other than MD/WTD/Manager** – No remuneration was paid to the Key Managerial Personnel.

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES – There were no penalties/punishments/compounding of offences during the year.

For and on behalf of the Board of Directors

Date: May 11, 2021	**Sujit Kumar Mahato**	**M V Narasimham**
Place: Hyderabad	Director	Director
	DIN: 07599067	DIN: 02677423

Dr.Reddy's | svaas

Svaas Wellness Limited
(Formerly, Regkinetics Services Limited)
Regd. Office: 8-2-337, Road No. 3, Banjara Hills, Hyderabad - 500034
CIN: U85100TG2009PLC064271

NOTICE

Notice is hereby given that the 12th Annual General Meeting of the members of Svaas Wellness Limited (Formerly Regkinetics Services Limited) (CIN: U85100TG2009PLC064271) will be on Tuesday, July 15, 2021, at 02.30 pm at the Registered Office of the Company at 8-2-337, Road No. 3, Banjara Hills, Hyderabad, Telangana - 500 034 to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the financial statements of the Company for the financial year ended March 31, 2021 including the audited balance sheet as at March 31, 2021 and the statement of the Profit and Loss of the Company for the year ended on that date along with the reports of the Board of Directors and the Auditors thereon.

2. To re-appoint Mr. M V Narasimham (DIN: 02677423), who retires by rotation, and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS:

3. **APPOINTMENT OF MR. M V RAMANA (DIN: 09000585) AS A DIRECTOR OF THE COMPANY**

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

   "**RESOLVED THAT** pursuant to the provisions of Sections 149 and 152 and other applicable provisions, if any, of the Companies Act, 2013, Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modifications(s) or re-enactment thereof, for the time being in force) and Articles of Association of the Company, Mr. M V Ramana (DIN: 09000585), who was appointed as an Additional Director of the Company with effect from 26 December 2020 in terms of section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 proposing him as a Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

NOTES:

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

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

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

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

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

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

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

Place: Hyderabad
Date: May 11, 2021

By order of the Board

Sujit Kumar Mahato
Director
DIN: 07599067
8-2-337, Road No. 3,
Banjara Hills, Hyderabad,
Telangana - 500 034

ANNEXURE TO NOTICE OF AGM

Statement pursuant to Section 102(1) of the Companies Act, 2013, the Rules made thereunder in respect of special business set out in the notice and Secretarial Standard on General Meetings (SS-2) is annexed hereto.

ITEM NO: 1

Mr. M V Narasimham (DIN: 02677423), aged 52 years, holds a Bachelor degree in Commerce from Nagarjuna University, Andhra Pradesh. He is a Chartered Accountant from the Institute of Chartered Accountants of India and also an Inter ACS from the Institute of Company Secretaries of India. He has an experience of around 28 years in handling the multiple functions within operational finance in the engineering and pharmaceutical industry.

Presently, he is the Global Head of Finance, Tax and Treasury, and Consolidation in Dr. Reddy's Laboratories Ltd. (ultimate holding company).

He is also a director on the boards of Dr. Reddy's Research Foundation and the following wholly owned subsidiaries of Dr. Reddy's Laboratories Limited (ultimate holding company): Dr. Reddy's Formulations Limited, Cheminor Investments Limited, Idea2Enterprises (India) Private Limited, Citizen's Electoral Trust, Aurigene Pharmaceutical Services Limited, DRL Impex Limited and CFO of Dr. Reddy's Bio-Sciences Limited in India and the following foreign subsidiaries - Dr. Reddy's Laboratories (UK) Limited, Dr. Reddy's Laboratories (EU) Limited, Chirotech Technology Limited, Industrias Quimicas Falcon de Mexico, S.A., Dr. Reddy's (WUXI) Pharmaceutical Co. Ltd, Dr. Reddy's Laboratories Taiwan Limited, and Dr. Reddy's Laboratories Japan KK. He is also a trustee in Dr. Reddy's Laboratories Gratuity Fund, DRL Employees' Benevolent Fund, Dr. Reddy's Employees ESOS Trust, and Dr. Reddy's Group of Companies Senior Executives' Superannuation Scheme.

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

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

Mr. M V Narasimham holds one equity share in the Company as a nominee of Dr. Reddy's Laboratories Limited (holding company).

None of the directors of the Company and their relatives other than Mr. M V Narasimham and his relatives are concerned or interested the resolution as set out in item no. 1.

The board recommends the resolution set forth in item no. 1 for approval of the members.

