

INDEPENDENT AUDITOR'S REPORT

To the Members of M/s Arco Lab Private Limited

Report on the Ind AS financial statements

Opinion

We have audited the accompanying Ind AS financial statements of M/s Arco Lab Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2021, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

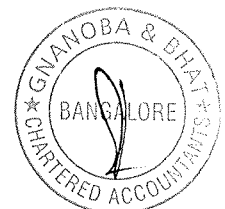
Information other than the Financial Statements and Auditor's Report thereon

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

The Board's Report is expected to be made available to us after the date of this Auditors' Report. 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.

When we read Board's Report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.



Responsibilities of Management and Those Charged with Governance for Financial Statements

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

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

The Board of Directors is responsible for overseeing the company's financial reporting process.

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.

A further description of our responsibilities for the audit of the financial statements is included in "Annexure - A" of this auditor's report.

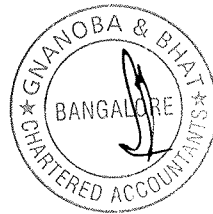
Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the **Annexure - B** a statement on the matters specified in paragraphs 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
 - a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;



- c. The Balance Sheet, the Statement of Profit & Loss, 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 Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the relevant rules issued there under;
- e. On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act;
- f. With respect to the other matters to be included in the Auditors' Report in accordance with the requirements of Section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its Directors during the year is in accordance with the provisions of Section 197 of the Act.
- g. With respect to the adequacy of internal financial controls over financial reporting of the company and the operating effectiveness of such controls, we give a separate report in the **Annexure - C**; and
- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Bangalore
Date : May 14, 2021



For GNANOBA & BHAT,
Chartered Accountants,
Firm Regn No. 000939S

R. UMESH
Partner
M. No. 027892
UDIN: 21027892AAAABC9286

ANNEXURE-A TO THE AUDITOR'S REPORT

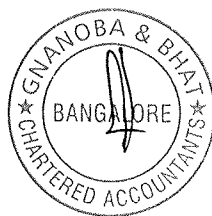
As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls systems in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

Place: Bangalore
Date : May 14, 2021



For GNANOBA & BHAT,
Chartered Accountants,
Firm Regn No. 000939S

R. UMESH
Partner
M. No. 027892
UDIN: 21027892AAAABC9286

ANNEXURE - B TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH 1 OF OUR REPORT
OF EVEN DATE

- (i) In respect of its fixed assets:
- a) The Company has maintained proper records showing full particulars including quantitative details and situation of the fixed assets;
 - b) As explained to us, the fixed assets were physically verified during the year by the Management in line with an internal programme of verification. According to the information and explanations given to us, no material discrepancies were noticed on such verification. In our opinion, the periodicity of verification is reasonable having regard to size of the Company and the nature of its assets;
 - c) The company did not own any immovable properties during the year.
- (ii) The Company did not carry any inventories during the year and hence reporting under this clause is not applicable.
- (iii) According to the information and explanations given to us and based on our examination of the relevant records, the Company has not granted loans to any parties listed in the register maintained under section 189 of the Companies Act, 2013 and hence clause (iii) of the Order is not applicable.
- (iv) In our opinion and according to the information and explanations given to us and based on our examination of the relevant books and records as produced before us, the Company has not entered into any transactions which come under the purview of Section 185 and 186 of the Companies Act, 2013 and hence clause (iv) of the Order is not applicable.
- (v) In our opinion and according to the information and explanations given to us and based on our examination of the relevant books and records as produced before us, the Company has not accepted any deposits from the public in terms of Chapter-V the Companies Act, 2013 read with The Companies (Acceptance of Deposits) Rules, 2014 and hence reporting under this clause is not applicable.
- (vi) To the best of our knowledge and as explained to us, the Central Government has not specified the maintenance of cost records under sub-section 1 of section 148 of the Companies Act, 2013.
- (vii) According to the information and explanations given to us and on the basis of examination of the books and records as produced before us, in respect of statutory dues and other dues :
- a) The Company has been generally regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income Tax, Goods and Service Tax, Custom Duty, Cess and other statutory dues with the appropriate authorities during the period wherever applicable. There were no material undisputed amounts in respect of the above statutory dues, which were in arrears as at 31st March 2021, for a period more than six months from the date they became due.
 - b) There were no statutory dues which were not deposited on account of any dispute.
- (viii) The company has not borrowed any funds from any financial institution or bank or Government or issued any debentures and hence reporting under this clause is not applicable.
- (ix) The Company has not raised moneys by way of initial public offer, further public offer or any term loans during the year and hence reporting under this clause is not applicable.



**GNANOBA & BHAT
CHARTERED ACCOUNTANTS**

- (x) To the best of our knowledge and belief, according to the information and explanations given to us by the Management and the records produced before us, no frauds were noticed or reported during the year.
- (xi) According to the information and explanation given to us and based on our examination of the relevant books and records as produced before us, the managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule-V to the Companies Act.
- (xii) The Company is not a Nidhi Company and hence this clause is not applicable.
- (xiii) In our opinion and according to the information and explanation given to us and based on our verification of the records and relevant documents, all transactions with related parties entered into by the Company are in compliance with section 188 of the Companies Act where applicable and the details of the same have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards. The Provisions of Section 177 are 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 not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence reporting under this clause is not applicable.
- (xv) According to the information and explanation given to us by the Management and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him and hence this clause is not applicable.
- (xvi) In our opinion and according to the information and explanation given to us the Company is not required to be registered under section 45-1A of the Reserve Bank of India Act, 1934.

Place: Bangalore
Date : May 14, 2021



For GNANOBA & BHAT,
Chartered Accountants,
Firm Regn No. 000939S

← R. UMESH
Partner
M. No. 27892
UDIN: 21027892AAAABC9286

**ANNEXURE - C TO AUDITOR'S REPORT REFERRED TO IN PARAGRAPH F OF OUR REPORT
OF EVEN DATE**

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over the financial reporting of M/s Arco Lab Private Limited ("the Company") as on 31st March 2021 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended as on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI).

These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

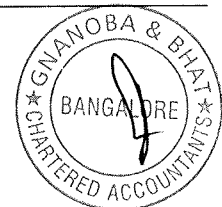
Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.



