LUPIN HEALTHCARE LIMITED

AUDITED ACCOUNTS

FOR THE YEAR ENDED

MARCH 31, 2021

Kalpataru Inspire, 3rd Floor, Off Western Express Highway,
Santacruz (East) | Mumbai 400055

B S R & Co. LLP
Chartered Accountants

14th Floor, Central B Wing and North C Wing,
Nesco IT Park 4, Nesco Center,
Western Express Highway,
Goregaon (East), Mumbai - 400 063

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INDEPENDENT AUDITORS' REPORT

To the Members of Lupin Healthcare Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Lupin Healthcare Limited ("the Company"),which comprise the Balance sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 loss and other comprehensive income, changes in equity and its cash flows 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 Act. Our responsibilities under those SAs are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Emphasis of matter

We draw attention to Note 28 to the financial statements which explains that considering the asset income pattern, the Company, to be in compliance with the requirements of Section 45-IA of the Reserve Bank of India Act, 1934, was required to obtain a certificate of registration from the RBI. However, considering that the funds available with the Company were temporarily invested in financial assets pending commencement of commercial operations in the diagnostics business and that the Company does not intend to carry on financial activity as its principal business, the Company has not applied for the certificate of registration.

Our opinion is not modified in respect of this matter.

Other Information

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's annual report, but does not include the financial statements and our auditors' report thereon.

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

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

Management's and Board of Directors' Responsibility for the Financial Statements

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of 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 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 also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Independent Auditor's Report *(Continued)*

Lupin Healthcare Limited

Auditor's Responsibilities for the Audit of the Financial Statements *(Continued)*

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

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

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.

- Conclude on the appropriateness of the Management and 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 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.

Other Matter

"The financial statements of the Company for the year ended March 31, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on May 20, 2020."

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

Report on Other Legal and Regulatory Requirements *(Continued)*

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

a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

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

c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account

d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.

e) The matter described in the *Emphasis of Matter* paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.

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

g) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”.

(B) With respect to the other matters to be included in the Auditors’ Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

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

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from November 08, 2016 to December 30, 2016 have not been made in these financial statements since they do not pertain to the financial year ended March 31, 2021.

Independent Auditor's Report *(Continued)*

Lupin Healthcare Limited

Report on Other Legal and Regulatory Requirements *(Continued)*

(C) With respect to the matter to be included in the Auditors' Report under section 197(16) of the Act:

According to the information and explanation given to us, the Company has not paid or provided for managerial remuneration during the year and thus the provisions of Section 197 of the Act are not applicable to the Company. The Ministry of Corporate Affairs has not prescribed other details under Section197(16) which are required to be commented upon by us.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W–100022

Sreeja Marar
Partner
Membership No. 111410
UDIN: 21111410AAAAAU3448

Place: Mumbai
Date: May 11, 2021

Independent Auditor's Report *(Continued)*

Lupin Healthcare Limited

Annexure – A to the Independent Auditor’s Report – 31 March 2021

(Referred to in paragraph 1 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

i. The Company does not have any Property, plant and Equipments. Thus, Paragraph 3 (i) of the Order is not applicable to Company.

ii. The Company did not hold any inventories during the year or as at March 31, 2021. Thus, Paragraph 3 (ii) of the Order is not applicable to Company.

iii. According to information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 (‘the Act). Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.

iv. In our opinion and according to the information and explanations given to us, the Company has not granted any loans or made any investments or given any guarantees or security to the parties covered under section 185 and 186 of the Act. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

v. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits as per the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

vi. According to the information and explanations given to us, the Company is yet to commence its operations and accordingly the Central Government has not prescribed the maintenance of cost records under sub-section 1 of Section 148 of the Act for the services rendered by the Company. Accordingly, paragraph 3 (vi) of the Order is not applicable to the Company

vii. (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident fund, Employees’ state insurance, Income tax, Goods and Services tax, and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of duty of Customs, duty of Excise and Cess.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident fund, Employees’ state insurance, Income tax, Goods and Services tax, Sales tax, Service tax, Value added tax and other material statutory dues were in arrears as at March 31, 2021, 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 Income-tax, Sales Tax, Value added tax, Service tax and Goods and Services tax which have not been deposited on account of any dispute.

viii. According to the information and explanations given to us, the Company has not borrowed from any financial institutions, banks or debenture holders and hence paragraph 3(viii) of the Order is not applicable to the Company.

ix. The Company has not raised any moneys by way of initial public offer, further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

Annexure – A to the Independent Auditor’s Report – 31 March 2021 *(Continued)*

x. During the course of examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practice in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

xi. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not paid or provided for managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

xii. According to the information and explanations given to us, the Company is not a Nidhi Company and the Nidhi Rules, 2014 are not applicable to it. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

xiii. According to the information and explanations given to us and based on our examination of the records of the Company, transactions with related parties are in compliance with the provisions of Section 188 of the Act, where applicable. The details of such related party transactions have been disclosed in the financial statements as required under Indian Accounting Standard (Ind AS) 24, Related Party Disclosures specified under section 133 of the Act read with the relevant rules issued thereunder. We are informed that section 177 of the Act is not applicable to the Company.

xiv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has made preferential allotment of preference shares aggregating to Rs 500,000,000 during the year for the purpose of commencing the diagnostic business. In our opinion and according to the information and explanation given to us, the amount raised is pending for utilization for the above stated purpose and have been temporarily invested in mutual funds.

xv. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with its directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

xvi. As explained in more detail in note 28 to the financial statements, the Company has not obtained registration under section 45-IA of the Reserve Bank of India Act, 1934.

For **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W–100022

Sreeja Marar
Partner
Membership No. 111410
UDIN: 21111410AAAAAU3448

Place: Mumbai
Date: May 11, 2021

Independent Auditor's Report ***(Continued)***

Lupin Healthcare Limited

Annexure B to the Independent Auditor's Report on the financial statements of Lupin Healthcare Limited for the period ended March 31, 2021.

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(Referred to in paragraph 2(A)(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Lupin Healthcare Limited ("the Company") as of March 31, 2021, in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at March 31, 2021, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls with reference to financial statements.