ITEM NO: 2

Mr. M V Ramana (DIN: 09000585) aged 52 years, holds a MBA degree from Osmania University, Hyderabad, India and has completed the ISB-Kellogg management development program. He is the CEO - Branded Markets (India and Emerging Countries) of Dr. Reddy's Laboratories Limited (Holding Company). He has over 29 years of experience in handling various critical assignments including setting up the businesses in several countries across Asia, Latin America, Africa and the

Middle East. He is also a Director on the Board of the following foreign wholly owned subsidiaries of Dr. Reddy's Laboratories Limited - Dr. Reddy's Laboratories (Australia) Pty. Ltd., Dr. Reddy's Laboratories (Proprietary) Ltd., Kunshan Rotam Reddy Pharmaceuticals Co. Ltd., Dr. Reddy's Laboratories Chile SPA, Dr. Reddy's (WUXI) Pharmaceutical Co. Ltd, Dr. Reddy's (Beijing) Pharmaceutical Co. Ltd, Dr. Reddy's Laboratories Malaysia SDN. BHD., Dr. Reddy's Laboratories Taiwan Ltd., and Dr. Reddy's Laboratories Philippines Inc

He has been appointed as Additional Director on the Board of the Company with effect from December 26, 2020. He holds nil equity shares in the Company.

He has attended all the Board meetings held since his appointment in December 26, 2020. The Company has received (i) consent in writing to act as Director in Form DIR-2 pursuant to Rule 8 of the Companies (Appointment and Qualification of Directors) Rules, 2014; (ii) intimation in Form DIR-8 pursuant to Rule 14 of the Companies (Appointment and Qualification of Directors) Rules, 2014 from Mr. M V Ramana to the effect that he is not disqualified in accordance with Section 164 of the Companies Act, 2013. (iii) notice in writing from a member under Section 160 of the Act proposing the candidature of Mr. Yanamandra as a director of the company.

None of the Directors of the Company and their relatives other than Mr. M V Ramana and his relatives are concerned or interested the resolution as set out in item no. 2.

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

Place: Hyderabad
Date: May 11, 2021

By order of the Board

Sujit Kumar Mahato
Director
DIN: 07599067
8-2-337, Road No. 3,
Banjara Hills, Hyderabad,
Telangana - 500 034

Alka Zanwar & Co.
Chartered Accountants

To
Members
Svaas Wellness Limited
(formerly known as Regkinetics Services Limited)

Report on the Standalone Ind AS Financial Statements

Opinion

We have audited the standalone Financial Statements of **Svaas Wellness Limited (formerly known as Regkinetics Services Limited)("the Company")"),** which comprise the Balance sheet as at March 31, 2021, and the Statement of Profit and Loss, including the statement of Other Comprehensive Income, Statement of cash flows and the Statement of Changes in Equity for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss including other comprehensive income, and its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *Code of Ethics* issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the stand alone financial statements of the current period. These matters were addressed in the context of our audit of the stand alone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the stand alone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Alka

Office: Flat No.205, 3rd Floor, Reliance Krishna Apartments, Hill Fort Road, Hyderabad - 500 004
Cell : 9849172508 E-mail : alkazanwarandco@gmail.com

Alka Zanwar & Co.
Chartered Accountants

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

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

Auditor's Responsibilities for the Audit of the Stand alone Financial Statements

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because

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Alka Zanwar & Co.
Chartered Accountants

the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2021, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order,2016 ("the Order") issued by the Central Government interms of Section 143(11) of the Act, we give in "Annexure A"a statement on the matters specified in paragraphs 3 and 4of the Order.

2. As required by Section 143(3) of the Act, we report that:

a) We have sought and obtained all the informationand explanations which to the best of our knowledgeand belief were necessary for the purposes of ouraudit.

b) In our opinion, proper books of account as requiredby law have been kept by the Company so far as itappears from our examination of those books

c) The Balance Sheet, the Statement of Profit andLoss, the Cash Flow Statement and Statement ofChanges in Equity dealt with by this Report are inagreement with the books of account

e) In our opinion, the aforesaid standalone Ind ASfinancial statements comply with the IndianAccounting Standards prescribed under section 133of the Act.

e) On the basis of the written representations receivedfrom the directors as on 31st March 2021 taken onrecord by the Board of Directors, none of thedirectors is disqualified as on 31st March 2021 frombeing appointed as a director in terms of Section164(2) of the Act.

f) As required under clause (i), a separate report on the internal financial controls is annexed in Annexure-B herewith.

g) With respect to the other matters to be included inthe Auditor's Report in accordance with Rule 11 ofthe Companies (Audit and Auditors) Rules, 2014, inour opinion and to the best of our information andaccording to the explanations given to us:

i. TheCompany does not have any pending litigationswhich would impact its financial position

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Alka Zanwar & Co.
Chartered Accountants

ii. The Company did not have anylong-term contracts including derivativecontracts for which there were any materialforeseeable losses.

iii. There has been no delay in transferringamounts, required to be transferred, to theInvestor Education and Protection Fund.