A company's internal financial control over financial reporting includes those policies and procedures that

- (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 receipt and expenditures of the company are being made only in accordance with authorisations of management and directors of the company.
- (3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

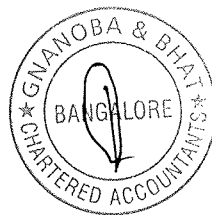
Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Place: Bangalore
Date : May 14, 2021



For GNANOBA & BHAT,
Chartered Accountants,
Firm Regn No. 000939S

R. UMESH
Partner
M. No. 27892
UDIN: 21027892AAAABC9286



ARCO LAB PRIVATE LIMITED
BALANCE SHEET AS AT MARCH 31, 2021


		Rs. in Million	
		As at	As at
		31-Mar-21	31-Mar-20
A ASSETS	Note		
I Non-current assets			
(a) Property, plant and equipment	3 (i)	10.71	5.45
(b) Capital work-in-progress	-	0.16	4.72
(c) Right of Use Assets	4	11.13	17.18
(d) Other intangible assets	3 (ii)	5.54	0.35
(e) Deferred tax assets (net)	5	19.86	13.57
(f) Income-tax assets (net)	6 (i)	1.28	5.90
(g) Other non current assets	7	10.52	6.48
Total non-current assets		59.20	53.65
II Current assets			
(a) Financial assets			
(i) Trade receivables	8	165.52	152.34
(ii) Cash and cash equivalents	9	35.41	17.00
(b) Loans receivable	10	4.52	3.18
(c) Other current assets	11	62.42	64.74
(d) Income tax assets (net)	6 (ii)	12.06	13.65
Total current assets		279.93	250.91
TOTAL ASSETS		339.13	304.56
B EQUITY AND LIABILITIES			
I Equity			
(a) Equity share capital	12	1.60	1.60
(b) Other equity	13	71.10	21.38
Total Equity		72.70	22.98
II Liabilities			
1 Non-current liabilities			
(a) Financial liabilities			
(i) Lease liability	4	5.25	11.93
(b) Provisions	14	138.56	118.55
Total non-current liabilities		143.81	130.48
2 Current liabilities			
(a) Financial liabilities			
(i) Lease liability	4	6.68	5.29
(ii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	15	2.53	0.37
- Total outstanding dues of creditors other than micro enterprises and small enterprises	16	67.44	109.92
(b) Other current liabilities	17	33.80	28.74
(c) Provisions	18	12.17	6.78
Total current liabilities		122.62	151.10
TOTAL EQUITY AND LIABILITIES		339.13	304.56
Summary of significant accounting policies	2		

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For **Gnanoba & Bhat**
Chartered Accountants
Firm Registration No. 0009395

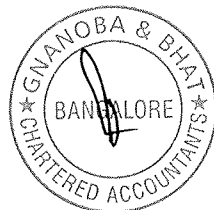
For and on behalf of Board of Directors of
Arco Lab Private Limited
CIN: U74999KA2018PTC115573


R Umesh
Partner
Mem. No. 027892


Nanditale Thimmappa Venkatesha
Director
DIN: 07405779


Shashidhar Koppa Lingaraj
Director
DIN: 07636554

Place: Bengaluru
Date : May 14, 2021



ARCO LAB PRIVATE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	Note	Rs. in Million	
		31-Mar-21	31-Mar-20
1 Revenue from operations			
2 Other income	19	842.01	669.58
3 Total Income	20	1.54	0.07
		843.55	669.65
4 Expenses			
(a) Employee benefits expense	21	558.65	488.44
(b) Finance costs	22	1.66	0.27
(c) Depreciation and amortisation expenses	23	8.90	1.19
(d) Other expenses	24	204.95	145.85
Total		774.16	635.75
5 Profit before exceptional items and tax (3-4)		69.39	33.90
6 Exceptional items gain / (loss) (net)		-	-
7 Profit before tax (5+6)		69.39	33.90
8 Tax expense			
(a) Current tax	25	24.62	17.43
(b) Deferred tax expense / (benefit)		(5.14)	21.85
9 Profit / (Loss) for the year (7-8)		49.91	(5.38)
10 Other Comprehensive Income			
A) (i) Items that will not be reclassified to profit or loss		(1.33)	(12.27)
(ii) Income tax relating to items that will not be reclassified to profit or loss		1.14	2.02
B) (i) Items that may be reclassified to profit or loss		-	-
(ii) Income tax relating to items that may be reclassified to profit or loss		-	-
Total Other comprehensive Income		(0.19)	(10.25)
11 Total Comprehensive Income for the period (9+10)		49.72	(15.63)
12 Earnings per equity share (nominal value of Rs. 10/- each) in Rs.			
- Basic	27	311.94	(33.59)
- Diluted	27	311.94	(33.59)

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For **Gnanoba & Bhat**

Chartered Accountants

Firm Registration no. 0009395

For and on behalf of Board of Directors of

Arco Lab Private Limited

CIN: U74999KA2018PTC115573



R Umesh

Partner

Mem. No. 027892

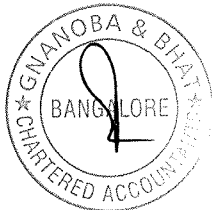


Nanditale Thimmappa Venkatesha
 Director
 DIN: 07405779



Shashidhar Koppa Lingaraj
 Director
 DIN: 07636554

Place: Bengaluru
 Date: May 14, 2021





ARCO LAB PRIVATE LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	31-Mar-21	Rs. in Million 31-Mar-20
A. Cash flow from operating activities		
Net Profit / (Loss) before tax		
Adjustments for:		
-Depreciation and amortisation	69.39	33.90
-Discounting of Deposits and Interest on unwinding of Discount	8.90	1.19
-Interest on lease liability	0.03	0.01
-Provision for gratuity & leave encashment	1.34	0.13
-Net unrealised exchange (gain) / loss	35.70	30.04
	(0.02)	0.66
Operating profit / (loss) before working capital changes	45.96	32.02
Changes in working capital:	115.35	65.92
(Increase)/decrease in trade and other receivables	(12.38)	(50.28)
Increase/(decrease) in trade and other payables	(46.62)	39.58
Net Change in working capital	(59.00)	(10.70)
Cash generated from operations	56.35	55.22
Income taxes paid	(18.41)	(31.08)
Net cash flow from / (used in) operating activities (A)	37.93	24.14
B. Cash flow from investing activities		
Capital expenditure on property, plant and equipment including capital advance		
Capital expenditure on intangible assets	(3.62)	(6.66)
Security Deposits paid	(5.19)	(0.35)
Net cash flow from / (used in) investing activities (B)	(4.07)	(6.49)
C. Cash flow from financing activities		
Lease payments	(12.89)	(13.50)
Net cash flow from / (used in) financing activities (C)	(6.64)	(1.10)
Net increase / (decrease) in Cash and cash equivalents (A+B+C)	(6.64)	(1.10)
Cash and cash equivalents at the beginning of the period	18.41	9.55
Cash and cash equivalents at the end of the period	17.00	7.45
Reconciliation of cash and cash equivalents with the Balance Sheet:		
Cash and cash equivalents as per Balance Sheet (Refer Note 9)	35.41	17.00
Net Cash and cash equivalents (as defined in IndAS 7 Statement of Cash Flow) included in Note 9	35.41	17.00
Cash and cash equivalents at the end of the period *	35.41	17.00
* Comprises:		
(a) Cash on hand	0.02	0.01
(b) Balances with banks - in current accounts	35.39	16.99
	35.41	17.00