Annexure B to the Independent Auditor's report on the standalone financial statements of Lupin Healthcare Limited for the period ended March 31, 2021. ***(Continued)***

Meaning of Internal Financial controls with Reference to Financial Statements

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

Inherent Limitations of Internal Financial controls with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co LLP**
Chartered Accountants
Firm's Registration No. 101248 W/W-100022

Sreeja Marar
Partner
Membership No. 111410
UDIN: 21111410AAAAAU3448

Place: Mumbai
Date: May 11, 2021

LUPIN HEALTHCARE LIMITED

BALANCE SHEET AS AT MARCH 31, 2021

	Note	As at 31.03.2021 ₹	As at 31.03.2020 ₹
ASSETS			
Non-Current Assets			
(a) Right of Use Assets	2	822,577	-
(b) Intangible Assets Under Development		208,500	-
(c) Non-Current Tax Assets (Net)		17,770	91,815
		1,048,847	91,815
Current Assets			
(a) Financial Assets			
(i) Investments	3	558,174,108	85,193,394
(ii) Cash and Cash Equivalents	4	21,175,505	572,992
(b) Other Current Assets	5	1,321,030	-
		580,670,643	85,766,386
TOTAL		**581,719,490**	**85,858,201**
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	6	26,166,770	26,166,770
(b) Other Equity	7	68,390,883	58,690,737
		94,557,653	84,857,507
Non-Current Liabilities			
(a) Financial Liabilities			
(i) Non-Current Borrowings	8	466,664,199	-
(ii) Other Non-Current Financial Liabilities	9	13,997,706	-
(b) Non-Current Provisions	10	547,545	-
(c) Deferred tax liabilities (Net)		2,758,476	968,705
		483,967,926	968,705
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables			
- Total outstanding dues of Micro Enterprises and Small Enterprises	11	-	-
- Total outstanding dues of other than Micro Enterprises	11	2,004,870	31,989
(ii) Other Current Financial Liabilities	12	191,602	-
(b) Other Current Liabilities	13	903,792	-
(c) Current Provisions	14	93,647	-
		3,193,911	31,989
TOTAL		**581,719,490**	**85,858,201**

See accompanying notes forming part of financial statement

In terms of our report attached

For B S R & Co. LLP	**For and on behalf of the Board of Directors of**	
Chartered Accountants	**Lupin Healthcare Limited**	
ICAI Firm Registration No. 101248W/W - 100022		
Sreeja Marar	**Nilesh D. Gupta**	**Sunil Makharia**
Partner	Managing Director	Director & CFO
Membership No. 111410	DIN: 01734642	DIN: 00064399
	R. V. Satam	
	Company Secretary	
	ACS - 11973	
Place : Mumbai	Place : Mumbai	
Dated : 11.05.2021	Dated : 11.05.2021	

LUPIN HEALTHCARE LIMITED

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

	Note	For The Current Year Ended 31.03.2021 ₹	For The Previous Year Ended 31.03.2020 ₹
INCOME:			
Other Income	15	9,486,418	2,687,358
Total Income		**9,486,418**	**2,687,358**
EXPENSES:			
Employee Benefit Expense	16	5,697,520	-
Finance Costs	17	13,359,794	1,600
Depreciation Expense	2	30,155	
Other Expenses	18	11,677,285	59,799
Total Expenses		**30,764,754**	**61,399**
Profit/(Loss) before Tax		**(21,278,336)**	**2,625,959**
Tax Expense:			
Current Tax (Net)	22	567,548	69,632
Deferred Tax		1,789,771	968,705
Total Tax Expense:		2,357,319	1,038,337
Profit/(Loss) for the year		**(23,635,655)**	**1,587,622**
Other Comprehensive Income/(Loss)			
(A)(i) Items that will not be reclassified to profit or loss		-	-
(ii) Income tax relating to item that will not be reclassified to profit or loss		-	-
(B)(i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to item that will be reclassified to profit or loss		-	-
Other Comprehensive Income/(Loss) for the year, net of tax		**-**	**-**
Total Comprehensive Income/(Loss) for the year		**(23,635,655)**	**1,587,622**
Earnings per equity share:			
Basic	25	(7.92)	0.61
Diluted		(7.92)	0.61
Face Value of Equity Share (in INR)		10	10

See accompanying notes forming part of financial statement

In terms of our report attached

For B S R & Co. LLP	**For and on behalf of the Board of Directors of**	
Chartered Accountants	**Lupin Healthcare Limited**	
ICAI Firm Registration No. 101248W/W - 100022		
Sreeja Marar	**Nilesh D. Gupta**	**Sunil Makharia**
Partner	Managing Director	Director & CFO
Membership No. 111410	DIN: 01734642	DIN: 00064399
	R. V. Satam	
	Company Secretary	
	ACS - 11973	
Place : Mumbai	Place : Mumbai	
Dated : 11.05.2021	Dated : 11.05.2021	

LUPIN HEALTHCARE LIMITED

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

(a) Equity share capital

	No. of Shares	₹ Amount
Balance at April 1, 2019	2,616,677	26,166,770
Changes in equity share capital during 2019-20	-	-
Balance at March 31, 2020	2,616,677	26,166,770
Changes in equity share capital during 2020-21	**-**	**-**
Balance at March 31, 2021	**2,616,677**	**26,166,770**

(b) Other equity

Particulars	Reserves & Surplus			Total
	Securities Premium Account	Retained earnings	0.01% Optionally Convertible Non-Cumulative Redeemable Preference Share Classified as Equity	
Balance at March 31, 2019	**55,500,930**	**1,602,185**		**57,103,115**
Profit for the year	**-**	**1,587,622**	**-**	**1,587,622**
Balance at March 31, 2020	**55,500,930**	**3,189,807**	**-**	**58,690,737**
Loss for the year	-	(23,635,655)	**-**	(23,635,655)
0.01% Optionally Convertible Non-Cumulative Redeemable Preference Share Classified as Equity	-	-	33,335,801	33,335,801
Balance at March 31, 2021	**55,500,930**	**(20,445,848)**	**33,335,801**	**68,390,883**

(i) **Securities Premium**

Securities premium account comprises of premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

(ii) **0.01% Optionally Convertible Non-Cumulative Redeemable Preference Shares**

During the year, the Company issued 50,000,000 (nos) 0.01% Optionally Convertible Non-Cumulative Redeemable Preference Shares of Rs. 10/- each aggregating Rs. 500,000,000 by way of private placement /preferential offer. The holder has option to convert the Optionally Convertible Non-Cumulative Redeemable Preference Shares into equity shares any time from the expiry of five years from the date of issue till the end of 10 years from the date of issue in the ratio of one equity share for 3 Optionally Convertible Non-Cumulative Redeemable Preference Shares. The Optionally Convertible Non-Cumulative Redeemable Preference Shares can be redeemed anytime at the option of the Company, from the date of issue till the expiry of 10 years from the date of issue and redemption premium of 8% p.a. shall accrue from the date of issue till the date of exercising redemption option.