(h) With reference to the matters to be included under Section 143(16) of the Companies Act, based on the information provided and explanations offered, the company has not employed any managerial personnel and hence the provisions of the Companies Act, 2013 relating to Managerial remuneration are not applicable to the Company

For M/s Alka Zanwar& Co
Chartered Accountants
Firm Regn No. 0005015
Alka Zanwar
Alka Zanwar
Partner
Membership No. 206739
UDIN: 21206739AAAABA9362

Hyderabad
Date:11/05/2021

Alka Zanwar & Co.
Chartered Accountants

ANNEXURE TO THE AUDITORS' REPORT
Svaas Wellness Limited
(formerly known as Regkinetics Services Limited)
(Of even date referred to in Para 1 of our Report)

(i) The Company has no fixed assets and hence clause 3(i) of the Order is not applicable to the Company for the period under audit.

(ii) As explained and information given to us, the company does not have any inventory and hence para 3(ii) of the Order is not applicable to the Company for the period under audit.

(iii) Based on the information provided to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 hence, in our opinion, the Clause 3(iii)(a), 3(iii)(b) and 3(iii)(c) are not applicable to the Company for the year.

(iv) Based on the information provided to us, the Company has not given any loan, guarantee, nor provided any security in connection with a loan and not acquired any security during the year and hence, in our opinion, the clause 3(iv) is not applicable to the Company during the year.

(v) Based on the information provided to us, the Company has not accepted any deposits during the year and hence, in our opinion, the Clause 3(v) is not applicable to the Company for the year.

(vi) Based on the explanations given to us, the Company is not required to maintain cost Records under Section 148 of the Companies Act, 2013 and hence the clause 3(vi) of the order is not applicable to the Company for the period under audit.

(vii) (a) According to the records of the Company, the Company is regular in depositing the undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess with the appropriate authorities;

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales tax, Wealth tax, Service tax, Duty of Customs, Duty of Excise, Value added tax and other material statutory dues were in arrears as at 31 March 2020 for a period of more than six months from the date they became payable

(b) According to the information and explanations given to us, there are no dues of VAT, income tax, customs duty, excise duty, service tax, cess to be deposited on account of any dispute and hence, clause 3(vii)(b) of the Order is not applicable to the Company during the year.

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Chartered Accountants

Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

(viii) Based on the information provided and explanation given to us, the Company has not taken any loans from Banks / Financial Institutions / Government / due to Debenture Holders and hence clause 3(viii) of the Order is not applicable to the Company for the period under audit.

(ix) According to the information and explanations given to us, the Company has not raised any monies by way of IPO / further public offer nor has taken any term loans and hence clause 3(ix) of the Order is not applicable to the Company for the period under audit.

(x) In our opinion and according to the information provided and explanations offered to us, no fraud on or by the Company has been noticed or reported during the year.

(xi) In our opinion, the provisions of section 197 read with Schedule V to the Companies Act,2013 the Company has not paid any managerial remuneration during the year and hence clause 3(xi) of the Order is not applicable to the Company for the period under audit.

(xii) Based on the explanations given to us, in our opinion, the Company is not a Nidhi Company as per section 406 of the Companies Act,2013 and hence clause 3(xii) is not applicable to the Company.

(xiii) Based on the information provided and explanation given to us, in our opinion, all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;

(xiv) The Company has not made any preferential allotment of shares during the year and during the year under review and hence, clause 3(xiv) is not applicable to the Company during the year.

(xv) As per the information given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them during the year under review and so, clause 3(xv) is not applicable to the Company during the year.

(xvi) According to the information provided and explanations offered to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and so, clause (xvi) is not applicable to this Company.

For M/s Alka Zanwar& Co
Chartered Accountants
Firm Regn No. 000501S

Alka Zanwar

Alka Zanwar
Partner
Membership No. 206739
UDIN: 21206739AAAABA9362

Hyderabad
Date:11/05/2021

Alka Zanwar & Co.
Chartered Accountants

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF Svaas Wellness Limited (formerly known as Regkinetics Services Limited) [Re : Clause 2(f) of the independent auditors report]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Svaas Wellness Limited (formerly known as Regkinetics Services Limited)**, as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on, the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control over financial reporting includes those policies and procedures that

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Alka Zanwar & Co.
Chartered Accountants

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M/s Alka Zanwar& Co
Chartered Accountants
Firm Regn No. 000501S
Alka Zanwar
Partner
Membership No. 206739
UDIN: 21206739AAAABA9362