The accompanying notes are an integral part of the financial statements
In terms of our report attached

For Gnanoba & Bhat

Chartered Accountants

Firm Registration no. 0009395

R Umesh

Partner

Mem. No. 027892

Place: Bengaluru

Date: May 14, 2021

Nanditale Thimmappa Venkatesha
Director
DIN: 07405779

For and on behalf of Board of Directors of

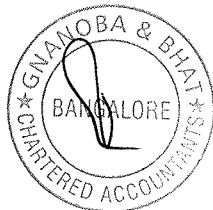
Arco Lab Private Limited

CIN: U74999KA2018PTC115573

Shashidhar Koppa Lingaraj

Director

DIN: 07636554





ARCO LAB PRIVATE LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED MARCH 31, 2021 AND MARCH 31, 2020

A) Equity share capital

Particulars	No of Shares
Balance as at April 1, 2019	1,60,000
Changes in equity share capital during the year	-
Balance as at March 31, 2020	1,60,000
Changes in equity share capital during the year	-
Balance as at March 31, 2021	1,60,000

B) Other equity

Particulars	Reserves and Surplus	Items of other comprehensive income	Total
	Retained earnings	Re -measurement of the defined benefit liabilities / (assets)	
Balance as at April 1, 2019			
Profit / (Loss) for the period	39.14	(2.13)	37.01
Other comprehensive income for the period (net of tax)	(5.38)	-	(5.38)
Total comprehensive income	-	(10.25)	(10.25)
Balance as at March 31, 2020	(5.38)	(10.25)	(15.63)
Profit / (Loss) for the period	33.76	(12.38)	21.38
Other comprehensive income for the period (net of tax)	49.91	-	49.91
Total comprehensive income	-	(0.19)	(0.19)
Balance as at March 31, 2021	49.91	(0.19)	49.72
	83.67	(12.57)	71.10

The accompanying notes are an integral part of the financial statements

In terms of our report attached

For Gnanoba & Bhat

Chartered Accountants

Firm Registration no. 000939S

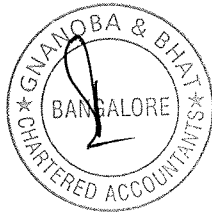
R Umesh

Partner

Mem. No. 027892

Place: Bengaluru

Date : May 14, 2021



For and on behalf of Board of Directors of

Arco Lab Private Limited

CIN: U74999KA2018PTC115573

Nanditale Thimmappa Venkatesha

Director

DIN: 07405779

Shashidhar Koppa Lingaraj

Director

DIN: 07636554

ARCO LAB PRIVATE LIMITED

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2021

1. COMPANY INFORMATION

Arco Lab Private Limited ("the Company") is headquartered in Bengaluru, India. The Company was incorporated on 20th August 2018 and is primarily a service provider providing outsourcing and business support services for all processes, sub-processes, transactions, activities and all other work performed in various industries with specific emphasis on pharmaceutical sector, within India and across the world. Presently, the Company provides these services predominantly to its group entities.

2. SIGNIFICANT ACCOUNTING POLICIES

A. BASIS FOR PREPARATION OF FINANCIAL STATEMENTS

The Company is a wholly owned subsidiary of Strides Pharma Science Limited, a listed company which is required to prepare its financial statements in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Accordingly, these financial statements are prepared in accordance with Ind AS under the historical cost convention on the accrual basis with revenues recognized and expenses accounted on their accrual, including provisions / adjustments for committed obligations and amounts determined as payable or receivable during the year. Costs and earnings in excess of billings for the year are recognized as Unbilled Revenue.

Accounting policies are consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

B. COVID-19

In March 2020, the World Health Organisation declared COVID-19 to be a pandemic. The Company has adopted measures to curb the spread of infection in order to protect the health of its employees and ensure business continuity with minimal disruption. The Company has considered available internal and external information while finalizing various estimates in relation to its financial statements up to the date of approval of the financial statements by the Board of Directors. The Company has evaluated the possible impact of the pandemic on the operations and based on such evaluation, the management has determined that the impact if any, during the financial year ended 31st March 2021 has been minimal. The Company will continue to closely monitor any material changes to future economic conditions.

C. CASH FLOW STATEMENTS

Cash flows are reported using the indirect method, whereby the profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities are segregated based on the available information.

D. PROPERTY, PLANT AND EQUIPMENT

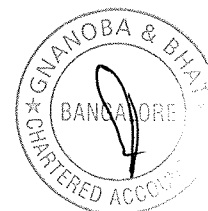
Property, Plant and Equipment's are stated at cost of acquisition inclusive of freight, duties, taxes and incidental expenditure relating to the acquisition such as cost of installation / erection and interest up to the date of commissioning of the asset as applicable.

Capital Work-In-Progress

Projects under which assets are not ready for its intended use and other capital work-in-progress are carried at cost, comprising direct cost, related incidental expenses and attributed finance costs.

E. INTANGIBLE ASSETS

Intangible assets are carried at cost less accumulated amortization and impairment losses, if any. The cost of an intangible asset comprises its purchase price including duties and taxes (other than those refundable subsequently from the authorities), and directly attributable expenditure incurred for making the asset ready for its intended use and net of any trade discounts and rebates. Subsequent expenditure on an intangible asset is



recognized as an expense when incurred unless it is probable that such expenditure will enable the asset to generate future economic benefit in excess of its originally assessed standards of performance and such expenditure can be measured and attributed to the asset reliably, in which case, such expenditure is added to the cost of the asset.