In terms of our report attached

For B S R & Co. LLP	**For and on behalf of the Board of Directors of**	
Chartered Accountants	**Lupin Healthcare Limited**	
ICAI Firm Registration No. 101248W/W - 100022		
Sreeja Marar	**Nilesh D. Gupta**	**Sunil Makharia**
Partner	Managing Director	Director & CFO
Membership No. 111410	DIN: 01734642	DIN: 00064399
	R. V. Satam	
	Company Secretary	
	ACS - 11973	
Place : Mumbai	Place : Mumbai	
Dated : 11.05.2021	Dated : 11.05.2021	

LUPIN HEALTHCARE LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

	For the Current Year ended 31.03.2021 ₹	For the Previous Year ended 31.03.2020 ₹
A. Cash Flow from Operating activities		
Profit / (Loss) before Tax	(21,278,336)	2,625,959
Adjustments for :		
Depreciation Expense	30,155	-
Interest on Income Tax Refund	(5,704)	-
Finance Costs	13,359,794	-
Unrealised Gain on Mutual Fund Investments (net)	(7,248,341)	(2,410,439)
Net Gain on sale of Mutual Fund Investments	(2,232,373)	(276,919)
Operating Profit/(Loss) before Working Capital Changes	(17,374,805)	(61,399)
Changes in working capital:		
Adjustments for :		
Trade Payables	1,972,881	(32,334)
Other Current Liabilities	903,792	-
Non-Current Provision	547,545	-
Current Provision	93,647	-
Other Current Financial Liabilities	29,449	-
Other Financial Assets	(1,321,030)	58,597,941
Cash (used in) / generated from Operations	(15,148,521)	58,504,208
Direct Taxes paid	487,799	219,712
Net Cash flows (Used in)/generated in Operating Activities	**(15,636,320)**	**58,284,496**
B. Cash Flow from Investing Activities		
Capital expenditure on Intangible Assets Under Development	(208,500)	-
Purchase of Current Investments	(1,000,263,893)	(116,000,000)
Sale of Current Investments	536,763,893	58,276,919
Net Cash used in Investing Activities	**(463,708,500)**	**(57,723,081)**
C. Cash Flow from Financing Activities		
Proceeds from issue of Optionally Convertible Non-Cumulative Redeemable Preference Shares	500,000,000	-
Payment of Lease Liabilities	(36,000)	-
Finance Cost	(16,667)	-
Net Cash Generated from Financing Activities	**499,947,333**	**-**
Net increase in Cash and Cash equivalents	20,602,513	561,415
Cash and Cash equivalents at the beginning of the year	572,992	11,577
Cash and Cash equivalents at the end of the year (Refer Note 4)	**21,175,505**	**572,992**

Note :

1) The cash flow statement has been prepared under the "indirect method" as set out in the Indian Accounting Standard 7 (Ind AS-7) "Statement of Cash Flows".

In terms of our report attached

For B S R & Co. LLP	**For and on behalf of the Board of Directors of**	
Chartered Accountants	**Lupin Healthcare Limited**	
ICAI Firm Registration No. 101248W/W - 100022		
Sreeja Marar	**Nilesh D. Gupta**	**Sunil Makharia**
Partner	Managing Director	Director & CFO
Membership No. 111410	DIN: 01734642	DIN: 00064399
	R. V. Satam	
	Company Secretary	
	ACS - 11973	
Place : Mumbai	Place : Mumbai	
Dated : 11.05.2021	Dated : 11.05.2021	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1A. OVERVIEW:

The Company was incorporated under the Companies Act, 1956, on 17thMarch, 2011. The Company is a wholly owned Subsidiary of Lupin Limited. The Company has decided to undertake Diagnostic Business from the current year.The Company is a public limited company incorporated and domiciled in India. The address of its registered office is Kalpataru Inspire, 3rd floor, Western Express Highway, Santacruz (East), Mumbai 400055.

1B. SIGNIFICANT ACCOUNTING POLICIES:

a) Basis of accounting and preparation of Financial Statements:

Basis of preparation

These financial statements of the Company have been prepared in all material aspects in accordance with the recognition and measurement principles laid down in Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under section 133 of the Companies Act, 2013 ('the Act') read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015 as amended and other relevant provisions of the Act and accounting principles generally accepted in India. These standalone financial statements were authorized for issue by the Company's Board of Directors on May 7, 2021

Basis of measurement

i) These financial statements are prepared under the historical cost convention unless otherwise indicated.

Use of Estimates and Judgements

ii) The preparation of the Financial Statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialised. Estimates and underlying assumptions are reviewed on an ongoing basis.

Information about critical judgments in applying accounting policies, as well as estimates and assumptions that have the most significant effect to the carrying amounts of assets and liabilities within the next financial year, are included in the accounting policies.

- Measurement of defined benefit obligations (Refer note g)
- Measurement and likelihood of occurrence of provisions and contingencies (Refer note i)
- Recognition of deferred tax assets (Refer note e)
- Provision for Income taxes and uncertain tax positions (refer note e)

b) Property, Plant and Equipment & Depreciation:

I. Recognition and Measurement:

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses, if any. The cost of an item of property, plant and equipment comprises:

- its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates.
- any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which the Company incurs either when the item is acquired

or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

- income and expenses related to the incidental operations, not necessary to bring the item to the location and condition necessary for it to be capable of operating in the manner intended by management, are recognised in Statement of Profit and Loss. If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in Statement of Profit and Loss.

Capital work-in-progress in respect of assets which are not ready for their intended use are carried at cost, comprising of direct costs, related incidental expenses and attributable interest.

II. Subsequent Expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Company.

III. Depreciation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value and unmortised balances of Right of Use Assets (ROU).

Depreciation on property, plant and equipment of the Company has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Act.

c) Impairment of assets:

The carrying values of assets/cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

i) an intangible asset that is not yet available for use; and
ii) an intangible asset that is having indefinite useful life.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets, such reversal is not recognised.

d) Financial Instruments:

I. Financial Assets

<u>Classification</u>

On initial recognition the Company classifies financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or fair value through profit or loss on the basis of its business model for managing the financial assets and the contractual cash flow characteristics of the financial asset.

Initial recognition and measurement

All financial assets (not measured subsequently at fair value through profit or loss) are recognised initially at fair value plus 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 assets at amortised cost

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

i) the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
ii) 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 and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance 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.

Financial assets included within the fair value through profit and loss (FVTPL) category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company decides to classify the same either as at fair value through other comprehensive income (FVTOCI) or FVTPL. 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 other comprehensive income (OCI). There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of such investments.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a Company 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:

    i) the Company has transferred substantially all the risks and rewards of the asset, or
    ii) 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.

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

<u>Impairment of financial assets</u>

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

i) financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, and bank balance.
ii) trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables which do not contain a significant financing component.

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.