Hyderabad
Date:11/05/2021

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Svaas Wellness Limited (formerly known as Regkinetics Services Limited)
Balance Sheet
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	As at 31 March 2021	As at 31 March 2020
ASSETS			
Non-current assets			
Other Intangible Assets	2.1	430	-
Tax assets, net	2.4	0	54
		430	**54**
Current assets			
Financial assets			
Investments	2.2	6,118	7,453
Cash and cash equivalents	2.3	1,267	430
Other Current assets	2.5	129	-
		7,515	**7,882**
Total assets		**7,945**	**7,937**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.6	500	500
Other equity		4,535	7,327
		5,035	**7,827**
Liabilities			
Non-current liabilities			
Deferred tax liabilities, net	2.8	128	95
		128	**95**
Current liabilities			
Financial liabilities			
Other financial liabilities	2.7	2,782	15
		2,782	**15**
Total equity and liabilities		**7,945**	**7,937**

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

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

for and on behalf of the Board of Directors of
Svaas Wellness Limited (formerly known as Regkinetics Services Limited)
CIN: U24233TG2009PLC064271

per Alka Zanwar
Partner
ICAI Firm registration number: 206739

Venkatanarasimham Mannam
Director
DIN : 0002677423

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2021

Svaas Wellness Limited (formerly known as Regkinetics Services Limited)
Statement of Profit and Loss
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
Income			
Revenue from operations		-	-
Other income	2.9	265	4,447
Total income		**265**	**4,447**
Expenses			
Other expenses	3.0	3,018	149
Total expenses		**3,018**	**149**
Profit/(Loss) before tax		**(2,752)**	**4,298**
Tax expense			
Current tax		6	1,826
Deferred tax		33	(713)
Profit/(Loss) for the year		**(2,792)**	**3,185**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss		-	-
Items that will be reclassified subsequently to profit or loss		-	-
Total other comprehensive income/(loss) for the year, net of tax		**-**	**-**
Total comprehensive income/(loss) for the year		**(2,792)**	**3,185**
Earnings per share:	3.1		
Basic earnings per share of Rs. 10/- each		(55.84)	63.69
Diluted earnings per share of Rs. 10/- each		(55.84)	63.69

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

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

for and on behalf of the Board of Directors of
Svaas Wellness Limited (formerly known as Regkinetics Services Limited)
CIN: U24233TG2009PLC064271

per Alka Zanwar
Partner
ICAI Firm registration number: 206739

Venkatanarasimham Mannam
Director
DIN : 0002677423

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2021

Svaas Wellness Limited (formerly known as Regkinetics Services Limited)
Statement of changes in equity
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	Equity share capital		Other components of equity			Total equity
			Reserves and surplus	Other comprehensive income/(loss)	Total other equity	
	No.of Shares	Amount	Retained earnings			
Balance as at 1 April 2019	**50,000**	**500**	**4,142**	**-**	**4,142**	**4,642**
Profit for the year	-	-	3,185	-	3,185	**3,185**
Balance as of 31 March 2020	**50,000**	**500**	**7,327**	**-**	**7,327**	**7,827**
Balance as at 1 April 2020	**50,000**	**500**	**7,327**	**-**	**7,327**	**7,827**
Profit for the year	-	-	(2,792)	-	(2,792)	**(2,792)**
Redemption of equity shares	-	-	-	-	-	**-**
Dividend distribution tax paid on redemption of equity shares	-	-	-		-	**-**
Balance as of 31 March 2021	**50,000**	**500**	**4,535**	**-**	**4,535**	**5,035**

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

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

for and on behalf of the Board of Directors of
Svaas Wellness Limited (formerly known as Regkinetics Services Limited)
CIN: U24233TG2009PLC064271

per Alka Zanwar
Partner
ICAI Firm registration number: 206739

Venkatanarasimham Mannam
Director
DIN : 0002677423

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2021

Svaas Wellness Limited (formerly known as Regkinetics Services Limited)
Statement of Cash Flows
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flows from/(used in) operating activities		
Profit before taxation	(2,752)	4,298
Adjustments:		
Interest income received	-	-
Profit on sale of mutual funds	(122)	(7,313)
Fair value gain on financial instruments through profit or loss	(143)	2,866
Changes in operating assets and liabilities:		
Increase in other assets	**(129)**	-
Increase in other liabilities	2,767	5
Cash generated from/(used in) operations	**(380)**	**(144)**
Income taxes paid, net	48	(1,865)
Net cash used in operating activities	**(332)**	**(2,009)**
Cash flows from/(used in) investing activities		
Proceeds from sale of investments	1,600	2,03,001
Purchase of Property, plant and Equipment and Other intangible assets	(430)	-
Purchase of investments	-	-
Interest income received	-	-
Net cash from/(used in) investing activities	**1,170**	**2,03,001**
Cash flows from/(used in) financing activities		
Reduction of share capital	-	(2,00,000)
Dividend distribution tax paid on reduction of share capital	-	(2,131)
Net cash used in financing activities	**-**	**(2,02,131)**
Net increase/ (decrease) in cash and cash equivalents	838	(1,138)
Cash and cash equivalents at the beginning of the year (Refer note 2.2)	430	1,568
Cash and cash equivalents at the end of the year (Refer note 2.2)	**1,267**	**430**