F. LEASES

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116. Identification of a lease requires significant judgment. The Company uses significant judgement in assessing the lease term (including anticipated renewals) and the applicable discount rate. The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease.

The Company recognizes 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 asset 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 asset 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 based on the lease period. 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 recognized in the statement of profit and loss.

Lease payments are apportioned between finance costs and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance costs are recognized in statement of profit and loss over the lease period.

G. DEPRECIATION

Depreciation on Property, Plant and Equipment, provided in the accounts on the basis of useful lives as assessed by the Management under the Straight Line Method basis is as prescribed under Schedule II of the Companies Act, 2013. Accordingly, the life of the assets is determined as under.

Sl. No.	Asset	Life as Assets (in years)
1	Office Equipment	5 years
2	Computers	3 years
3	Servers & Networks	6 years
4	Software Licenses	5 years

H. REVENUE RECOGNITION

Revenue from contracts with customers:

The Company recognizes revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled to in exchange for those goods or services. A 5-step approach is used to recognize revenue as below:

Step 1: Identify the contract(s) with a customer

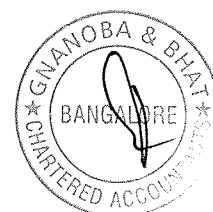
Step 2: Identify the performance obligation in contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to the performance obligations in the contract

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

Sale of services:



Revenue from services rendered, is recognized in the statement of profit and loss as the underlying services are performed. Upfront payments received under these arrangements are deferred and recognized as revenue over the expected period over which the related services are expected to be performed. Costs and earnings in excess of billings for the year are recognized as Unbilled Revenue.

I. TAXATION

The current charge for income tax (if any) is calculated in accordance with the relevant tax regulations applicable to the Company.

Deferred tax assets and liabilities (if any) are recognized for future tax consequences attributable to the timing differences that result between the profit offered for income tax and the profit as per financial statements. Deferred tax assets and liabilities are measured as per the tax rates / laws that have been enacted or substantively enacted by the Balance Sheet Date.

J. FOREIGN CURRENCY TRANSACTIONS:

Transactions denominated in Foreign Currencies are recorded using the exchange rates prevailing on the date of transaction. The difference if any, on actual payment/ realization is charged off to revenue. Amount receivable / payable as at the close of the year is accounted at the prevailing rates and the difference if any, on receipt / while making actual payment due to fluctuation in the rate of exchange is charged to revenue in that year.

K. PROVISIONS:

A provision is recognized when the enterprise has a present obligation as a result of past event(s) which may result in a probable outflow of resources to settle the obligation and in respect of which a reasonable estimate can be made. Provisions are not discounted to their present value and are determined on the basis of the best estimate of the resources required to settle the obligation at the balance sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

L. IMPAIRMENT OF ASSETS

An asset is treated as impaired if the current carrying cost of the same exceeds its recoverable value. An impairment loss is charged to the Profit & Loss account in the year in which an asset is identified as impaired. The impairment loss recognized in the prior accounting periods is reversed if there is any change in the estimate of recoverable amount. The recoverable amount is the greater of the net selling price or the value in use.

M. CONTINGENCIES

Contingent liabilities are not recognized and are shown by way of notes to the financial statements.

N. EARNINGS PER SHARE

Earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to dilutive potential equity shares, by the weighted average number of equity shares considered for deriving the basic earnings per share and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share and are deemed to be converted at the beginning of the period, unless they have been issued at a later date.

O. EMPLOYEE BENEFITS

- i. Retirement benefits in the form of Provident Fund and Pension Schemes are charged on an accrual basis to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the Regional Provident Fund Commissioner.
- ii. Gratuity liability is a defined benefit obligation and is provided based on an actuarial valuation using the Projected Unit Credit Method, with the actuarial valuation being carried out at each balance sheet date. The liability is funded through a Group Gratuity Trust with Life Insurance Corporation of India.



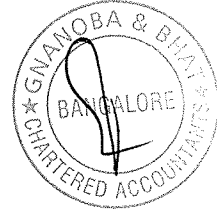
- iii. Provision for Leave Encashment has been made based on an actuarial valuation carried out at each balance sheet date. The liability is not funded.

For and on behalf of the Board of Directors

Place: Bengaluru
Date : May 14, 2021


Nanditale Thimmappa Venkatesha
Director
DIN: 07405779


Shashidhar Koppa Lingaraj
Director
DIN: 07636554



ARCO LAB PRIVATE LIMITED
Notes forming part of financial statements for the year ended March 31, 2021
Note : 3 (i)

Property, plant and equipment

Sl No	Description	Gross block				Depreciation				Rs. in Million	
		As on 1-Apr-20	Additions	Disposals	As on 31-Mar-21	As on 1-Apr-20	Depreciation for the year	Disposal	Up to 31-Mar-21	As on 31-Mar-21	As on 31-Mar-20
1	Tangible assets										
	Office equipments	0.59 <i>0.01</i>	1.54 <i>0.58</i>	-	2.13 <i>0.59</i>	0.06 <i>0.00</i>	0.31 <i>0.06</i>	-	0.37 <i>0.06</i>	1.76 <i>0.53</i>	0.53 <i>0.01</i>
2	Computers	1.88 <i>-</i>	5.90 <i>1.88</i>	-	7.78 <i>1.88</i>	0.09 <i>-</i>	1.34 <i>0.09</i>	-	1.43 <i>0.09</i>	6.35 <i>1.79</i>	1.79 <i>-</i>
3	Servers & Networks	3.13 <i>-</i>	- <i>3.13</i>	-	3.13 <i>3.13</i>	0.00 <i>-</i>	0.53 <i>0.00</i>	-	0.53 <i>0.00</i>	2.60 <i>3.13</i>	3.13 <i>-</i>
	Total	5.60 <i>0.01</i>	7.44 <i>5.58</i>	-	13.04 <i>5.60</i>	0.15 <i>0.00</i>	2.18 <i>0.15</i>	-	2.32 <i>0.15</i>	10.71 <i>5.45</i>	5.45 <i>0.01</i>
	<i>Previous year</i>	<i>0.01</i>	<i>5.58</i>	<i>-</i>	<i>13.04</i>	<i>0.15</i>	<i>2.18</i>	<i>-</i>	<i>2.32</i>	<i>10.71</i>	<i>5.45</i>

Figures in italics relate to previous year.