II. Financial Liabilities

<u>Classification</u>

The Company classifies all financial liabilities as subsequently measured at amortised cost, except for financial liabilities measured at fair value through profit or loss. Such liabilities, including derivatives that are liabilities, are subsequently measured at fair value with changes in fair value being recognised in the Statement of Profit and Loss.

<u>Initial recognition and measurement</u>

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, at amortised cost (loans, borrowings and 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.

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated 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 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 recognized in OCI. These gains/losses are not subsequently transferred to 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.

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 Statement of Profit and Loss when the liabilities are derecognised.

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.

This category generally applies to interest-bearing loans and borrowings.

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.

Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope Ind-AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in Statement of Profit and Loss, unless designated as effective hedging instruments. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Derivative financial instruments

The Company uses derivative financial instruments, such as foreign exchange forward contracts, interest rate swaps and currency options to manage its exposure to interest rate and foreign exchange risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

III. Measurement

The Company determines the fair value of its financial instruments on the basis of the following hierarchy:

(a) Level 1: The fair value of financial instruments quoted in active markets is based on their quoted closing price at the balance sheet date.

(b) Level 2: The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques using observable market data. Such valuation techniques include discounted cash flows, standard valuation models based on market parameters for interest rates, yield curves or foreign exchange rates, dealer quotes for similar instruments and use of comparable arm's length transactions.

(c) Level 3: The fair value of financial instruments that are measured on the basis of entity specific valuations using inputs that are not based on observable market data (unobservable inputs).

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 in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. It is measured using tax rates enacted or substantively enacted at the reporting date.

Current tax assets and liabilities are offset only if, the Company:
i) has a legally enforceable right to set off the recognised amounts; and
ii) Intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax

Deferred taxes are recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. 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; such reductions are reversed when the probability of future taxable profits improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

The Company recognises deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, branches and associates, and interests in joint arrangements, except to the extent that both of the following conditions are satisfied:
i) When the Company is able to control the timing of the reversal of the temporary difference; and
ii) it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred taxes are measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred taxes reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset only if:

i) the Company has a legally enforceable right to set off current tax assets against current tax liabilities; and
ii) The deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on the same taxable entity.

f) Revenue Recognition:

Interest income

Interest income is recognised with reference to the Effective Interest Rate method.

g) 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

Obligations for contributions to defined contribution plans are expensed as the related service is provided and the Company will have no legal or constructive obligation to pay further amounts. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

The Company's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligations is performed periodically by an independent qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Company, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements.

Remeasurement of the net defined benefit liability, which comprise actuarial gains and losses and the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). Net interest expense (income) on the net defined liability (asset) is computed by applying the discount rate, used to measure the net defined liability (asset). Net interest expense and other expenses related to defined benefit plans are recognised in Statement of Profit and Loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in Statement of Profit and Loss. The Company recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Company's net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is measured on the basis of a periodical independent actuarial valuation using the projected unit credit method. Remeasurement are recognised in Statement of Profit and Loss in the period in which they arise.

h) Leases:

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company uses the definition of a lease in Ind AS 116.

Company as a lessee

The Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract and allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components.

The Company recognises right-of-use asset representing its right to use the underlying asset for the lease term at the lease commencement date. The cost of the right-of-use asset measured at inception shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date less any lease incentives received, plus any initial direct costs incurred and an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset or restoring the underlying asset or site on which it is located. The right-of-use assets is subsequently measured at cost less any accumulated depreciation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset. The estimated useful lives of right-of- use assets are determined on the same basis as those of property, plant and equipment. Right-of-use assets are tested for impairment whenever there is any indication that their carrying amounts may not be recoverable. Impairment loss, if any, is recognised in the statement of profit and loss.

The Company measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate cannot be readily determined, the Company uses incremental borrowing rate, Generally, the Company uses its incremental borrowing rate as the discount rate. The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased. For leases with reasonably similar characteristics, the Company, on a lease by lease basis, may adopt either the incremental borrowing rate specific to the lease or the incremental borrowing rate for the portfolio as a whole. The lease payments shall include fixed payments, variable lease payments, residual value guarantees, exercise price of a purchase option where the Company is reasonably certain to exercise that option and payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease. The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made and remeasuring the carrying amount to reflect any reassessment or lease modifications or to reflect revised in-substance fixed lease payments. The company recognises the amount of the re-measurement of lease liability due to modification as an adjustment to the right-of-use asset and statement of profit and loss depending upon the nature of modification. Where the carrying amount of the right-of-use asset is reduced to zero and there is a further reduction in the measurement of the lease liability, the Company recognises any remaining amount of the re-measurement in statement of profit and loss.

The Company has elected not to apply the requirements of Ind AS 116 Leases to short-term leases of all assets that have a lease term of 12 months or less and leases for which the underlying asset is of low value. The lease payments associated with these leases are recognized as an expense on a straight-line basis over the lease term.

i) Provisions and Contingent Liabilities:

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. If effect of the time value of money is material, provisions are discounted using an appropriate discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed in the Notes to the Financial Statements. Contingent liabilities are disclosed for:

i) possible obligations which will be confirmed only by future events not wholly within the control of the Company, or
ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

j) Borrowing costs:

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds and is measured with reference to the effective interest rate (EIR) applicable to the respective borrowing. Borrowing costs include interest costs measured at EIR and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs, allocated to qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset up to the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

All other borrowing costs are recognised as an expense in the period which they are incurred.

k) Earnings per share:

Basic earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for the events for bonus issue, bonus element in a rights issue to existing shareholders, share split and reverse share split (consolidation of shares). Diluted earnings per share is computed by dividing the profit/(loss) after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares. The calculation of diluted earnings per share does not assume conversion, exercise, or other issue of potential ordinary shares that would have an antidilutive effect on earnings per share.

l) Goods and Services tax input credit:

Goods and Services tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing/utilising the credits.

m) Segment reporting:

The Company operates in one reportable business segment i.e. " Diagnostic ".

n) Operating cycle:

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current as set out in Schedule III of the Act.