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

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

for and on behalf of the Board of Directors of
Svaas Wellness Limited (formerly known as Regkinetics Services Lin
CIN: U24233TG2009PLC064271

per Alka Zanwar
Partner
ICAI Firm registration number: 206739

Venkatanarasimham Mannam
Director
DIN : 0002677423

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2021

1.1 Description of the Company

The financial statements comprise of Svaas Wellness Limited (formerly known as Regkinetics Services Limited) ("the Company") for the year ended 31 March 2021. The company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located in Hyderabad, Telangana, India. The Company is in the business of providing Digital Healthcare and information technology enabled business support services.

Change in the Name and Objectsof the Company

During the year there has been a change in the name of the company from Regkinetics Services Limited to Svaas Wellness Limited pursuant to resolution passed by the Board of Directors of the Company at the Board Meeting dated September 04, 2020. The new name became effective with fresh Certificate of Incorporation from Registrar of Companies dated December 18, 2020. Further, the objects clause of Memorandum of Association of the Company was amended so as to enable the Company to venture into the Digital health care services and other information technology enabled business support services.

1.2 Basis of preparation of financial statements

a) **Statement of compliance**

The financial statements of the Company as at and for the year ended 31 March 2021 have been prepared and presented in accordance with the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time.
These financial statements have been prepared by the Company as a going concern on the basis of relevant Ind AS that are effective or elected for early adoption at the Company's annual reporting date, 31 March 2021. These financial statements were authorised for issuance by the Company's Board of Directors on 11 May 2021.

b) **Basis of measurement**

These financial statements have been prepared on the historical cost convention and on an accrual basis, except for the following material items in the balance sheet:
• financial assets are measured either at fair value or at amortised cost depending on the classification;
• long-term borrowings, except obligations under finance leases, are measured at amortised cost using the effective interest rate method;
• assets held for sale are measured at fair value less costs to sell

c) **Functional and presentation currency**

These financial statements are presented in Indian rupees, which is the functional currency of the company. All financial information presented in Indian rupees has been rounded to the nearest thousands.

d) **Use of estimates and judgements**

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

e) **Current and non-current classification**

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1, Presentation of Financial Statements.
Assets:
An asset is classified as current when it satisfies any of the following criteria:
a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is expected to be realised within twelve months after the reporting date; or
d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:
A liability is classified as current when it satisfies any of the following criteria:
a) it is expected to be settled in the Company's normal operating cycle;
b) it is held primarily for the purpose of being traded;
c) it is due to be settled within twelve months after the reporting date; or
d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

1.3 Significant accounting policies

a) Financial instruments

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

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

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

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

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

Debt instrument at FVTOCI

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

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

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

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

Debt instrument at FVTPL

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

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

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

Equity investments

All equity investments within the scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS103 applies are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

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

Investments in subsidiaries and joint venture:

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

Derecognition

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

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

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

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

Impairment of trade receivables and other financial assets

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

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

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognised in OCI. These gains/ losses are not subsequently transferred to the statement of profit and loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit and loss. The Company has not designated any financial liability as fair value through profit and loss.

Loans and borrowings

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

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

Derecognition

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

Cash and cash equivalents

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

b) **Provisions**

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

c) **Contingent liabilities and contingent assets**

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

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

d) **Revenue**

Revenue (other than for those items to which Ind AS 109 Financial Instruments are applicable) is measured at fair value of the consideration received or receivable. Ind AS 115 Revenue from contracts with customers outlines a single comprehensive model of accounting for revenue arising from contracts with customers and supersedes current revenue recognition guidance found within Ind AS

The Company recognises revenue from contracts with customers based on a five step model as set out in Ind AS 115:

Step 1: Identify contract(s) with a customer: A contract is defined as an agreement between two or more parties that creates enforceable rights and obligations and sets out the criteria for every contract that must be met.

Step 2: Identify performance obligations in the contract: A performance obligation is a promise in a contract with a customer to transfer a good or service to the customer.