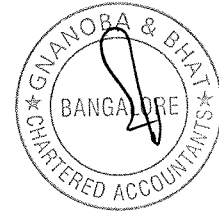
Note : 3 (ii)

Other Intangible assets

Sl No	Description	Gross block				Amortisation				Rs. in Million	
		As on 1-Apr-20	Additions	Disposals	As on 31-Mar-21	As on 1-Apr-20	Amortisation for the year	Disposals	Up to 31-Mar-21	As on 31-Mar-21	As on 31-Mar-20
1	Software Licences	0.40 <i>-</i>	5.87 <i>0.40</i>	-	6.27 <i>0.40</i>	0.05 <i>-</i>	0.68 <i>0.05</i>	-	0.73 <i>0.05</i>	5.54 <i>0.35</i>	0.35 <i>-</i>
	Total	0.40 <i>-</i>	5.87 <i>0.40</i>	-	6.27 <i>0.40</i>	0.05 <i>-</i>	0.68 <i>0.05</i>	-	0.73 <i>0.05</i>	5.54 <i>0.35</i>	0.35 <i>-</i>
	<i>Previous year</i>	<i>-</i>	<i>0.40</i>	<i>-</i>	<i>6.27</i>	<i>0.05</i>	<i>0.68</i>	<i>-</i>	<i>0.73</i>	<i>5.54</i>	<i>0.35</i>

Figures in italics relate to previous year.

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ARCO LAB PRIVATE LIMITED

Notes forming part of financial statements for the year ended March 31, 2021

4. Leases

(i) Amounts Recognised in the Balance Sheet

Particulars	Gross block				Accumulated depreciation/ amortisations				Net block		Rs. in Million
	As at 01-Apr-20	Additions	Deletion	As at 31-Mar-21	As at 01-Apr-20	Depreciation for the year	Deletion	As at 31-Mar-21	As at 31-Mar-21	As at 31-Mar-20	
	Buildings	18.18	-	-	18.18	0.99	6.06	-	7.05	11.13	17.19
Total	18.18	18.18	-	18.18	-	0.99	-	0.99	17.19	-	
<i>Previous year</i>	-	18.18	-	18.18	0.99	6.06	-	7.05	11.13	17.19	
						0.99	-	0.99	17.19	-	

Figures in italics relate to previous year.

Lease Liability

Particulars	Rs. in Million	
	31/Mar/21	31/Mar/20
Non-Current	5.25	11.93
Current	6.68	5.29
	11.93	17.22

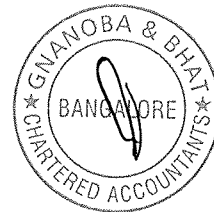
(ii) Amounts Recognised in the statement of Profit or Loss

Particulars	Rs. in Million	
	31/Mar/21	31/Mar/20
Depreciation Charge of Right-Of-Use asset		
Buildings	6.06	0.99
Interest Expense (Included in Finance Cost)	6.06	0.99
	1.34	0.13

(iii) Total Cash outflow

Particulars	Rs. in Million	
	31/Mar/21	31/Mar/20
Buildings	6.64	1.10
	6.64	1.10

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ARCO LAB PRIVATE LIMITED

Notes forming part of financial statements for the year ended March 31, 2021

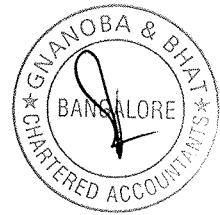
5. Deferred tax balances

Particulars	Rs. in Million	
	As at 31-Mar-21	As at 31-Mar-20
Deferred tax assets	19.86	13.57
Deferred tax liabilities	-	-
Deferred tax assets/ liabilities (net)	19.86	13.57

2020-2021	Rs. in Million			
	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to:				
Provision for employee benefits				
Others	12.86	5.10	1.14	19.10
Total	0.71	0.04	-	0.76
	13.57	5.14	1.14	19.86

2019-2020	Rs. in Million			
	Opening balance	Recognised in statement of profit and loss	Recognised in other comprehensive income	Closing balance
Deferred tax (liabilities)/assets in relation to:				
Provision for employee benefits				
Others	33.21	(22.37)	2.02	12.86
Total	0.20	0.52	-	0.71
	33.41	(21.85)	2.02	13.57

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ARCO LAB PRIVATE LIMITED

Notes forming part of financial statements for the year ended March 31, 2021

- 6 **Income tax assets (net)**
The income tax assets consists of the following:

(i) **Non Current income tax assets**

Particulars	Rs. in Million	
	31-Mar-21	31-Mar-20
Advance tax paid (net of provision)	1.28	5.90
Total	1.28	5.90

(ii) **Current income tax assets**

Particulars	Rs. in Million	
	31-Mar-21	31-Mar-20
Advance tax paid (net of provision)	12.06	13.65
Total	12.06	13.65

7 **Other non current assets**

Particulars	Rs. in Million	
	31-Mar-21	31-Mar-20
Unsecured, considered good:		
- Security deposits	9.68	5.18
- Prepaid expenses	0.84	1.30
Total	10.52	6.48

8 **Trade receivables**

Particulars	Rs. in Million	
	31-Mar-21	31-Mar-20
Considered good - Unsecured	165.52	152.34
Less: Allowances for doubtful trade receivable	-	-
Total	165.52	152.34
Note: Dues from Related Parties (Refer Note No.28)	165.52	152.34

9 **Cash and cash equivalents**

Particulars	Rs. in Million	
	31-Mar-21	31-Mar-20
Cash on hand	0.02	0.01
Balance with banks:		
- In current account	35.39	16.99
Total	35.41	17.00

10 **Loans receivable**

Particulars	Rs. in Million	
	31-Mar-21	31-Mar-20
Unsecured, considered good		
Loans to employees	4.52	3.18
Total	4.52	3.18

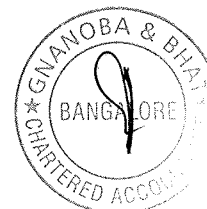
11 **Other current assets**

Particulars	Rs. in Million	
	31-Mar-21	31-Mar-20
Unsecured, considered good		
Receivable from related parties (Refer Note No.28)	37.74	59.38
Unbilled revenue	13.69	-
Advances to suppliers	3.17	2.63
Prepaid expenses	7.82	1.82
Advances to employees	-	0.91
Total	62.42	64.74