1C. RECENT ACCOUNTING PRONOUNCEMENTS:

Other Amendments:

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head ‘financial liabilities’, duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under ‘additional regulatory requirement’ such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of Profit and Loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head ‘additional information’ in the notes forming part of standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

2. Right of Use Assets

₹

Particulars	Gross Block				Accumulated Depreciation				Net Block
	As at 01.04.2020	Additions	Disposals	As at 31.03.2021	As at 01.04.2020	For the period	Disposals	As at 31.03.2021	As at 31.03.2021
Leasehold Vehicles	-	852,732	-	852,732	-	30,155	-	30,155	**822,577**
Total	**-**	**852,732**	**-**	**852,732**	**-**	**30,155**	**-**	**30,155**	**822,577**

		As at 31.03.2021 ₹	As at 31.03.2020 ₹
3. CURRENT INVESTMENTS			
- Measured at Fair Value through Profit or Loss			
Unquoted			
In Mutual Funds		558,174,108	85,193,394
	Total	**558,174,108**	**85,193,394**
a) Aggregate amount of Unquoted Investments		558,174,108	85,193,394
b) Unrealised Loss on Mutual Fund Investments (net) as adjusted above		-	-
4. CASH AND CASH EQUIVALENTS			
Cash and Cash Equivalents (as per Ind AS-7 "Statements of Cashflows")			
Bank Balances			
- In Current Account		21,175,505	572,992
	Total	**21,175,505**	**572,992**
5. OTHER CURRENT ASSETS			
Prepaid Expenses		338,983	-
Balances with Government Authorities		382,047	-
Advances to Vendors			
- Considered Good		600,000	-
	Total	**1,321,030**	**-**

6 EQUITY SHARE CAPITAL

Particulars	As at 31.3.2021		As at 31.3.2020	
	Number of shares	₹	Number of shares	₹
Authorised				
Equity Shares of ₹ 10 each	3,000,000	30,000,000	3,000,000	30,000,000
Preference Shares of ₹ 10 each	100,000,000	1,000,000,000	9,000,000	90,000,000
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10 each fully paid	2,616,677	26,166,770	2,616,677	26,166,770
(All the above shares are held by Lupin Limited, the Holding Company and its nominees)				
Total	**2,616,677**	**26,166,770**	**2,616,677**	**26,166,770**

b) Reconciliation of the number of shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31.3.2021		As at 31.3.2020	
	Number of shares	₹	Number of shares	₹
Equity Shares outstanding at the beginning of the year	2,616,677	26,166,770	2,616,677	26,166,770
Equity Shares Issued during the year pursuant to exercise of ESOPs	-	-	-	-
Equity Shares outstanding at the end of the year	**2,616,677**	**26,166,770**	**2,616,677**	**26,166,770**

c) Rights attached to Equity Shares

The Company has only one class of Equity shares having a par value of Rs. 10 per share. Each holder of Equity share is entitled to one vote per share. In the event of liquidation of the company, the shareholders of Equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amounts. The distribution will be in proportion to the number of Equity shares held by the shareholders.

d) More than 5% shareholding in the Company by each shareholder

Name of Shareholder	As at 31.3.2021		As at 31.3.2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Lupin Limited & its nominees	2,616,677	100	2,616,677	100

e) 0.01% Optionally Convertible Non-Cumulative Redeemable Preference Shares

During the year, the Company issued 50,000,000 (nos) 0.01% Optionally Convertible Non-Cumulative Redeemable Preference Shares of Rs. 10/- each aggregating Rs. 500,000,000 by way of private placement /preferential offer. The holder has option to convert the Optionally Convertible Non-Cumulative Redeemable Preference Shares into equity shares any time from the expiry of five years from the date of issue till the end of 10 years from the date of issue in the ratio of one equity share for 3 Optionally Convertible Non-Cumulative Redeemable Preference Shares. The Optionally Convertible Non-Cumulative Redeemable Preference Shares can be redeemed anytime at the option of the Company, from the date of issue till the expiry of 10 years from the date of issue and redemption premium of 8% p.a. shall accrue from the date of issue till the date of exercising redemption option.

	As at 31.03.2021 ₹	As at 31.03.2020 ₹
7. OTHER EQUITY		
Reserves and Surplus		
Securities Premium		
Opening Balance as per last Balance Sheet	55,500,930	55,500,930
Add : Additions during the year	-	-
Balance as at the year end	55,500,930	55,500,930
Retained Earnings		
Opening Balance as per last Balance Sheet	3,189,807	1,602,185
Add : Profit/(Loss) for the year	(23,635,655)	1,587,622
Balance as at the year end	(20,445,848)	3,189,807
0.01% Optionally Convertible Non-Cumulative Redeemable Preference Share Classified as Equity	33,335,801	-
Total	**68,390,883**	**58,690,737**

Nature of Reserves

a) Securities Premium

Securities premium account comprises of premium on issue of shares. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

b) 0.01% Optionally Convertible Non-Cumulative Redeemable Preference Share Classified as Equity

During the year, the Company issued 50,000,000 (nos) 0.01% Optionally Convertible Non-Cumulative Redeemable Preference Shares of Rs. 10/- each aggregating Rs. 500,000,000 by way of private placement /preferential offer. The holder has option to convert the Optionally Convertible Non-Cumulative Redeemable Preference Shares into equity shares any time from the expiry of five years from the date of issue till the end of 10 years from the date of issue in the ratio of one equity share for 3 Optionally Convertible Non-Cumulative Redeemable Preference Shares. The Optionally Convertible Non-Cumulative Redeemable Preference Shares can be redeemed anytime at the option of the Company, from the date of issue till the expiry of 10 years from the date of issue and redemption premium of 8% p.a. shall accrue from the date of issue till the date of exercising redemption option. This has been recognised as Compound Financial Instrument, where ₹ 466,664,199 amount has been recognised as Financials Liability (Refer note 8) and balance has been recognised as residual equity.

		As at 31.03.2021 ₹	As at 31.03.2020 ₹
8. NON- CURRENT BORROWINGS			
Unsecured			
Liability Component of Compound Financial Instrument		466,664,199	-
0.01% Optionally Convertible Non-Cumulative Redeemable Preference Shares			
(Refer note 7(b))			
	Total	**466,664,199**	**-**
9. OTHER NON-CURRENT FINANCIAL LIABILITIES			
Lease Liability		664,373	-
Premium on Redemption Payable		13,333,333	
	Total	**13,997,706**	**-**
10. NON - CURRENT PROVISIONS			
Provisions for Employee Benefits			
Gratuity		64,702	-
Compensated Absences		482,843	-
	Total	**547,545**	**-**
11. TRADE PAYABLES			
- Other than Acceptances			
- Total outstanding dues of Micro and Small Enterprises		-	-
- Total outstanding dues of Others		2,004,870	31,989
	Total	**2,004,870**	**31,989**
12. OTHER CURRENT FINANCIAL LIABILITIES			
Employee Benefits Payables		12,782	-
Lease Liability		162,153	-
Interest on Preference Shares		16,667	
	Total	**191,602**	**-**
13. OTHER CURRENT LIABILITIES			
Statutory Dues Payables (includes GST, Provident Fund, Withholding Taxes etc.)		903,792	-
	Total	**903,792**	**-**
14. CURRENT PROVISIONS			
Provisions for Employee Benefits			
Gratuity		233	-
Compensated Absences		93,414	-
	Total	**93,647**	**-**