Step 3: Determine the transaction price: The transaction price is the amount of consideration to which the Company expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Step 4: Allocate the transaction price to the performance obligations in the contract: For a contract that has more than one performance obligation, the Company allocates the transaction price to each performance obligation in an amount that depicts the amount of consideration to which the Company expects to be entitled in exchange for satisfying each performance obligation.

Step 5: Recognise revenue when (or as) the Company satisfies a performance obligation

e) **Other income and finance cost**

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

Borrowing costs are recognised in the statement of profit and loss using the effective interest method. The associated cash flows are classified as financing activities in the statement of cash flows.

f) **Income tax**

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

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

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

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

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

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

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

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

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

g) **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.

Svaas Wellness Limited (formerly known as Regkinetics Services Limited)
Notes to the Financial Statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

Non-Current Assets

2.1 Intangible assets

Particulars	As at 31 March 2021	As at 31 March 2020
Other Intangible Assets	430	-
Total intangible assets	**430**	**-**

Financial assets

2.2 Investments

Particulars	As at 31 March 2021	As at 31 March 2020
Current		
Investments at Fair value through profit & loss account		
Investment in mutual funds - unquoted	6,118	7,453
Total current investments	**6,118**	**7,453**

2.3 Cash and cash equivalents

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with banks		
In current accounts	1,267	430
Cash and cash equivalents	**1,267**	**430**

2.4 Tax asset

Particulars	As at 31 March 2021	As at 31 March 2020
Advance tax paid	0	54
	0	**54**

2.5 Other Current Assets

Particulars	As at 31 March 2021	As at 31 March 2020
Balances with statutory authorities	129	-
Total Other current assets	**129**	**-**

2.6 Share capital

Particulars	As at 31 March 2021	As at 31 March 2020
Authorised share capital		
25,000,000 equity shares of Rs. 10/- each (31 March 2020: 25,000,000)	25,00,00,000	25,00,00,000
Issued equity capital		
50,000 equity shares of Rs. 10/- each fully paid-up (31 March 2020: 50,000)	500	500
Subscribed and fully paid-up		
50,000 equity shares of Rs. 10/- each fully paid-up (31 March 2020: 50,000)	500	500
	500	**500**

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

Particulars	For the year ended 31 March 2021		For the year ended 31 March 2020	
	No. of shares	Amount	No. of shares	Amount
Opening number of equity shares/share capital	50,000	500	50,000	500
Less: Redeemed during the year	-	-	-	
Closing number of equity shares/share capital	**50,000**	**500**	**50,000**	**500**

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

(b) Terms / rights attached to the equity shares

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

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

Particulars	As at 31 March 2021		As at 31 March 2020	
	No. of shares held	% holding in the class	No. of shares held	% holding in the class
Dr. Reddy's Laboratories Limtied (including shares held by nominees)	50,000	100%	50,000	100%

(d) Reduction of share capital

During the previous year 2018-19 the company has applied for Reduction of Share Capital as per Section 66 of the Companies Act, 2013 to NCLT by 99.75 % by way of paying off the paid up share capital, which is in excess of wants of the company, to the shareholders.

During the current year NCLT has approved the same and passed the order on 14-June-2019. Upon approval of NCLT Company has made the reduction in paid-up share capital from 20,050,000 equity shares of Rs. 10 each ~ Rs. 200,500 to 50,000 equity shares of Rs. 10 each ~ Rs. 500 by redeeming 20,000,000 equity shares and repaying Rs. 200,000 to the holding company Dr. Reddy's Laboratories Limtied.

Financial liabilities

2.7 Other financial liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Current		
Accrued expenses	2,782	15
	2,782	**15**

2.8 Deferred tax liabilities

Particulars	As at 31 March 2021	As at 31 March 2020
Deferred tax liabilities	128	95
	128	**95**

2.9 Other income

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Interest income		
On deposits with bank	-	-
Profit on sale of mutual funds, net	122	7,313
Fair value gain/(loss) on financial instruments through profit or loss	143	(2,866)
	265	**4,447**

3.0 Other expenses

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Legal and professional	50	100
Rates and taxes	5	5
Auditors' remuneration (Audit fee)	20	18
Bank charges	0	0
Other general expenses	2,942	26
	3,018	**149**

Svaas Wellness Limited (formerly known as Regkinetics Services Limited)
Notes to the Financial Statements
(All amounts in Indian Rupees thousands, except share data and where otherwise stated)

3.1 Earnings Per Share

Particulars	For the year ended 31 March 2021	For the year ended 31 March 2020
Profit for the year	(2,792)	3,185
Weighted average number of equity shares		
outstanding during the year - Basic	50,000	50,000
outstanding during the year - Diluted	50,000	50,000
Earnings Per Share:		
Basic (face value of Rs.10/-)	(55.84)	63.69
Diluted (face value of Rs.10/-)	(55.84)	63.69