12 **Equity share capital**

Particulars	Rs. in Million	
	31-Mar-21	31-Mar-20
Authorised		
250,000 Equity shares of Rs. 10/- each with voting rights (March 31st 2020: 250,000 Equity shares of INR 10 each)	2.50	2.50
Total	2.50	2.50
Issued, subscribed and fully paid-up		
160,000 Equity shares of Rs.10/- each with voting rights (March 31st 2020: 160,000 Equity shares of INR 10 each)	1.60	1.60
Total	1.60	1.60

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ARCO LAB PRIVATE LIMITED

Notes forming part of financial statements for the year ended March 31, 2021

(a) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	31-Mar-21		31-Mar-20	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Equity share of Rs.10/- each				
Opening balance			1,60,000	16,00,000
Issued during the year	1,60,000	16,00,000	-	-
Closing balance	1,60,000	16,00,000	1,60,000	16,00,000

(b) Detail of the rights, preferences and restrictions attaching to each class of shares outstanding Equity shares of Rs. 10/- each:

The Company has only one class of equity shares, having a par value of Rs.10/-. The holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to approval by the shareholders at the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive any of the remaining assets of the Company, after distribution to all other parties concerned. The distribution will be in proportion to number of equity shares held by the shareholders.

(c) Shares held by holding company:

Particulars	31-Mar-21		31-Mar-20	
	No. of Shares	% Of shares	No. of Shares	% Of shares
Strides Pharma Science Limited	1,60,000	100%	1,60,000	100%
Total	1,60,000	100%	1,60,000	100%

(d) Details of equity shares held by each shareholder holding more than 5% of equity shares:

Particulars	31-Mar-21		31-Mar-20	
	No. of Shares	% Of shares	No. of Shares	% Of shares
Strides Pharma Science Limited	1,60,000	100%	1,60,000	100%
Total	1,60,000	100%	1,60,000	100%

Note: Of 160,000 shares, 10 shares are held by Shashidhar K.L as nominee of Strides Pharma Science Limited.

13 Other Equity

Particulars	Rs. in Million	
	31-Mar-21	31-Mar-20
Surplus in statement of profit and loss		
Opening balance	33.76	39.14
Add: Profit / (Loss) for the year	49.91	(5.38)
Closing balance	83.67	33.76
Items of other comprehensive income		
Opening balance		
Add / (Less) : Other comprehensive income for the year	(12.38)	(2.13)
Add / (Less) : Tax impact on above	(1.33)	(12.27)
Closing balance	1.14	2.02
Total	(12.57)	(12.38)
	71.10	21.38

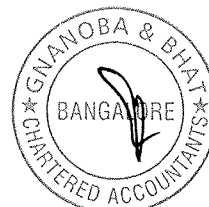
14 Non current provisions

Particulars	Rs. in Million	
	31-Mar-21	31-Mar-20
Provisions:		
- Gratuity (Refer Note No.26)	84.87	74.08
- Compensated absences	53.69	44.47
Total	138.56	118.55

15 Total outstanding dues of micro & small enterprises

Particulars	Rs. in Million	
	31-Mar-21	31-Mar-20
Trade payables:		
- Other than acceptances	2.53	0.37
Total	2.53	0.37

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ARCO LAB PRIVATE LIMITED

Notes forming part of financial statements for the year ended March 31, 2021

Note: (i) Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Particulars	31-Mar-21	31-Mar-20
(i) Principal amount remaining unpaid as at the end of the accounting year	2.53	0.37
(ii) Interest due on the above remaining unpaid as at the end of the accounting year	0.05	0.02
(iii) The amount of interest paid along with the amounts of the payment made beyond the appointed day	-	-
(iv) The amount of interest due and payable for the period of delay in making payment but without adding the interest specified under the MSMED Act, 2006;	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	0.07	0.02
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management. This has been relied upon by the auditors.

16 Trade payables

Rs. in Million

Particulars	31-Mar-21	31-Mar-20
Total outstanding dues of creditors other than micro & small enterprises		
- Other than acceptances	66.89	80.76
- Dues to related parties (Refer Note No.28)	0.55	29.14
Total	67.44	109.90

17 Other Current liabilities

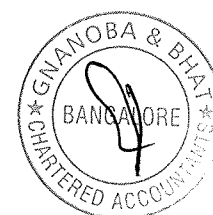
Rs. in Million

Particulars	31-Mar-21	31-Mar-20
Other payables:		
- Statutory remittances	30.28	25.22
- Interest payable to vendors registered under MSMED Act	0.07	0.02
- Payables on purchase of fixed assets	3.45	3.53
Total	33.80	28.77

18 Current provisions

Rs. in Million

Particulars	31-Mar-21	31-Mar-20
Provisions:		
- Gratuity (Refer Note No.26)	-	0.17
- Compensated absences	12.17	6.61
Total	12.17	6.78



ARCO LAB PRIVATE LIMITED
Notes Forming Part of the Financial Statements
Note No.

19 Revenue from operations		Rs. in Million	
Particulars	31-Mar-21	31-Mar-20	
Support service income (Refer Note No.28)	842.01	669.58	
Total	842.01	669.58	
20 Other income		Rs. in Million	
Particulars	31-Mar-21	31-Mar-20	
Interest Income	1.54	0.07	
Total	1.54	0.07	
21 Employee benefits expenses		Rs. in Million	
Particulars	31-Mar-21	31-Mar-20	
Salaries and wages	504.98	441.14	
Contributions to provident and other funds (Refer Note No.26)	28.50	24.04	
Gratuity (Refer Note No.26)	15.25	10.39	
Share based compensation expense (Refer Note No.30)	0.97	1.66	
Staff welfare expenses	8.95	11.21	
Total	558.65	488.44	
22 Finance costs		Rs. in Million	
Particulars	31-Mar-21	31-Mar-20	
Interest expense on:			
- Interest on leases	1.34	0.13	
- Interest others	0.25	0.13	
- Bank charges and commission	0.07	0.01	
Total	1.66	0.27	
23 Depreciation and amortisation expenses		Rs. in Million	
Particulars	31-Mar-21	31-Mar-20	
Depreciation on property, plant and equipment	2.16	0.15	
Depreciation on right of use asset	6.06	0.99	
Depreciation on intangible assets	0.68	0.05	
Total	8.90	1.19	
24 Other Expenses		Rs. in Million	
Particulars	31-Mar-21	31-Mar-20	
Rent	38.92	30.94	
Power charges	0.30	-	
Repairs and maintenances:			
- Buildings	-	0.01	
- Others	26.83	9.98	
Insurance	0.01	0.01	
Rates and taxes	0.13	0.29	
Subcontracting charges	42.17	26.43	
Recruitment expenses	20.91	18.71	
Security charges	6.66	6.14	
Legal and professional fees	49.20	35.93	
Communication expenses	5.52	2.07	
Travelling and conveyance	1.82	7.44	
Printing and stationery	1.37	1.74	
Sales promotion	-	1.47	
Payments to auditors (refer note below)	0.73	0.69	
Net loss on foreign currency transactions	0.40	0.29	
Membership fees	7.71	2.58	
Miscellaneous expenses	2.27	1.13	
Total	204.95	145.85	
Note: Payments to auditors comprises (net of GST credit):		Rs. in Million	
Particulars	31-Mar-21	31-Mar-20	
Statutory Audit Fee	0.60	0.60	
Taxation matters	0.13	0.09	
Total	0.73	0.69	