		For The Current Year Ended 31.03.2021 ₹	For The Previous Year Ended 31.03.2020 ₹
15. OTHER INCOME			
Unrealised Gain on Mutual Fund Investments (net)		7,248,341	2,410,439
Net Gain on sale of Mutual Fund Investments		2,232,373	276,919
Interest on Income Tax Refund		5,704	-
	Total	**9,486,418**	**2,687,358**
16. EMPLOYEE BENEFIT EXPENSES			
Salaries and Wages		5,310,897	-
Contribution to Provident and Other Funds		386,623	-
	Total	**5,697,520**	**-**
17. FINANCE COST			
Interest on Financial Liabilities - borrowing carried at amortised cost		13,333,333	-
Interest on Preference Shares		16,667	-
Interest cost on Finance lease obligation		9,794	-
Interest on Income Tax		-	1,600
	Total	**13,359,794**	**1,600**
18. OTHER EXPENSES			
Repairs and Maintenance:			
- Others		648,440	-
Rates and Taxes		8,681,900	5,400
Rent and Other Hire Charges		23,868	-
Postage and Telephone Expenses		37,425	-
Travelling and Conveyance		178,374	-
Legal and Professional Fees		1,553,904	24,899
Audit Fees		500,000	29,500
Directors Sitting Fees		38,000	-
Miscellaneous Expenses		15,374	-
	Total	**11,677,285**	**59,799**

19. Segment Reporting:

The Company operates only in one segment viz. diagnostic business in India.

20. Commitments:

Estimated amount of contracts remaining to be executed on capital account and not provided for, net of advances, ₹ 1,431,700 (previous year Nil).

21. Post-Employment Benefits:

(i) Defined Contribution Plans:

The Company makes contributions towards provident fund to a defined contribution retirement benefit plan for qualifying employees.

The Company recognised ₹ 289,020 (previous year ₹ Nil) for provident and pension fund contributions in the Statement of Profit and Loss.

(ii) Defined Benefit Plan:

The Company pays additional gratuity as an ex-gratia and the said amount is provided as non- funded liability based on actuarial valuation.

The most recent actuarial valuation of the present value of the defined benefit obligation for gratuity were carried out as at March 31, 2021. The present value of the defined benefit obligations and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

Based on the actuarial valuation obtained in this respect the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at the Balance Sheet date.

Sr. No.	Particulars	Gratuity (Unfunded)	
		As at 31.03.2021 ₹	As at 31.03.2020 ₹
I)	**Reconciliation in present value of obligations ('PVO') – defined benefit obligation:**		
	Current service cost	64,935	-
	Past service cost	-	-
	Interest cost	-	-
	Actuarial loss / (gain)		-
	- Due to demographic assumption	-	-
	- Due to finance assumption	-	-
	- Due to experience assumption	-	-
	Benefits paid	-	-
	PVO at the beginning of the year	-	-
	PVO at the end of the year	64,935	-
II)	**Change in fair value of plan assets:**		
	Expected return on plan assets	-	
	Interest Income	-	-
	Contributions by the employer	-	-
	Benefits paid	-	-
	Fair value of plan assets at the beginning of the year	-	-
	Fair value of plan assets at the end of the year	-	-
III)	**Reconciliation of PVO and fair value of plan assets:**		
	PVO at the end of the year	64,935	-
	Fair Value of plan assets at the end of the year	-	-

Sr. No.	Particulars	Gratuity (Unfunded)	
		As at 31.03.2021 ₹	As at 31.03.2020 ₹
	Funded status	(64,935)	-
	Unrecognised actuarial gain / (loss)	-	-
	Net liability recognised in the Balance Sheet	(64,935)	-
IV)	**Expense recognised in the Statement of Profit and Loss:**		
	Current service cost	64,935	-
	Past service cost	-	-
	Interest cost	-	-
	Total expense recognised in the Statement of Profit and Loss	64,935	-
V)	**Other Comprehensive Income**		
	Actuarial loss / (gain)		
	- Due to demographic assumption	-	-
	- Due to finance assumption	-	-
	- Due to experience assumption	-	-
	Return on plan assets excluding net interest	-	-
	Total amount recognised in OCI	-	-
VI)	**Category of assets as at the end of the year:**		
	Insurer Managed Funds (100%) (Fund is Managed by LIC as per IRDA guidelines category-wise composition of the plan assets is not available)	NA	NA
VII)	**Actual return on the plan assets:**	NA	NA
VIII)	**Assumptions used in accounting for the gratuity plan:**		
	Mortality (%)	Rates stipulated in Indian Assured Lives Mortality 2012-14 from 01.04.2019 onwards	
100	Discount rate (%)	6.7	-
	Salary escalation rate (%)	9.0 for first three years and 6.0 thereafter	-
	Average Remaining Service (years)	22.06	-
	Employee Attrition Rate (%) up to 5 years above 5 years	 15.0 5.0	-
IX)	**Estimate of amount of contribution in immediate next year**	NA	NA

X) **Expected future benefit payments**

Particulars	**As at 31.03.2021**
1 year	233
2 to 5 years	5,105
6 to 10 years	23,135
More than 10 years	148,547

The estimates of salary escalation considered in actuarial valuation take account of inflation seniority promotion and other relevant factors such as supply and demand in the employment market.

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions holding other assumptions constant would have affected the defined benefit obligation by the amounts shown below:

Gratuity (Unfunded)	**2020-2021**		2019-2020	
	Increase	**Decrease**	Increase	Decrease
Discount Rate (1% movement)	56,885	74,437	-	-
Future salary growth (1% movement)	74,351	56,809	-	-

22. Income taxes:

a) Tax expenses recognized in profit and loss :

	2020-21	2019-20
Current Tax expense	561,845	69,695
Less: Tax expenses / (benefit) of prior year	-	(63)
Add: Interest on Income tax	5,704	
	567,548	69,632
Deferred tax liability	1,789,771	968,705
Total tax expense	**2,357,319**	**1,038,337**

b) Reconciliation of tax expense and accounting profit multiplied by India's domestic tax rate:

	2020-21	2019-20
Profit/(Loss) before tax	(21,278,336)	2,625,959
Tax using the Company's domestic tax rate (March 31, 2021: 25.17%, March 31, 2020: 25.17%)	(5,356,767)	660,902
Tax effect of:		
Deferred tax asset not recognised on Minimum alternative tax credit		-
Disallowance of Expenses	7,742,873	15,453
Impact of prior year Deferred tax liability	-	410,040
Difference in Tax Rate (Statutory tax rate vis-a-vis tax rate on long term capital gains)	(34,492)	(47,995)
Total tax expense (excluding prior year tax benefit / expense) as per P&L A/c	**2,351,614**	**1,038,400**

c) Movement in deferred tax balances:

Particulars	Net balance as on 1 April 2020	Recognised in Profit & Loss Account	Net balance as on 31 March 2021	Deferred Tax Liability as on March 31, 2021
Unrealised Gain on long term investment	(889,990)	(344,918)	(1,234,908)	(1,234,908)
Unrealised Gain on short term investment	(78,715)	(1,444,853)	(1,523,568)	(1,523,568)
Total	**(968,705)**	**(1,789,771)**	**(2,758,476)**	**(2,758,476)**

23. Auditors Remuneration:

	2020-21 (₹)	2019-20 (₹)
Payments to Auditors (* Excluding GST)	500,000	29,500

24. Leases:

The Company has taken vehicles on leases. The lease period typically run for the period between 12 months to 60 months.