2.10 Related Parties

A. List of related parties:

Name of the party	Nature of relationship
Dr. Reddy's Laboratories Limited	Holding Company

B. Particulars of related parties transactions:

	For the year ended 31 March 2021	For the year ended 31 March 2020
Dr. Reddy's Laboratories Limited		
Redemption of share capital	-	-
Issue of share capital	-	-

C.The Company has nil dues from/to related parties

2.11 Employee benefits
Ind AS 19 is not applicable to the company during the year as there are no employees .

2.12 Segment Reporting
In terms of Ind AS 108 relating to "segment reporting", the company operates only in one segment and hence the requirements under the standard are not applicable to the company.

2.13 Details of dues to Micro, Small and Medium Enterprises as defined under Micro, Small and Medium Enterprises Act, 2006
Based on the information available with the Company, there are no vendors who are registered as micro and small enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006", as at March 31, 2021 and March 31, 2020.

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

2.14 Financial Instruments

The carrying value and fair value of financial instruments as at 31 March 2021 and 31 March 2020 were as follows:

	Carrying Values		Fair Values		Hierarchy
	31 March 2021	31 March 2020	31 March 2021	31 March 2020	
Financial assets					
At amortised cost					
Cash and cash equivalents	1,267	430	1,267	430	Level 3
At FVTPL					
Investments	6,118	7,453	6,118	7,453	Level 1
Total	**7,386**	**7,882**	**7,386**	**7,882**	
Financial liabilities					
At amortised cost					
Other financial liabilities	2,782	15	2,782	15	Level 3
Total	**2,782**	**15**	**2,782**	**15**	

Fair value hierarchy

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

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

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

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

2.15 Financial Risk Management

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

a. Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk-sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments. The Company is exposed to market risk primarily related to market value of its investments.

b. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. Management monitors rolling forecasts of the Company's cash flow position and ensures that the Company is able to meet its financial obligations at all times including contingencies.

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

2.16 Capital management

For the purposes of the Company's capital management, capital includes issued capital and all other equity reserves. The primary objective of the Company's capital management is to maximise shareholder value. The Company manages it's capital structure and makes adjustments in the light of changes in economic environment and the requirements of the financial covenants. The Company monitors capital using gearing ratio, which is total debt divided by total capital plus debt. The capital gearing ratio as on 31 March 2021 and 31 March 2020.

Particulars	As at 31 March 2021	As at 31 March 2020
Other financial liabilities	2,782	15
Total debts	**2,782**	**15**
Equity	500	500
Other Equity	4,535	7,327
Total Capital	**5,035**	**7,827**
Capital and debt	**7,817**	**7,842**
Gearing ratio （%)	35.59%	0.19%

2.17 Subsequent events

There are no significant events that occurred after the balance sheet date.

As per our report of even date attached

for Alka Zanwar & Co.
Chartered Accountants
ICAI Firm registration number: 000501S

for and on behalf of the Board of Directors of
Svaas Wellness Limited (formerly known as Regkinetics Services Limited)
CIN: U24233TG2009PLC064271

per Alka Zanwar
Partner
ICAI Firm registration number: 206739

Venkatanarasimham Mannam
Director
DIN : 0002677423

Sujit Kumar Mahato
Director
DIN : 0007599067

Place: Hyderabad
Date: 11-May-2021

Independent Auditors' Report

To the Members of
DRANU LLC

We have audited the accompanying financial statements of **DRANU LLC.**, 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. 21202367AAABXT8379

Place: Hyderabad
Date: 11th May 2021

DRANU LLC
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			
Current assets			
Financial assets			
Cash and cash equivalents	2.1	-	-
Other assets		-	
Total current assets		**-**	**-**
Total assets		**-**	**-**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	2.2	3,59,824	3,59,824
Other equity		(3,59,825)	(3,59,824)
Total equity		**(1)**	**(0)**
Current liabilities			
Financial Liabilities			
Trade payables		-	-
Other current financial liabilities		**1**	**-**
Total Liabilities		**1**	**-**
Total equity and liabilities		**(0)**	**(0)**

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 **DRANU LLC**

PSRVV Surya Rao
Partner
Membership No. 202367

C Swaminathan
Director

Place: Hyderabad
Date: 11 May 2021

DRANU LLC

Statement of Profit and Loss

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

	Note	For the year ended 31 March 2021	For the year ended 31 March 2020
Revenue from operations		-	
Other Income		-	
Total Income		**-**	**-**
Expenses			
Selling and other expenses	2.3	1	54
Total expense		**1**	**54**
Loss before tax		**(1)**	**(54)**
Income tax expense		-	-
Loss for the year		**(1)**	**(54)**
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 **DRANU LLC**