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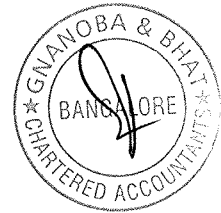


ARCO LAB PRIVATE LIMITED
Notes Forming Part of the Financial Statements
Note No.

25 Tax expenses	Rs. in Million	
	31-Mar-21	31-Mar-20
Particulars		
Current Tax	24.62	17.43
Deferred tax expense / (benefit)	(5.14)	21.85
Total	19.48	39.28

The reconciliation of estimated income tax expenses at income tax rate to income tax expense reported in statement of profit and loss is as follows:

Particulars	Rs. in Million	
	31-Mar-21	31-Mar-20
Profit before income taxes	69.39	33.91
Indian statutory income tax rate	25.17%	25.17%
Expected income tax expense	17.46	8.53
Tax effect of adjustments to reconcile expected income tax expense to reported income tax expenses:		
Effect of expenses that are not deductible in determining taxable profit	7.16	8.90
Effect of previously unrecognised and unused tax losses and deductible temporary differences now recognised as deferred tax assets	(5.14)	21.85
Total Income tax expense	19.48	39.28

ARCO LAB PRIVATE LIMITED

Notes forming part of financial statements for the year ended March 31, 2021

26. Employee benefit plans

26.1 Defined contribution plans

The employees of the Company are members of a state-managed retirement benefit plan operated by the government. The Company is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits. The only obligation of the Company with respect to the retirement benefit plan is to make the specified contributions.

During the period, the Company has recognized the following amount in the Profit and Loss Account-

Particulars	Rs. in Million	
	31-Mar-21	31-Mar-20
Employers' Contribution to Provident Fund	28.50	24.04
Employers' Contribution to Employee state insurance scheme	0.02	0.09

26.2 Defined benefit plans

The Company provides for gratuity for employees as per the Payment of Gratuity Act, 1972. Employees who are in continuous service of 5 years are eligible for gratuity under this Act. The amount of gratuity payable on termination / retirement is the last drawn basic salary per month of the employee proportionate for a period of 15 days per completed year of service. During the year, the Company has constituted a Group Gratuity Trust and the above liability is funded through the Group Gratuity Trust with Life Insurance Corporation of India.

These plans typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.

The principal assumptions used for the purposes of the actuarial valuations were as follows.

	Valuation as at	
	31-Mar-21	31-Mar-20
Discount rate(s)	6.57%	6.55%
Expected rate(s) of salary increase	10.00%	10.00%

Amounts recognised in statement of profit and loss in respect of these defined benefit plans are as follows:

	Rs. in Million	
	31-Mar-21	31-Mar-20
Service cost:		
Current service cost		
Net interest expense	10.73	6.41
Components of defined benefit costs recognised in profit or loss	4.52	3.98
	15.25	10.39
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amounts included in net interest expense)	0.51	-
Actuarial (gains) / losses arising from changes in demographic assumptions	-	3.48
Actuarial (gains) / losses arising from changes in financial assumptions	(0.12)	2.57
Actuarial (gains) / losses arising from experience adjustments	0.95	6.22
Components of defined benefit costs recognised in other comprehensive income	1.33	12.27
Total	16.59	22.66

The current service cost and the net interest expense for the year are included in the 'Employee benefits expense' line item in the statement of profit and loss. The remeasurement of the net defined benefit liability is included in other comprehensive income.

The amount included in the Balance Sheet arising from the entity's obligation in respect of its defined benefit plans is as follows:

	As At	As At
	31-Mar-21	31-Mar-20
Present value of defined benefit obligation	97.75	84.46
Fair value of plan assets	12.87	10.21
Funded status	The defined benefit plan is funded.	The defined benefit plan is funded.
	84.87	74.25

Net liability arising from defined benefit obligation



ARCO LAB PRIVATE LIMITED

Notes forming part of financial statements for the year ended March 31, 2021

Movements in the present value of the defined benefit obligation are as follows:

	Year ended 31-Mar-21	Year ended 31-Mar-20
Opening defined benefit obligation	84.46	62.01
Current service cost	10.73	6.41
Interest cost	5.19	3.99
Acquisition / Divestiture	-	1.21
Remeasurement (gains)/losses:		
Actuarial gains and losses arising from changes in demographic assumptions	-	3.48
Actuarial gains and losses arising from changes in financial assumptions	(0.12)	2.57
Actuarial gains and losses arising from experience adjustments	0.95	6.22
Benefits paid	(3.47)	(1.42)
Closing defined benefit obligation	97.75	84.46

Defined Benefit Obligation

**01-Apr-20
to
31-Mar-21** **01-Apr-19
to
31-Mar-20**

Discount rate

a. Discount rate - 100 basis points	104.18	90.08
b. Discount rate + 100 basis points	92.02	79.47

Salary increase rate

a. Rate - 100 basis points	93.27	80.62
b. Rate + 100 basis points	102.41	88.57

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

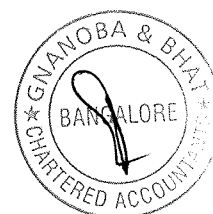
Expected future Cash outflows towards the plan are as follows-

Financial Year	Rs. in Million
2021-22	12.68
2022-23	10.47
2023-24	8.76
2024-25	9.98
2025-26	12.83
2026-27 to 2030-31	47.40

26.3 Actuarial Assumptions for Long-term Compensated Absence

Actuarial Assumptions	Year ended 31-Mar-21	Year ended 31-Mar-20
Discount Rate	6.57%	6.55%
Salary escalation Rate	10.00%	10.00%
Attrition Rate	-	-
Charge In the Profit and Loss account - Rs in Million	20.45	25.32
Liability at the year end - Rs in Million	65.86	51.08

Note: The estimates and rate of escalation in salary considered in actuarial valuation take into consideration inflation, seniority, promotion and other relevant factors such as employment market conditions. These figure are as certified by an actuary.