Information about leases for which the Company is lessee is presented below:

i) Right of use assets

Particulars	**Vehicles**
Cost	
Balance at April 1, 2020	-
Additions	852,732
Disposal / Derecognized during the year	-
Balance at March 31, 2021	**852,732**
Accumulated depreciation	
Balance at April 1, 2020	-
Depreciation expense	30,155
Disposal / Derecognized during the year	-
Balance at March 31, 2021	**30,155**
Balance at March 31, 2021	**822,577**

Lease liabilities

Particulars	**Vehicles**
Balance at April 1, 2020	-
Addition	852,732
Accreditation of interest	9,794
Payments	36,000
Adjustments for Disposals	-
Balance at March 31, 2021	**826,526**
Current	**162,153**
Non-current	**664,373**

The maturity analysis of the lease liability is included in the Refer Note No. ii - Financial risk management objectives and policies under maturities of financial liabilities.

Amounts recognised in profit and loss

Particulars	**For the Current Year Ended 31.3.2021**
Depreciation expense of right-of-use assets (Refer Note No. 2)	30,155
Interest expense on lease liabilities (Refer Note No. 17)	9,794
Expense relating to short-term leases (Refer Note No.18)	-
Expense relating to low value assets (Refer Note No. 18)	-
Total	**39,949**

ii) Financial risk management

(A) Maturities of financial liabilities

The table below analyze the Company's financial liabilities into relevant maturity analysis based on their contractual maturities for all financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Contractual maturities of financial liabilities	Less than 1 Year	More than 1 Year	Total
As at March 31, 2021			
Lease liabilities	216,000	750,000	966,000

iii) Commitments and contingencies

The Company has not entered into lease contracts that have not yet commenced as at March 31, 2021.

Commitment in respect of Non-cancellable short term leases and low value leases is ₹ Nil.

25. Basic and Diluted earnings per share is calculated as under:

Particulars	**Year Ended 31.03.2021**	Year Ended 31.03.2020
Profit/(Loss) attributable to Equity Shareholders (₹)	(23,635,655)	1,587,622
Weighted average number of Equity Shares:		
- Basic	2,616,677	2,616,677
Add : Effect of dilution upon issue of Optionally Convertible Non-Cumulative Redeemable Preference Share during the year	368,368	-
- Diluted	2,985,045	2,616,677
Earnings per Share (in ₹)		
- Basic	(7.92)	0.61
- Diluted (Restricted to Basic EPS as it is Anti Dilutive)	(7.92)	0.61

26. Financial Instruments:

Financial instruments – Fair values and risk management:

Accounting classification and fair values:

Carrying amounts and fair values of financial assets and financial liabilities including their levels in the fair value hierarchy are presented below. It does not include the fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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).

As at 31.03.2021	Carrying amount				Fair value			
	FVTPL	Derivatives designated as hedge	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Current Investments	558,174,108	-	-	558,174,108	558,174,108	-	-	558,174,108
Cash and Cash Equivalents	-	-	21,175,505	21,175,505	-	-	-	-
	558,174,108	**-**	**21,175,505**	**579,349,613**	**558,174,108**	**-**	**-**	**558,174,108**
Financial liabilities								
Non-Current Borrowings		-	466,664,199	466,664,199		-	-	-
Trade Payables	-	-	-	-	-	-	-	-
Other Non-Current Financial Liabilities								
- Derivative instruments	-	-	-	-	-	-	-	-
- Others	-	-	13,997,706	13,997,706	-	-	-	-
Current Borrowings	-	-	-	-	-	-	-	-
Trade Payables	-	-	2,004,870	2,004,870	-	-	-	-
Other Current Financial Liabilities								
- Derivative instruments	-	-	-	-	-	-	-	-
- Others	-	-	191,602	191,602	-	-	-	-
	-	**-**	**482,858,377**	**482,858,377**	**-**	**-**	**-**	**-**

As at 31.03.2020	Carrying amount				Fair value			
	FVTPL	Derivatives designated as hedge	Amortised Cost	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Current Investments	85,193,394	-	-	85,193,394	85,193,394	-	-	
Cash and Cash Equivalents	-	-	572,992	572,992	-	-	-	
	85,193,394	**-**	**572,992**	**85,766,386**	**85,193,394**	**-**	**-**	
Financial liabilities								
Non-Current Borrowings		-	-	-		-	-	
Trade Payables	-	-	-	-	-	-	-	
Other Non-Current Financial Liabilities								
- Derivative instruments	-	-	-	-	-	-	-	
- Others	-	-	-	-	-	-	-	
Current Borrowings	-	-	-	-	-	-	-	
Trade Payables	-	-	31,989	31,989	-	-	-	
Other Current Financial Liabilities								

- Derivative instruments	-	-	-	-	-	-	-	
- Others	-	-	-	-	-	-	-	
	-	**-**	**31,989**	**31,989**	**-**	**-**	**-**	

A. Measurement of fair values:

Valuation techniques and significant unobservable inputs: Not Applicable

B. Financial risk management:

The Company has exposure to the following risks arising from financial instruments:
- Credit risk;
- Liquidity risk; and
- Market risk

i. Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's receivables from customers and investment securities. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of investments.

Cash and cash equivalents
As at the year end the Company held cash and cash equivalents of ₹ 21,175,505 (previous year ₹ 572,992). The cash and cash equivalents are held with banks.

Investment in mutual funds
The Company limits its exposure to credit risk by generally investing in liquid securities

Other financial assets
Other financial assets are neither past due nor impaired

ii. Liquidity risk:

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure as far as possible that it will have sufficient liquidity to meet its liabilities when they are due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the Company's reputation.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements.