PSRVV Surya Rao
Partner
Membership No. 202367

C Swaminathan
Director

Place: Hyderabad
Date: 11 May 2021

DRANU LLC

Statement of Changes in Equity

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

Total equity

For the year ended 31 March 2021

Particulars	Share Capital		Other components of Equity		Total Equity
	Shares	Amount	Other Comprehensive income	Retained Earnings	
Balance as of 1 April 2020	**-**	**3,59,824**	**4,947**	**(3,64,771)**	**(0)**
Foreign currency translation adjustments	-	-	-	-	-
Loss for the period	-	-	-	(1)	(1)
Balance as of 31 March 2021	**-**	**3,59,824**	**4,947**	**(3,64,772)**	**(1)**

For the year ended 31 March 2020

Particulars	Share Capital		Other Equity		Total Equity
	Shares	Amount	Other components of equity(OCI)	Retained Earnings	
Balance as of 1 April 2019	**-**	**3,59,824**	**4,947**	**(3,64,717)**	**54**
Foreign currency translation adjustments	-	-	-	-	-
Loss for the period	-	-	-	(54)	(54)
Balance as of 31 March 2020	**-**	**3,59,824**	**4,947**	**(3,64,771)**	**(0)**

As per our report of even date attached

for and on behalf of the Board of Directors of **DRANU LLC**

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

C Swaminathan
Director

PSRVV Surya Rao
Partner
Membership No. 202367

Place: Hyderabad
Date: 11 May 2021

DRANU LLC

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	(1)	(54)
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	-	-
Foreign exchange gain/loss,net	(0)	(0)
Operating cash flows before working capital changes	**(1)**	**(54)**
Working capital adjustments:		
Increase in other assets and liabilities	1	0
	(0)	**(54)**
Income tax paid	-	-
Net cash flows from operating activities	**(0)**	**(54)**
Net cash flows used in investing activities	-	-
Net cash flows from/ (used in) financing activities	-	-
Net increase / (decrease) in cash and cash equivalents	(0)	(54)
Cash and cash equivalents at the beginning of the year	-	54
Effect of foreign exchange differences on cash and cash equivalents	-	-
Cash and cash equivalents at the end of the year	**(0)**	**(0)**
Notes to the cash flow statement:		
Cash and cash equivalents at the end of the year	-	-
Cash and bank balances at the end of the year	-	-

The accompanying notes are an integral part of financial statements

As per our report of even date attached

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

PSRVV Surya Rao
Partner
Membership No. 202367

for and on behalf of the Board of Directors of **DRANU LLC**

C Swaminathan
Director

Place: Hyderabad
Date: 11 May 2021

DRANU LLC

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

DRANU, LLC (" the Company") is a joint venture of Dr. Reddy's Laboratories Inc. organised under the laws of USA.

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.

DRANU LLC

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)

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.

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.

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.

DRANU LLC

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)

Employee benefits

Short-term employee benefits

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

Defined contribution plans

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

Provisions, contingent liabilities and contingent assets

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

Restructuring

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

Onerous contracts

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

Reimbursement rights

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

Contingent liabilities

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

Contingent assets

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

Financial instruments

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

Financial assets

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

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.

DRANU LLC

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

Note 2: Notes to the financial statements

Financial Assets

	As at 31 March 2021	As at 31 March 2020
2.1 : Cash and cash equivalents		
Balances with banks:		
- On current accounts	-	-
	-	-

2.2 : Share capital

	As at 31 March 2021	As at 31 March 2020
Authorised Share Capital		
Authorised capital of US $ 2,085,900*	3,59,824	3,59,824
Issued equity capital		
Issued capital of US $ 2,085,900*	3,59,824	3,59,824
Subscribed and fully paid-up		
Issued capital of US $ 2,085,900*	3,59,824	3,59,824
	3,59,824	**3,59,824**

* No concept of nature and number of shares in the company.

	For the year ended 31 March 2021	For the year ended 31 March 2020
2.3 : Selling and other expenses		
Other general expenses	1	54
	1	**54**

DRANU LLC

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)

2.4 Going Concern

The accounts have been prepared on Going Concern basis, despite incurring losses and no assets, as the Company is supported by its parent company in its activities and financial affairs.

2.5 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.

2.6 Provisions, Contingent Liabilities and Contingent Assets

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

The accompanying notes are an integral part of financial statements

As per our report of even date attached

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

PSRVV Surya Rao
Partner
Membership No. 202367

for and on behalf of the Board of Directors of **DRANU LLC**

C Swaminathan
Director

Place: Hyderabad
Date: 11 May 2021