ARCO LAB PRIVATE LIMITED

Notes forming part of financial statements for the year ended March 31, 2021

27. Earnings per share

Particulars	31-Mar-21	31-Mar-20
Net profit after tax	49.91	(5.38)
Weighted average number of equity shares (No.s)	1,60,000	1,60,000
Earnings/(Loss) per share in Rs.	311.94	(33.59)
Nominal value of equity shares	10	10

28. Related party disclosures

Party where the control exists	Name of the Related party
Holding Company	Strides Pharma Science Limited
Fellow Subsidiaries	Arrow Pharmaceuticals Pty Ltd (upto 10th July 2019) Strides Emerging Markets Limited* Strides Pharma Asia Pte Ltd Strides Pharma Canada Inc. Strides Pharma (Cyprus) Limited Strides Pharma Global Pte Limited Strides Pharma Inc Strides Pharma UK Ltd Trinity Pharma Pty Ltd Universal Corporation Limited Vivimed Life Sciences Private Limited
Associate of Holding Company	Stelis BioPharma Private Limited Strides Consumer LLC Strides Consumer Private Limited Stelis Pte Ltd Strides Global Consumer Healthcare Limited
Enterprise owned / significantly influenced by KMP / director of Holding Company	Agnus Capital LLP Biolexis Pte. Ltd. Dairy Power Limited Naari Pharma Private Limited Six Rays Pte Limited Six Rays Pharma Solutions LLP Solara Active Pharma Sciences Limited SteriBrooks Penems Private Limited Steriscience BV Steriscience Pte Limited Steriscience Specialties Private Limited Strides Chemicals Private Limited (upto 1st February 2020) Tenshi Kaizen USA Inc Aurore Life Sciences Private Limited Tenshi Kaizen Pharma Pte. Ltd. Tenshi Kaizen Private Limited Velbiom Probiotics Private Limited (formerly known as Tenshi Life Care Private Limited) Tenshi Life Sciences Private Limited Tenshi Life Sciences Pte. Limited Tenshi Pharmaceuticals Private Limited (formerly known as Sovizen Life Sciences Private Limited and prior to that Steriscience Private Limited) Triphase Pharmaceuticals Private Limited White Crow Research Private Limited
Key Managerial Personnel	Shashidhar KL, Whole Time Director Dr.Sathyanarayan P, Whole Time Director Venkatesha NT, Whole Time Director

* Strides Emerging Markets Limited merged with Strides Pharma Science Limited on December 1, 2020 with an appointed date of April 1, 2019.

Rs. in Million

Sl. No.	Nature of Transaction		Holding Company	Fellow Subsidiaries	Associate of Holding Company	Enterprise owned / significantly influenced by KMP/ director of Holding Company
Related party transactions during the year ended March 31st						
1	Support service income	2020-21	569.32	36.26	27.63	195.10
		2019-20	443.94	41.17	28.99	168.55
2	Rental expenses	2020-21	38.26	-	-	-
		2019-20	30.74	-	-	-
3	Reimbursement of Expenses incurred on behalf of	2020-21	1.48	-	-	0.11
		2019-20	-	-	0.23	0.00
4	Reimbursement for Expenses incurred by	2020-21	31.14	-	0.05	0.50
		2019-20	39.58	-	-	0.24
5	Employee related liability transfer by / (to)	2020-21	0.06	-	(0.05)	-
		2019-20	3.15	-	-	0.10
6	Service Charges	2020-21	-	-	-	1.09
		2019-20	-	-	-	5.42
7	Managerial remuneration to KMP Rs. 27.46 Mn (2020: Rs 27.36 Mn)					



ARCO LAB PRIVATE LIMITED
Notes forming part of financial statements for the year ended March 31, 2021

Related party balances as at March 31st

8	a) Trade payable	2021	-	-	0.05	0.50
		2020	29.14	-	-	-
	b) Trade receivable	2021	81.65	13.00	2.09	62.54
		2020	83.39	15.99	16.11	36.84
	c) Other receivable	2021	18.77	-	-	25.21
		2020	33.94	-	0.23	25.21

29. Foreign Currency Exposure


Foreign Currency Exposure as at March 31, 2021 that have not been hedged by a derivative instrument or otherwise:


Particulars	31st March 2021		31st March 2020	
	Amount in Foreign Currency	INR in Million	Amount in Foreign Currency	INR in Million
Receivables -USD	0.31	22.91	0.18	13.36
Receivables -AUD	-	-	0.06	2.77
Receivables -EUR (EUR 1,865 is receivable as on 31.03.2021)	0.00	0.16	0.01	0.50
Receivables -CAD (CAD 3,000 is receivable as on 31.03.2021)	0.00	0.17	-	-
Receivables -GBP (GBP 132 is receivable as on 31.03.2021)	0.00	0.01	-	-
Total		23.26		16.63
Payables- USD (USD 3,236 is payable as on 31.03.2021)	0.00	0.24	0.07	5.03
Payables- EURO	0.03	2.63	0.03	2.55
Total		2.87		7.58

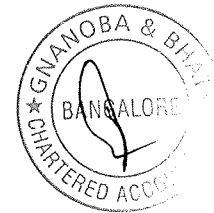
30. The ESOP titled "Strides Shasun ESOP 2016" (ESOP 2016) was approved by the shareholders of Holding Company on April 21, 2016. 3,000,000 options are covered under the Plan which are convertible into equal number of equity shares of the Holding Company. The vesting period of these options range over a period of three years. The options must be exercised within a period of one year from the date of vesting. Holding Company granted 21,500 options to eligible employees of the company under the above scheme. During the year, Rs.0.97 million (2020: Rs 1.66 million) has been debited to employee benefits expenses towards ESOP cost.

31. Previous year figures have been regrouped and reclassified where necessary to confirm to current year figures.

For and on behalf of Board of Directors of
Arco Lab Private Limited
CIN: U74999KA2018PTC115573


Nanditale Thimmappa Venkatesha
Director
DIN: 07405779


Shashidhar Koppa Lingaraj
Director
DIN: 07636554



Place: Bengaluru
Date : May 14, 2021