As at 31.03.2021	Carrying amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Non-Current Borrowings	466,664,199	466,664,199				466,664,199
Interest Payables	-	-	-	-	-	-
Trade Payables Non-Current	-	-	-	-	-	-
Other Non-Current Financial Liabilities	13,997,706	13,997,706	-	174,432	187,577	13,635,697
Current Borrowings	-	-	-	-	-	-
Trade Payables Current	2,004,870	2,004,870	2,004,870	-	-	-
Other Current Financial Liabilities	191,602	191,602	191,602	-	-	-
Issued financial guarantee contracts on behalf of subsidiaries*	-	-	-	-	-	-
Derivative financial liabilities						
Forward exchange contracts (gross settled)						
- Outflow	-	-	-	-	-	-
- Inflow		-	-	-	-	-
Total	**482,858,377**	**482,858,377**	**2,196,472**	**174,432**	**187,577**	**480,299,896**

As at 31.03.2020	Carrying amount	Contractual Cash Flows				
		Total	0-12 months	1-2 years	2-5 years	More than 5 years
Non-derivative financial liabilities						
Non-Current Borrowings	-	-	-	-	-	-
Interest Payables	-	-	-	-	-	-
Trade Payables Non-Current	-	-	-	-	-	-
Other Non-Current Financial Liabilities	-	-	-	-	-	-
Current Borrowings	-	-	-	-	-	-
Trade Payables Current	31,989	31,989	31,989	-	-	-
Other Current Financial Liabilities	-	-	-	-	-	-
Issued financial guarantee contracts on behalf of subsidiaries*	-	-	-	-	-	-
Derivative financial liabilities						
Forward exchange contracts (gross settled)						
- Outflow	-	-	-	-	-	-
- Inflow		-	-	-	-	-
Total	**31,989**	**31,989**	**31,989**	**-**	**-**	**-**

iii. **Market risk:**

Market risk is the risk that changes in market prices – such as foreign exchange rates interest rates and equity prices – will affect the Company's income or the value of its holdings of financial instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables and long term debt.

Interest rate risk

Interest rate risk can be either fair value interest rate risk or cash flow interest rate risk. Fair value interest rate risk is the risk of changes in fair values of fixed interest bearing financial assets or borrowings because of fluctuations in the interest rates if such assets/borrowings are measured at fair value through profit or loss. Cash flow interest rate risk is the risk that the future cash flows of floating interest bearing borrowings will fluctuate because of fluctuations in the interest rates.

Exposure to interest rate risk

Company's interest rate risk arises from borrowings and finance lease obligations. The interest rate profile of the Company's interest-bearing borrowings is as follows:

Particulars	**As at 31.03.2021**
Non-Current Borrowings	
Fixed rate borrowings	466,664,199
Variable rate borrowings	-
	466,664,199
Current Borrowings	
Fixed rate borrowings	-
Variable rate borrowings	-
	-
Total	**466,664,199**

Fair value sensitivity analysis for fixed-rate instruments

The Company does not account for any fixed-rate borrowings at fair value through profit or loss. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

27. Related party Disclosures:

a) Name of Related parties and description of relationship:

Category I : Company whose control exist:

- Lupin Limited (Holding Company)

Category II : Key management personnel:

a. Dr. Kamal K. Sharma (Director)
b. Mr. Nilesh D. Gupta (Managing Director)
c. Mr. Sunil Makharia (Director &CFO)
d. Mr. Rajeev Sibal (Additional Director)
e. Mr. R. V. Satam (Company Secretary)

b) Transactions with the related parties:

Sr No.	Description and Nature of transactions	Holding Company (₹)	
		2020-21	2019-20
1.	Expenses incurred on our behalf & Other Reimbursements	976,506	NIL

2	Interest Expense on Preference Shares	16,667	NIL
3.	0.01% Optionally Convertible Non-Cumulative Redeemable Preference Shares Preference Shares issued	500,000,000	NIL

c) Balance due from / to related parties:

Sr. No.	**Description and Nature of transactions**	**Holding Company (₹)**	
		As at 31 March 2021	As at 31 March 2020
1.	Payable towards issuance of 0.01% Optionally Convertible Non-Cumulative Redeemable Preference Shares	500,000,000	NIL
2.	Expenses Payable	370,645	NIL
3.	Interest Payable on Preference Shares	16,667	NIL

28. The main object of the Company is to carry out the healthcare business and other related activities. The Board of Directors of Lupin Limited (Parent Company) in its meeting dated November 4, 2020 approved to undertake the diagnostic business through the Company. Accordingly, the Board of Directors of the Company in its meeting dated November 10, 2020 passed the resolution to arrange funding by way of issuance of 0.01% Optionally Convertible Non-Cumulative Redeemable Preference Shares amounting to ₹ 500,000,000 which were fully subscribed by Lupin Limited for the purpose of commencing the diagnostics business.

Considering the current pandemic situation, there was a delay in commencement of the diagnostic business and accordingly the amounts raised by issuance of 0.01% Optionally Convertible Non-Cumulative Redeemable Preference Shares were temporarily parked in short term highly liquid mutual funds. The Company has earned ₹ 9,480,714 (of which ₹ 7,248,341 is unrealized gain) out of the temporary parking of surplus funds. As a result, more than 50% of the Company’s assets are financial assets and more than 50% of its income is financial income as at and for the year ended 31 March 2021. However, considering the temporary nature of these investments and considering that the Company’s principal business is not to conduct financial activities but is to operate diagnostics business, the Company, based on legal advice has assessed that it does not need to seek certificate of registration under Section 45-IA of the RBI Act, 1934. The Board has also noted and confirmed that they do not expect such significant amount of temporary income recurring in future and it does not represent core business of the Company and that the Company does not intend to carry on the business as an NBFC.

Investments in Mutual Funds have been liquidated after March 31, 2021 for the purpose of partly utilizing the proceeds for diagnostic business and balance have been kept with banks as short term fixed deposits for funding the immediate business needs. The fixed deposits are specifically excluded from the definition of financial assets as per the Master Direction DNBR. PD. 008/03.10.119/2016-17) issued by the Reserve Bank of India.

29. In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has considered internal and external information while finalizing various estimates in relation to its financial statement captions upto the date of approval of the financial statements by the Board of Directors. The actual impact of the global health pandemic may be different from that which has been estimated, as the COVID -19 situation evolves in India and globally. The Company will continue to closely monitor any material changes to future economic conditions.

Signatures to notes 1 to 29

For **BSR & Co. LLP**
Chartered Accountants
ICAI Firm Registration No. 101248W/W-100022

Sreeja Marar
Partner
Membership No. 111410

Place : Mumbai
Dated : 11.05.2021

For and on behalf of the Board of Directors of
Lupin Healthcare Limited

Nilesh D. Gupta
Managing Director
DIN: 01734642

S**unil Makharia**
Director & CFO
DIN: 00064399

R. V. Satam
Company Secretary
ACS-11973

Place : Mumbai
Dated : 11.05.2021